

BLUE RIDGE MOUNTAIN ELECTRIC MEMBERSHIP CORPORATION

DIRECTOR CANDIDATE INFORMATION SHEET

Qualifications to be a Director of Blue Ridge Mountain Electric Membership Corporation (BRMEMC) are set forth in Article IV Section 4.02 of the BRMEMC Bylaws. All candidates for a Director's position **must** meet these qualifications.

Please review these in detail.

Section 4.02. Qualifications.

No person shall be eligible to become or remain a Director of the Cooperative who:

- a) Within five years preceding his nomination was, or during his service on the Board becomes, finally adjudged to be guilty of a felony;
- b) Within five (5) years preceding his nomination was a full-time employee of the cooperative;
- c) Becomes, or at any time during the five (5) years preceding his nomination shall have been, employed by (or a close relative of a person who becomes, or at any time within such preceding five (5) years shall have been employed by) a labor union which represents, or has represented, or has endeavored to represent any employees of the Cooperative; or
- d) Is, and if elected and seated as a director will continue to be, a close relative of an incumbent director or of an employee of the Cooperative;
- e) Has not continuously been, for at least one (1) year prior to his nomination, or who ceases after his election to be, a member in good standing of the Cooperative (in a state of suspension), receiving service therefrom at his primary residential abode in the Directorate District from which he is elected, (except as which qualifies a person's eligibility to be elected a director must be and remain member in good standing); **PROVIDED**, notwithstanding that he may not receive service from the Cooperative at his primary residential abode, a natural person who is the chief operating executive of any other non-natural person entity, or his designee, shall be so eligible from the Directorate District in which such entity is located if he or such designee (A) is in substantially permanent occupancy, direction or use of such entity's premises and (B) is a permanent and year-round resident within the outer boundaries of, or in close proximity to, an area served by the Cooperative; **PROVIDED**, no more than two (2) such persons may serve on the Board at the same time.

No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years old or is in any way employed by or substantially financially interested in an enterprise competing with the Cooperative or any Cooperative-affiliated business or a business selling electric energy or supplies to the Cooperative, or who is or becomes the full-time employee or agent of, or who is or becomes the full-time employer or principal of, another director, and (1) no such person shall be eligible to run for director if another such-related person is already an incumbent director and is not up for reelection at that time, and (2) if two directors become so related during their incumbency, and unless the two of them agree otherwise in writing delivered to the Board, the one whose term will first expire shall lose eligibility under this provision or, if they have coincident terms, the one losing eligibility shall be determined by drawing of lots; **PROVIDED**, this provision shall apply to a person even though the legal entity constituting the employee, agent, employer or principal is a non-natural person, such as a partnership or corporation, if the person has a substantial financial interest or holds a substantial position therein, and this provision shall also apply where two persons are principal co-owners and are actively engaged in the affairs of the same business enterprise.

Notwithstanding the restrictive provisions of this Section that are based upon close relative **[SEE SECTION 4.14 BELOW]** relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected a director if, during his incumbency, he becomes a close relative of another incumbent director or of a

Cooperative employee because of a marriage or an adoption to which he was not a party.

Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Board to disqualify him. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board to withhold such position from such person or to cause him to be removed therefrom, as the case may be. Also, the office of a director shall automatically become vacant if he misses as many as three (3) regular meetings of the Board during any twelve (2) consecutive such meetings, unless the remaining directors unanimously resolve that (1) there was good cause for such absences and (2) such cause will not likely result in such absences during the next ensuing twelve (12) consecutive regular Board meetings. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board unless such action is taken with respect to a matter in which one or more of the directors have a personal interest in conflict with that of the Cooperative.

Section 4.14. "Close Relative" Defined.

As used in these bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother or sister of the principal.

There are several questions that potential nominees may have regarding running for a BRMEMC Director position. Although the information below may not answer every question, we hope it will prove useful as you make your decision regarding seeking nomination.

Tenure –In accordance with Bylaw Section 4.04, a Director shall be entitled to remain in his or her elected position for no more than three consecutive three-year terms.

Communication – Communications in the current corporate environment are virtually instantaneous in most cases. In order to ensure that Directors are adequately connected, BRMEMC provides each Director an iPad for necessary communications including email and access to necessary Board documents.

Director Training - New Directors are required to complete a Certified Credential Director's training program sponsored by the National Rural Electric Cooperative Association within their first two years of service upon election to the Board. Directors who are in their second or third terms may choose to avail themselves of training and education opportunities offered both within and outside BRMEMC's service area; however, such additional training must first be approved by the full Board on an individual case-by-case basis. Directors will be compensated for such approved education and training activities in accordance with BRMEMC's policies. Director training courses usually require 2-5 consecutive days to complete.

Indemnification – Directors' liability coverage is provided by BRMEMC.

Fiduciary Responsibility and Confidentiality – Each Director has a fiduciary responsibility to BRMEMC. This fiduciary duty requires that the Director act in the best interest of BRMEMC and its membership as a whole and not act for personal gain. In addition, all information provided to the Directors within or outside of the Board room must be treated as confidential unless otherwise decided by the Board.

Compensation – Each Director is compensated for the time devoted to BRMEMC in his or her role as Director. For current information regarding this, please contact the General Manager of BRMEMC. Directors are provided IRS form 1099 annually for tax reporting purposes.

Time Commitment – The Board meets monthly, typically on the 2nd Tuesday, convening at 6:00 P.M. and lasting approximately 3-5 hours. In addition to the regular Board meeting, committee meetings convene at 5:00 P. M. and lasts for one hour. Board packet study in preparation for these meetings could take several hours in addition to the time committed for attending the meetings. There is an occasional need for the Board to convene a workshop or a special session. The annual meeting of members is held on the 2nd Saturday in September, beginning at 8:00 A. M. and lasts approximately 4-6 hours. In addition to meetings at the EMC, there is a substantial time commitment associated with required Director training as described above. Finally, as a Board member you are viewed as an ambassador for the EMC and a liaison between the EMC and its Membership. Taking calls from Members and communicating on behalf of the EMC to Members should be factored in when determining the necessary time commitments. As described in the Director Candidate Form, the monthly time commitment ranges from 20-30 hours per month.