

BOARD OF DIRECTORS SUCCESSION POLICY

I. OBJECTIVE:

- A. To establish guidelines and processes for a planned orderly succession of Directors and filling any unplanned vacancy on the Board;
- B. State the desirable qualifications determined to be the essential characteristics of individuals who are elected or appointed to succeed a director;
- C. Sustain the Cooperative's success and its guiding principles to the extent possible through continuity of good and faithful governance.

I. POLICY:

It shall be the policy of the Board of Directors of REC to implement the guidelines set forth in this policy in a systematic and coordinated manner that will ensure a broad spectrum of qualified candidates are available to be reviewed and interviewed by the Board with the goal of selecting or recommending the most qualified individual.

II. RESPONSIBILITY:

It shall be the responsibility of the Chairman and the President and Chief Executive Officer to present to the Board this policy, which has been established to assist the Board in fulfilling one of its most important functions, which is the recommendation of or selection of qualified Board members.

III. PROVISIONS:

The Board of the Cooperative has resolved that the provisions below shall serve as a guide in the recommendation or selection of future Board members.

A. Director Qualifications:

In addition to the Bylaws, Article IV, Board of Directors, Section 3: Qualifications for Director, Board candidates shall overall meet the requirements listed below.

1. Qualifications

- a. Possesses an understanding of basic financial matters and fiduciary responsibilities of a board member;
- b. Be recognized as a leader in their industry and community because of their strong record of accomplishment;
- c. Be experienced in serving on a board or reporting directly to a board;
- d. Be committed to learning about the Cooperative and its diverse membership and willing to devote 24 to 44 days per year in order to be a meaningful contributor on behalf of all members;
- e. Be willing and capable of articulating points of view that may challenge the thinking of the board and management;
- f. Place a high value on personal and corporate integrity and ethical behavior;
- g. Have an understanding of cooperatives;

- h. Be willing and able to successfully complete NRECA's Credentialed Cooperative Director program within five years of becoming a director;
- i. Be willing and able to participate in the Cooperative's New Director Orientation program;
- j. Be financially secure (not motivated by director compensation)

IV. PROCEDURES:

The following procedures have been established to assist the Board in addressing succession planning for any Board vacancies.

A. Planned Succession

- 1. In accordance with Term limits approved November 18, 2009, the Executive Committee shall annually review the Board Succession Schedule for any potential Board vacancy.
- 2. Following notification by a director regarding a date of termination, the Board shall:
 - a. Exercise the processes as defined in the Bylaws Article IV, Board of Directors;
 - b. Review the Board Prospect Forms for potential Board candidates and inform potential candidates of vacancy in upcoming Board election process.

The Board may make recommendations to the membership.

B. Unplanned Vacancy

- 1. In the event of an unexpected loss of a director for any reason, the Board Chairman and all Directors shall be notified immediately by the President and Chief Executive Officer or Assistant Secretary of the vacancy on the Board of Directors.
- 2. As soon as practical after an unplanned Board vacancy, the Board shall, in accordance with Article IV, Section 6, of the Bylaws and in conjunction with the President and Chief Executive Officer, work to address the issue as follows:
 - a. Establish a search for a person to fill the director vacancy
 - b. Develop a profile of Board needs
 - c. Set a date for receipt of resumes for Director candidates
 - d. Screen the Board applicants and choose interviewees
 - e. Interview candidates
 - f. Select and appoint of new Director
 - g. Inform Membership – *Cooperative Living*

V. RATIFIED BY THE BOARD EFFECTIVE MAY 19, 2010.