



Dear Prospective Director Candidate:

Thank you for your interest in running for Lumbee River Electric Membership Corporation's Board of Directors. To be a candidate for the office you may be nominated by petition. Enclosed are instructions and forms for your use. If you have any questions, please do not hesitate to contact Walter White, 910-843-7910 or walter.white@lumbeeriver.com.

INSTRUCTIONS

Article V, Section 5.05 of the Cooperative's By-Laws provides for director nominations by petition. The procedures and guidelines to be followed in nominating qualified candidates by petition are as follows:

- A. Review sections 5.02 and 5.05 of Lumbee River EMC's bylaws
- B. Review Lumbee River EMC Policy 403
- C. All prospective candidates must read and complete the **Questions Concerning Qualifications for Directors** and the **Affirmation of Director Qualifications** enclosed in this packet of information.
- D. A potential candidate, in order to be included on the ballot for election of directors, shall obtain the signatures and other required information of no less than 15 current members of the Corporation from members in any district.
- E. All signatures and other required information shall be completed in blue or black ink and shall be clear and legible so as to allow for verification.

Required Documents to be returned:

Information for Biography Sketch
Questions Concerning Qualifications for Directors
Affirmation of Director Qualifications
Original Signed Member Petition Nominations (2 pages)

Petition for Director Nomination
2022 Annual Meeting

Cooperative Bylaws Section 5.02 - Qualifications.

Any Director or Director Candidate must comply with this Bylaw.

1. General Director Qualifications. A Director or Director candidate must:
 - a. Be a natural person;
 - b. Have the capacity to enter legally binding contracts;
 - c. While a Director, and during the five (5) years immediately prior to becoming a Director, not:
 - i. Be, nor have been, convicted of a felony; or
 - ii. Plead, nor have pled, guilty to a felony;
 - d. Within three (3) years of becoming a Director, and unless excused by the Board for good cause, a Director is expected to receive a Director's Certificate or similar certification from the National Rural Electric Cooperative Association;
 - e. While a Director, and during the five (5) years immediately prior to becoming a Director, not:
 - i. Been employed as an employee of the Cooperative or any subsidiary;or
 - ii. Been engaged contractually (as a principal or primary owner, partner, or majority shareholder) of a firm that contracts with the Cooperative or any subsidiary as a prime or sub-contractor;
 - f. Unless excused for good cause by the Board or Members, a Director shall attend at least two-thirds (2/3) of all Board Meetings during any calendar year;
 - g. Have and maintain the physical and mental capacity to perform the essential functions of the role of Director, with or without reasonable accommodation; and
 - g. Comply with any other reasonable qualifications determined by the Board.
2. Membership Qualifications. While a Director, and during the 180 days immediately prior to becoming a Director, a Director or Director candidate must:
 - a. Not be subject to disconnection for electric service at the Director or Director candidate's primary residence or have any other debt to the Cooperative more than 90 days past due; and/or
 - b. Use, receive, or purchase a Cooperative Service at the Director's primary residence. Directors and candidates must maintain their primary residential abode within the boundaries of the applicable Directorate District.
 - c. Be the operating managing partner, or chief executive, or chief operating officer, or his/her designated employee of a non-natural person Member:

- i. Be current in all respects regarding payment to the Cooperative of membership fees, Additional Payments and obligations, and not be subject to disconnection for electric service at the Director or Director candidate's qualifying primary service location; and
 - ii. Continuously and materially using, receiving, or purchasing a Cooperative Service within the Director District from which the Director is elected or chosen;
 - iii. The Director or Director Candidate's primary residence shall be within the Director District of the qualifying primary service location.
 - d. Otherwise be eligible under this section to serve as a Director.
3. Conflict of Interest Disqualification. A Director or Director candidate must not be or have been:
 - a. A spouse or Close Relative of any existing Director;
 - b. An existing, or a Close Relative of an existing, Cooperative or subsidiary employee;
 - c. Employed by, materially affiliated with, or share a material financial interest with, any other Director;
 - d. Previously subject to an involuntary separation of employment from the Cooperative or any subsidiary, or
 - e. Engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity:
 - i. Directly and substantially competing with the Cooperative or any subsidiary; or
 - ii. Possessing a substantial conflict of interest with the Cooperative or any subsidiary.
4. Continuing Qualifications. Only natural persons complying with the General Director Qualifications and the Membership Qualifications, and not disqualified due to a Conflict of Interest Disqualification may serve, or continue to serve, as a Director.

Cooperative Bylaws Section 5.05 – Nominations

Member Petition Nominations. Without regard to the actions of the Nominating Committee, Cooperative Members are also entitled to nominate additional qualified individuals to run for election for any Director position for which Members are scheduled to vote at any Annual Member Meeting (“Member Petition Nominations”). The Cooperative shall announce a deadline for Member Petition Nominations that is at least forty-five (45) days but no more than sixty (60) days prior to the Annual Member Meeting. Members make such Member Petition Nominations by delivering to the Cooperative a written petition (“Member Petition”) for each Member Petition Nomination:

- a. Listing the name of the Member Petition Nominee;
- b. Indicating the Director district from which the Member Petition Nominee will run;
and
- c. Containing the printed names, main addresses, telephone numbers and original dated signatures of at least fifteen (15) Members. Each Member’s signature must be presented in the same name as he is billed by the Cooperative. The signature must be dated within 90 days of the election. The Member’s main address must be stated as it appears on said Member’s account, without regard to any other address used for billing purposes.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

Nominations for Directors shall be made only by the Nominating Committee or by written Member nominations as set forth herein. All nominations however made, shall specify the nominee’s district. Write in candidates and/or floor nominees are not eligible for election to the Board.

THE PETITION DEADLINE, AS SET BY THE COOPERATIVE, IS FRIDAY, AUGUST 19, 2022 BY 4:00 P.M. PETITIONS SHOULD BE DELIVERED TO KIM CHAVIS AT LUMBEE RIVER EMC’S HEADQUARTER OFFICE LOCATED AT 6090 NC HWY 711, PEMBROKE.

It is the responsibility of the Credentials and Election Committee to pass upon all questions that may arise with respect to the eligibility of a nominee for election to the Board of Directors.

Lumbee River Electric Membership Corporation

Board Governance Policy No. 403

SUBJECT: Qualifications for Eligibility to Serve on the Board of Directors

I. OBJECTIVE:

The purpose of this policy is to publish the qualifications for election or appointment to, and service on, the Cooperative's Board of Directors, and to establish necessary procedures, including an affirmation form.

II. POLICY:

A. Certain qualifications are required by law and the Cooperative's Bylaws to become and remain a Director of the Cooperative. It is the responsibility of the Board of Directors to ensure that those qualifications are met. If the Board of Directors should determine that an incumbent Director, nominee, or potential appointee to the Board of Directors lacks eligibility or has lost any of the necessary qualifications, it is the duty of the Board of Directors to remove such incumbent or refuse such potential appointee. The Election and Credentials Committee shall declare nominees of the Committee on Nominations or by petition, upon challenge, as eligible or ineligible, as the case may be.

B. General Requirements

Any person to become and remain a Director of the Cooperative shall, among other things:

1. Comply with the applicable requirements of law, the Cooperative's Articles of Incorporation and Bylaws, the Cooperative's duly adopted policies, and the Cooperative's duly made decisions;
2. Assume a duty to act in good faith in the best interests of the Cooperative and its members;
3. Be loyal to the Cooperative and not have conflicting commercial or personal interests;
4. Be possessed of the minimum knowledge and skills necessary to manage the affairs of the Cooperative;

5. Be willing to devote such time and effort to the duties of a Director as may be necessary to manage the Cooperative's affairs;
6. Be able to represent the entire membership on an impartial basis;
7. Be willing and able to: attend regularly scheduled and special meetings of the Board of Directors; national, state, and other meetings of organizations with associated interests that further the electric cooperative movement and training institutes or seminars which will aid in keeping him/her well informed on matters affecting the Cooperative; and
8. Not use, or cause to be used, his/her position as Director to further any political, business, or personal ambition.

C. Service as a Director includes the following responsibilities:

1. To put forth effort to understand the Cooperative's challenges and to provide the judgment needed to reach decisions in constantly changing circumstances;
2. To support all official decisions and actions made or taken by a majority of the Board;
3. To conscientiously study the information contained in the reports and materials submitted to the Board;
4. To contribute to the development of statements on functions and responsibilities of Board members and to work toward their constant improvement;
5. To objectively evaluate and consider the questions and problems with which the Cooperative is faced;
6. To keep informed as to the ideals and objectives of the Cooperative and to further study and analyze the policies, plans, and problems which result from efforts to achieve such ideals and objectives;
7. To keep informed on, alert to, and aware of the attitudes of the members, the employees, and general public toward the Cooperative's objectives and policies;
8. To inform all interested persons about the Cooperative's ideals, objectives, programs, and services; and
9. To conduct himself/herself in the eyes of the general public in such a manner as will reflect credit to the Cooperative and personify the position of trust held by the Director, including refraining from such conduct which

would subject the Director to indictment for a felony or crime of moral turpitude or from conduct representing disregard of the standard of behavior which the members can rightfully expect from a Director.

D. Bylaw Requirements

To be eligible to become or remain a Director a person must:

1. Not be a Close Relative, as defined by Bylaw Section 5.15, of an incumbent Director or of a Cooperative or subsidiary employee. However, no incumbent Director will lose eligibility to remain a Director or be re-elected as a Director if he/she becomes a close relative of another Director or an employee because of a marriage to which he/she was not a party;
2. Be a member in “good standing” of the Cooperative in the directorate district for which he/she seeks election and has received electric service there at his/her primary residential abode in his/her own name for at least 180 days immediately preceding the date of the election;

The term “good standing” means the member must possess a good credit rating, more specifically, a member who has paid his/her electric bill on or before the due date and has not tendered to the Cooperative any checks which have been returned, or has had any violations of meter tampering;

3. Possess the legal capacity to enter into a binding contract under state law;
4. Possess the mental and physical capacity to exercise the corporate standard for business judgment in discharging his/her duties in a manner consistent with the best interests of the Cooperative;
5. Not be employed by the Cooperative, a Cooperative subsidiary, or a competing enterprise, or have been employed by the Cooperative, a Cooperative subsidiary, or a competing enterprise, at any time within the past five (5) years;
6. Never have been separated from any employment with the Cooperative on an involuntary basis; and
7. Not be in any way employed by, or financially interested in, an enterprise engaged in (i) competition with the Cooperative or any Cooperative subsidiary, (ii) the business of primarily selling energy or supplies to the Cooperative or any Cooperative subsidiary, or (iii) the business of selling electrical supplies or wiring to the Cooperative, any Cooperative subsidiary, or Cooperative members.

E. Procedure for Policy Implementation

This policy shall be implemented as follows:

1. It shall be disseminated and explained to the Cooperative's Committee on Nominations each year, before the Committee makes nominations.

The Committee shall screen all persons considered for nomination as Directors to ensure that they are qualified in accordance with this policy and the Bylaws;

2. Immediately after receipt of any Nomination by Petition, the Cooperative shall furnish the nominee with a copy of this policy, an Affirmation Form, and a questionnaire, to ensure that the nominee is qualified in accordance with this policy;
3. The Board of Directors, in filling any vacancies occurring on the Board of Directors, shall ensure that a proposed Director is qualified to be appointed and is apprised of this policy before appointment; and
4. All persons nominated or being considered for appointment as Directors shall, prior to election or appointment, read this policy and execute the Affirmation Form and questionnaire which are attached hereto and made a part hereof.

F. The Committee on Nominations and any member or members who nominate an individual to be voted upon for election to the Board of Directors shall consider the following suggested questions when reviewing the personal qualifications of the proposed nominee:

1. What is the business, professional, or community service record of the individual and what has the conduct of his/her own affairs indicated as to the possession of sound judgment?
2. What is the judgment of the proposed nominee's neighbors as to his/her demonstrated capacity for leadership and his/her reputation for honesty and integrity?
3. What has the proposed nominee done that would demonstrate capacity for working with others?
4. What are the ideas and objectives of the proposed nominee as they relate to Cooperative principles and philosophy?
5. What are the problem areas which the proposed nominee might encounter when helping fellow members obtain a more complete understanding of the Cooperative and its activities and problems?

- G. Every year, prior to the meeting of the nominating committee, each incumbent whose office is up for election at the forthcoming Annual Meeting shall review this policy and execute the Affirmation Form.

**Information for Biography Sketch
For Official Notice of Meeting
2022**

Name: _____

Address: _____

Telephone Number: _____ Account Number: _____

Number of Years Petitioner has been a Member of LREMC: _____

(Incumbents only) Years served on Board: _____

Occupation: _____

Years in this Occupation: _____

Organization Membership (3 only - Civic, Church, Government, etc.)

QUESTIONS CONCERNING QUALIFICATIONS FOR DIRECTORS

Certain specific qualifications to be eligible to become and remain a Director of Lumbee River Electric Membership Corporation are set forth in the Cooperative's Bylaws. In addition, statutory law and common law impose certain legal duties upon Directors. The following questions are designed to ensure that you are eligible to be a candidate for Director and to remain a Director if elected. Depending on your responses, further inquiry might be necessary. The Credentials and Election Committee is responsible for the conduct of elections. The Committee will review the responses, conduct any necessary further investigation, and make the final determination on qualifications and eligibility.

1. Full Name: _____

2. Address of Primary Residence: _____

3. How long have you continuously resided at that address? _____

4. Are you a member of the Cooperative?
Yes _____ No _____

5. Do you use, receive and purchase electric service from the Cooperative at the above residence?
Yes _____ No _____

6. Have you been employed by the Cooperative or any Cooperative subsidiary at any time in the past five (5) years?
Yes _____ No _____

7. Are you employed by, or financially interested in, any company which competes with the Cooperative or any Cooperative subsidiary, sells energy or supplies to the Cooperative or a Cooperative subsidiary, or do you personally engage in any of these activities?
Yes _____ No _____
If yes, please explain. _____

8. Have you ever been engaged contractually (as an employee, principal, owner, partner, or shareholder, except through passive investment) with any firm that contracts with the Cooperative or any Cooperative subsidiary as a prime contractor or sub-contractor?
Yes _____ No _____

9. Do you have the capacity to enter legally binding contracts?

Yes _____ No _____

10. Have you ever been convicted of, or pled guilty to, a felony?

Yes _____ No _____

11. The Cooperative's Bylaws define a "Close Relative" as:

[A]n individual who is a spouse, parent (including step and in-law), grandparent (including step and in-law), child (including step and in-law), grandchild (including step and in-law), sibling (including step and in-law), aunt, uncle, nephew, or niece of the principal person. The term also includes any individual who resides in the same household as the principal person, regardless of relationship.

Based on this definition, are you a Close Relative of any incumbent Director or any employee of the Cooperative or any Cooperative subsidiary?

Yes _____ No _____

12. If your answer to Question No. 11 is "Yes," what is that relationship?

13. A Director is responsible for, and must actively participate in, the management of the business and affairs of the Cooperative. The Board of Directors of the Cooperative is quite active. It is anticipated that you will spend as many as 10 to 15 days, on an annual basis, at meetings of the Board of Directors, General Membership, committees, and other bodies. (The Board conducts its regular meetings on a monthly basis on the third Tuesday.)

Are you able to commit that amount of time to be actively involved in the affairs of the Cooperative?

Yes _____ No _____

14. A Director has a *duty of loyalty* to the Cooperative and a *fiduciary duty* to act in the best interests of the Cooperative and its members as the Director reasonably believes to be the case under the circumstances. In connection with those duties, please answer the following questions.

a. Will you be able to act in the best interests of the Cooperative even though the act of the Cooperative may conflict with your personal interest?

Yes _____ No _____

Comments: _____

b. Do you have a commitment of loyalty to another commercial enterprise that may conflict with the best interests of the Cooperative or any Cooperative subsidiary?

Yes _____ No _____

Comments: _____

AFFIRMATION OF DIRECTOR QUALIFICATIONS

I, the undersigned, hereby state and affirm as follows:

1. I have read Section 5.02 of the Cooperative's Bylaws and Board Policy No. 403, concerning qualifications for eligibility to serve on the Board of Directors.
2. I am qualified in accordance with the Bylaws and policy to be nominated and elected or appointed as a Cooperative Director.
3. I am qualified to serve as such Director.

I have signed my name hereto and had the same witnessed this the _____ day of _____ 20____.

Signature

WITNESSES:

Name

Name

Address

Address

Telephone Number

Telephone Number

