

Directors Qualifications According to the Bylaws of Runestone Electric Association

Section 7. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

1. (a) is not a bona fide member of the Cooperative receiving electric service from the Cooperative in the district that the director represents or would represent if elected;
2. (b) is not a bona fide resident of the district from which he or she is elected or for which he or she is a candidate; (bona fide resident shall be defined as occupying and continuously and materially purchasing electric service at a location within any director district from which the director is elected or for which he or she is a candidate for at least nine (9) months each calendar year);
3. (c) is in any way employed by or substantially financially interested in an enterprise substantially competing with the Cooperative or any Cooperative-affiliated business;
4. (d) within five (5) years preceding a director candidate's nomination was or during service on the Board of Directors is adjudged to be guilty of a felony;
5. (e) within three (3) years preceding a director candidate's nomination was a full-time employee of the Cooperative;
6. (f) is a grandparent, parent, spouse, co-habitant, child, or grandchild of an incumbent who is not up for reelection at that time;
7. (g) is a grandparent, parent, spouse, co-habitant, child, or grandchild of an employee of the Cooperative;
8. (h) is or becomes the full-time employee or agent or, who is or becomes the full-time employer or principal of, another director;
9. (i) does not have the capacity to enter legally binding contracts;
10. (j) unless excused for good cause by the board is absent from three or more regular meetings of the Board of Directors during any calendar year.

A member that is an authorized farm corporation or family farm corporation may select an individual member residing on or actively operating the farm to be eligible for election to the board.

With regard to the provisions in Paragraphs (f) and (g) above, no incumbent director shall lose eligibility to remain a director or to be reelected a director if, during a director's incumbency, a director becomes a first kindred relative of another director or of a Cooperative employee because of a marriage or an adoption to which the director was not a party.

After the Board of Directors determines that a director or nominee for director lacks eligibility under the provisions of this Section or as may be provided elsewhere in these

Bylaws, it shall be the duty of the board to promptly make a disqualification. After the Board of Directors determines that any director nominee or any existing director lacks eligibility under this Section, it shall be the

duty of the board to withhold such position from such director nominee or to cause a director to be removed from the Board of Directors, as the case may be.

Notwithstanding anything contained in this Section, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors or any action taken by them.