



DIRECTOR EXPECTATIONS AND SELECTION GUIDELINES

Characteristics to Consider When Becoming a Director:

1. Candidates must be members of the cooperative and reside in the district they are nominated from, be in good standing with the cooperative, and not be employed or financially interested in a competing enterprise or a major supplier of the cooperative.
2. Candidates shall not be related to any incumbent director, officer, or employee of the cooperative or spouse of said director officer or employee.
3. Candidates may not have been an employee of Lyon-Lincoln Electric Cooperative, Inc. for less than 3 years from the date of the employees last day of employment.
4. When a membership is held jointly by a husband and wife, either one, but not both, may be elected as a director. However, that neither one shall be eligible to become or remain a director nor to hold a position of trust in the Cooperative unless both shall meet the qualifications set forth in the Cooperative's Articles of Incorporation and Bylaws.
5. No person who has been convicted of a felony is eligible to run for the board of directors.
6. Nominees should be available and willing to serve, if elected. In addition to meeting attendance, nominees should realize that there is a significant time commitment with regard to reviewing materials in preparation for board meetings and educational opportunities.
7. It is expected that nominees will have a reasonable level of financial literacy, including the ability to review and understand financial statements, balance sheets, and income and cash flow statements.
8. Directors are expected to have some knowledge in the use of electronic technology (i.e. computers, smart phones, email and the internet).
9. Nominees must be capable of exercising independent judgment and thinking. In addition, nominees must be capable of exercising a high level of discretion, since much of the material they will have access to is confidential in nature.
10. The position of director is time demanding and includes a number of responsibilities in addition to monthly meetings. Therefore, a director should have the ability to organize information to keep abreast of fast-moving events in the ever changing utility industry.
11. A variety of perspectives, opinions and backgrounds of the directors is critical to the Board's ability to perform its duties and various roles. LLEC seeks candidates with a diversity of professional and personal experience, education and skills in order to enhance the overall composition of the Board.

B. Duty of Care & Loyalty

1. Each Director must have the ability to discharge his or her duties in good faith in the manner the Director reasonably believes to be in the best interest of LLEC and all of its members, and with such care as an ordinarily prudent person would use under similar circumstances.
2. Each Director must also have the ability to act in good faith and in the best interest of LLEC and all of its members, irrespective of the individual interests of the Director or other entities with which a Director is affiliated or sympathetic, or to which a Director owes his or her Board appointment.
3. Each Director should clearly disclose to LLEC and other Directors any actual conflicts of interest or other matters that may constitute even the appearance of a conflict of interest. A conflict of interest exists when a person's private interest (financial or otherwise) interferes, or appears to interfere, with the interests of LLEC. A written disclosure will be made on an annual basis.
4. A Director's access to information about LLEC is accompanied by a duty not to disclose information obtained by the Director in his or her capacity as such to any person (other than is necessary and appropriate in the performance of the Director's duties) or to misuse such information for personal benefit or the benefit of others.

C. Compensation

The LLEC Bylaws provide that the Board of Directors may set a fixed sum to be paid to Directors for attendance at various meetings and functions. The Board may also authorize reimbursement for expenses actually incurred in attendance at Board meetings, or in conducting Board business, or the Board may grant a reasonable per diem allowance in lieu of detailed accounting for expenses.

D. Schedule of Meetings

Regularly scheduled meetings of the Board are held year as follows:

- Every month, generally the 4th Monday of each month, held during the day at the Cooperative's Headquarters in Tyler, MN.
- An annual meeting in June; normally the first Wednesday.
- Annually a budget meeting in December.
- Director will be appointed to various other committees of the Board and will be expected to attend those meetings.
- In addition, there are annual meetings with MREA and East River that each director is asked to attend. Each director is also asked to attend various associated organization's annual meetings along with various director training. These are necessary to be able to be an informed director.