

Medina Electric Cooperative, Inc.

G100 - Board Election Campaign Policy

Effective Date: August 25, 2015

Revised Date: January 19, 2017

I. Objective

To establish a code of conduct for a candidate standing for election to the Cooperative's Board of Directors to ensure that the candidate's campaign for a director position is conducted in a fair, transparent, and democratic manner; to establish limits on director and employee conduct during a Board election.

II. Purpose

Electric cooperatives are democratic organizations owned and controlled by their members. Medina Electric Cooperative is a private, not-for-profit corporation, not a governmental entity. The Cooperative's Board of Directors is responsible for overseeing the Cooperative's business affairs, including the conduct of Board elections.

The purpose of this policy is to establish a code of conduct for incumbent and non-incumbent Board candidates and limitations on the conduct of Cooperative directors and employees in connection with a Board election to: 1) protect the member-owners' democratic control of the Cooperative; and 2) ensure that candidates do not gain an unfair advantage through bias, manipulation, or undue influence unrelated to the candidate's qualifications for a position on the Cooperative's corporate Board.

III. Code of Conduct for Director Candidates

- A. Voting District Nominees.** The Cooperative nominates director candidates by voting district. Nominees become candidates for the Board when the certification committee certifies their candidacy. Nominees not certified for the ballot may not engage in campaign activities.
- B. Signed Acknowledgment Required.** A candidate, including incumbent directors standing for election, is required to sign an acknowledgement on a form provided by the Cooperative (Acknowledgement Form) that the candidate understands the structure and governing principles of the Cooperative and agrees to abide by this policy and any other election rules or policies the Cooperative provides. The Acknowledgement Form must be executed and returned to the Cooperative no later than the 7th business day after the date the nominee is notified by the Cooperative that his or her name has been certified by the certification committee. Candidates may not engage in campaign activities until the Acknowledgement form has been received by the Cooperative. The Acknowledgement Form will be posted with the candidate's election profile on the Cooperative's website.
- C. Campaign Communications.** A campaign communication is any written, printed, oral, video, digital, or e-mail picture or statement about the candidate's campaign for director, including pictures or statements posted on a website, Twitter, Facebook, LinkedIn, Pinterest, Tumblr, Instagram or Google+ or made on or sent through any

other medium or social media site existing now or arising during the campaign (“campaign communications or materials”).

1. A candidate is prohibited from representing or implying in any campaign communication that the candidate is endorsed by the Cooperative, the Board of Directors, an individual director, or a Cooperative employee.
2. A candidate shall not use the Cooperative’s logo or letterhead in any campaign communication.
3. A candidate’s campaign communications must be factually accurate and must not misrepresent the positions or actions of the candidate’s opponents, other candidates standing for election, the Cooperative, or the Cooperative’s Board of Directors, management, and employees.
4. A candidate is responsible for exercising due diligence to ensure that campaign communications made by or on behalf of the candidate are factually accurate and do not misrepresent the positions or actions of the candidate’s opponents, other candidates standing for election, the Cooperative, or the Cooperative’s Board of Directors, management, and employees.
5. A candidate shall not disseminate, publish, or circulate any campaign communication without a disclaimer of the address and name of the candidate or the candidate’s committee responsible for preparing, disseminating, publishing, or circulating the campaign communication. The disclaimer shall read: “Prepared and paid for by [Name and address of candidate or candidate’s committee];”
6. A candidate is prohibited from campaigning at or placing campaign posters, signs or other campaign-related materials on the real estate, facilities, or other property owned by the Cooperative, except that:
 - a) during the voting period, which begins on the date the ballots are mailed to the membership and ends three (3) calendar days before the date of the Annual Meeting, a candidate may campaign and a candidate or the candidate’s representatives may place or distribute campaign signs and materials at least 100 feet from any Cooperative office.
 - b) all contact with members shall be courteous and not disruptive to member access to member meetings or Cooperative facilities. A candidate shall be responsible for the conduct of his or her representatives and shall take immediate corrective action if a representative’s conduct violates this requirement.
 - c) a candidate is prohibited from placing any campaign material of any kind on a power pole.
7. A candidate is responsible for taking down or removing all campaign posters, signs, and other printed communications within 24 hours after the conclusion of the voting period.

D. Candidate Conduct

1. A candidate is prohibited from engaging in dishonest or unethical practices or activities or conspiring, soliciting or arranging for any individual, natural or non-natural member, group of members, person, group of persons, business, or other entity to engage in such activities, including:
 - a) Casting more than one ballot per member;
 - b) Altering or tampering with an electronic, digital, or paper ballot provided to a member;
 - c) Distributing a ballot to a member by unauthorized means;
 - d) Threatening, coercing, restraining, or exercising undue influence over the casting of a ballot by a member;
 - e) Threatening, coercing, restraining, or exercising undue influence over an employee of the Cooperative to obtain the employee's assistance in the candidate's election campaign;
 - f) Accepting a campaign contribution or other financial assistance from any person, corporation, or other entity that competes directly with the business of the Cooperative;
 - g) Distorting, or otherwise falsifying facts, and using malicious or unfounded accusations that are intended to create or exploit unjustified doubts about the personal integrity of the candidate's opponent.
 - h) Offering any item of monetary value to a member to induce a member to vote for a particular candidate or on an issue in a particular way; or
 - i) Violating a bylaw or policy prohibiting a director from participating in the administration of an election for directors.
2. A candidate is required to abide by any instructions from the Cooperative regarding standards of conduct, and the candidate shall treat his or her opponents, Cooperative members, directors, and employees with courtesy, respect, and professionalism to create an atmosphere free of animosity and bad faith.
3. A candidate is prohibited from appealing to negative prejudices based on race, sex, gender, sexual orientation, religion, or national origin or using character defamation, whispering campaigns, libel, slander, or scurrilous attacks on any candidate, the candidate's personal or family life, any director, or Cooperative employee.
4. A candidate is responsible for disclosing to the Cooperative any conflict of interest that arises before or during the election process or that the candidate knows or has reason to know will arise after the election results are certified.

E. Campaign Finance Disclosure

1. **Campaign Contributions Discouraged.** To promote the fairness and transparency of the election process and the best interests of the Cooperative, a candidate is encouraged to campaign for a seat on the Cooperative Board without accepting Campaign Contributions
2. If a candidate chooses to accept campaign contributions, then the contributions should be de minimis (under \$100) in nature and willingly disclosed as required by this policy.
 - a) "Campaign Contribution" means a financial contribution; an in-kind contribution; a gift; a donation; a loan to support the campaign; a promise or pledge to transfer money, goods, or services; paid personal services; or any other type of contribution from an individual, natural or non-natural Cooperative member or group of members, person, group of persons, business, partnership, limited liability company, political party, interest group, union, or any other incorporated or unincorporated entity in or outside the state of Texas.
 - b) In this policy, a non-natural member is a corporation, partnership, Limited Liability Company or any other organized business entity.
3. **Disclosure of Accepted Contributions.** A candidate who chooses to accept Campaign Contributions is required to disclose to the Cooperative membership in the manner required by the Cooperative (Disclosure Report):
 - a) The name and address of the source of the campaign contribution;
 - b) The amount of the contribution or the nature and value of an in-kind contribution;
 - c) The date the candidate accepted the contribution; and
 - d) The contributor's occupation and employer.
4. **Campaign Spending and Earnings Disclosure.** In addition to disclosing campaign contributions, a candidate shall also disclose to the Cooperative membership, in the manner required by the Cooperative (Disclosure Report), information describing how the candidate spent or used the campaign contributions. A candidate's spending disclosure shall include a general description of:
 - a) The type of purchases made; such as brochures, signs, posters, salary for staff, radio advertisements, websites, etc.;
 - b) Payments to a business in which the candidate or a relative of the candidate has a financial interest;
 - c) Expenditures made to support other candidates and that candidate's name;
 - d) Assets and investments purchased;
 - e) Interest earned and interest spent; and
 - f) Accounts in which the campaign contributions are deposited.
5. **Personal Funds.** A candidate who spends his or her personal funds on the candidate's own campaign shall file the contributions and spending report required by this policy (Disclosure Report).

6. Time of Disclosure Reporting.

- a) The Disclosure Report must be completed and received by the Cooperative before campaign spending becomes evident to the membership. The report will be posted with the candidate's election profile along with the Acknowledgement Form on the Cooperative's website.

IV. Limits on Board Member Conduct During Board Elections

A director, including an incumbent director standing for election, shall not:

- A.** Pressure, threaten, or coerce an employee of the Cooperative to campaign, advocate or vote for or against any candidate seeking election to the Board of Directors;
- B.** Ask an employee of the Cooperative to pressure, threaten, or coerce another employee to campaign, advocate or vote for or against any candidate seeking election to the Board of Directors;
- C.** Pressure, threaten, or coerce a Cooperative member or group of members to campaign, advocate or vote for or against any candidate seeking election to the Board of Directors; or
- D.** Obtain, attempt to obtain, or disclose information from or about the Cooperative for use by a candidate or a candidate's campaign without following the procedures and policies for obtaining such information.

V. Limits on Cooperative Employee Conduct During Board Election

- A.** An employee of the Cooperative is prohibited from engaging in campaign activities or advocating for or against an issue or candidate standing for election to the Cooperative Board during the employee's work hours or when the employee is on Cooperative property.
- B.** While on duty, an employee of the Cooperative may only inform a member about procedural information concerning the election, such as how to obtain information about the election, candidates, issues, voting procedures, and the annual or other member meeting.
- C.** An employee of the Cooperative may only provide a candidate, including an incumbent director, with procedural information about the Board election, and shall not provide a candidate with member lists, voting statistics, or other similar information, unless the candidate's request complies with applicable Board policies or is approved by the Cooperative's management.
- D.** An employee of the Cooperative is prohibited from directly or indirectly serving as an advisor to a Board candidate's campaign.
- E.** Nothing in this section is intended to prohibit an employee from discussing his or her opinions about the election, candidates, issues, or the annual meeting when the employee is not working and not on Cooperative property.
- F.** Nothing in this section is intended to prohibit an employee who is a member of the Cooperative from exercising his or her right to vote in a Board election.

VI. Failure to Comply with Policy

- A.** A candidate, including an incumbent director standing for election, who fails to comply with this policy may be removed from the ballot before the election or required to resign from the Board after the election in accordance with procedures established by the Cooperative to investigate the violation and provide the candidate with an opportunity to respond.
- B.** A director, including an incumbent director standing for election, who fails to comply with this policy, may be disciplined in accordance and compliance with the Board policies and procedures governing director standards of conduct.
- C.** An employee of the Cooperative who fails to comply with this policy may be disciplined in accordance and compliance with the procedures in the Cooperative's employee handbook.

VII. Responsibility for Administration and Enforcement

- A.** This policy supplements and does not replace other policies adopted to govern the process and procedure for Board of Director elections.
- B.** The Board of Directors is responsible for evaluating and adopting this policy, and administering and enforcing the provisions of this policy that apply to directors, including incumbent directors standing for election, and the CEO/General Manager.
- C.** A committee of directors not standing for election is responsible for administering and enforcing the provisions of this policy that apply to candidates who are not incumbent directors, unless the Board of Directors delegates that responsibility to the CEO/General Manager.
- D.** The CEO/General Manager of the Cooperative is responsible for administering and enforcing the provisions of this policy that apply to employees of the Cooperative.

MEDINA ELECTRIC COOPERATIVE, INC.

G101 – Qualifications for Eligibility to Serve on the Board of Directors

Effective Date: July 12, 2007

Revised Date: October 24, 2017

I. Purpose

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.

II. Policy Content

Certain qualifications are required by law, the Cooperative's Bylaws, and the generally accepted standards of good corporate governance. An incumbent Director, nominee, or potential appointee to the Board of Directors must be aware of these requirements and standards in order to become or 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 or has lost any of the necessary qualifications, it is the duty of the Board of Directors to remove such incumbent or to declare such nominee or potential appointee ineligible for election or appointment.

III. Provisions

A. General Requirements

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

1. Comply with 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 fiduciary 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. Have or be willing to secure within one calendar year, literacies in the areas of director duties and responsibilities, the electric business, board roles and relationships, strategic planning, financial decision-making, utility ratemaking, capital credits and corporate governance to direct 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 direct 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 Cooperative movement; 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, personal or business ambition.

B. 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 reports 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, 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.
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.

C. Requirements

Refer to the Bylaws for eligibility requirements.

D. Procedure for Policy Implementation

This policy shall be implemented as follows:

1. It shall be disseminated and explained to the Board Certification Committee each year, before it certifies nominations from the District Nominating Meetings or nominations by petition. The committee shall screen all persons considered for nomination as Directors to ensure that they are qualified in accordance with this policy.
2. After receipt of any nomination from the District Nominating Meeting or by petition, the Cooperative shall furnish the nominee with a copy of this policy, a Nominee Certification Form, and a questionnaire, to ensure that the

nominee is qualified in accordance with this policy and accepts the nomination.

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.
4. All persons nominated or being considered for appointment as Directors shall, prior to election or appointment, read this policy and execute the Qualifications to Serve as a Director Questionnaire and Nominee Certification Form which are attached hereto and made a part hereof.

IV. **Responsibility**

The Board of Directors is responsible for the enforcement of this policy.

MEDINA ELECTRIC COOPERATIVE, INC.

G102 – Directors Oath of Office

Effective Date: May 10, 2007

Revised Date: October 24, 2017

I. Purpose

To establish a procedure by which each Director shall affirm that he/she will perform his/her duties in accordance with the governing documents and the Seven Cooperative Principles.

II. Policy Content

The oath of office set forth in Section III below shall be administered by the CEO or other Board designee to each Director annually at the Organizational Meeting in October for the purpose of formalizing the Director's assumption of his/her duties as a Director.

III. Provisions

Oath of Office

"As a Director of Medina Electric Cooperative, Inc., I shall act with the primary objective of furnishing the Cooperative's members with electric and other services of the highest and most dependable quality, at the most favorable cost possible, consistent with sound business principles and nonprofit operation; I shall protect and preserve the Cooperative and I pledge to conduct my affairs and business life in a manner consistent with the best interest of the Cooperative."

IV. Responsibility

The Board of Directors is responsible for the administration of this policy.

MEDINA ELECTRIC COOPERATIVE, INC.

G103 – Standards of Conduct

Effective Date: May 10, 2007

Revised Date: October 24, 2017

I. Purpose

To establish the standards, rules, and procedures under which the Board members shall perform their duties.

II. Policy Content

All powers of the Cooperative may be exercised by the Board of Directors except as conferred upon the members by law, the Articles of Incorporation, or the Cooperative's Bylaws. This policy establishes certain standards under which such powers will be exercised in the best interests of the Cooperative.

III. Provisions

A. General Conduct of Board Members

Board members should conduct themselves, personally and professionally, in accordance with the highest moral and ethical standards, and shall abide by the Code of Ethics Pledge. A copy of the pledge is attached to this policy as "Attachment A".

B. Conduct with Respect to Fellow Board Members

Regardless of the personal relations or differences between Board members, they should respect each other in the following ways:

1. Each Board member should allow ample opportunity for every other Board member to speak on any matter being considered by the Board of Directors and listen carefully to the opinions and factual observations of the other Board members.
2. Except when in the best interest of the Cooperative, no Board member should reveal differences of position among Board members on matters considered and acted upon by the Board of Directors except to other Board members or the CEO. This standard applies to informal as well as formal communications.

C. Board Member Access to Cooperative Information

Any Board member is entitled to have access to information of the Cooperative which: (1) is germane to his/her standing as a Board member; (2) is directly related to, and appropriate information for, a pending issue within the Board's jurisdiction; and (3) is requested for a proper purpose

Access to Cooperative information is subject to the following conditions:

1. All requests for such information shall be made to the CEO. In no case shall such information be sought by a Board member through other employees, agents, or independent contractors. However, if the CEO is involved in actual or potential criminal activity and information is being sought concerning the same, the Board of Directors may seek or engage the services of legal counsel to determine how to proceed.
2. Information received by a Board member pursuant to this policy shall not be revealed publicly or released to unauthorized persons, unless expressly authorized by vote of the Board, or otherwise required by law.
3. A Board member shall not disclose information received pursuant to this policy if the effect of such disclosure is to damage the Cooperative or the public's perception of the Cooperative.

D. Loyalty to the Cooperative

Board members owes a duty of loyalty to the Cooperative and shall, therefore, abide by Board decisions. Debate and differences of opinion are inevitable when reaching a consensus; however, such differences shall remain within the board room. Board members shall keep such differences confidential unless compelling circumstances require membership assistance or court intervention in Board action. However, nothing herein shall limit a Board member from exercising the right to file with the Board's official Minutes an appropriate written dissent on any matter deliberated or decided by the Board.

E. Good Faith and Fair Dealing

Every Board member shall act in good faith and fair dealing with every other Board member and the CEO in all matters relating to Cooperative business. Good faith and fair dealing require that:

1. Board members reveal all information or interests which they may have that may bear upon action being considered by the Board of Directors or the CEO.
2. Board members will not pursue a position, inquiry, recommendation, or motion for the purpose of harassing or annoying other Board members or the CEO.
3. Board members' direct communications with employees other than the CEO, if made at all, shall be only on matters of a personal nature or related to their

roles as a member of the Cooperative. Communications with employees shall not be for the purpose of influencing any employee's position or attitude concerning Cooperative-related activities or seeking Cooperative information. Directors shall report to the CEO any employee who solicits information that is not of a personal nature or related to the Director's role as a member of the Cooperative; employees shall report to the CEO any Director seeking information that is not of a personal nature or related to their role as a member of the Cooperative. Questions regarding the appropriateness of potential communications between Directors and employees should be directed to the CEO.

IV. Responsibility

This policy shall be the responsibility of the Board of Directors, except as otherwise provided for herein by the CEO or Legal Counsel.

ATTACHMENT "A"

CODE OF ETHICS STATEMENT

This pledge is to be read annually at the Organizational Meeting in October by Medina Electric Cooperative (MEC)'s Chief Executive Officer (CEO) with each Board member signing said pledge. The original is to be placed in each Director's file with a copy given to said Director.

As a member of the MEC Board, I will:

- listen carefully to other Board members, and those served by MEC.
- respect the opinion of other Board members.
- respect and support the majority decisions of the Board.
- recognize that all authority is vested in the Board when it meets in legal session and not with individual Board members.
- keep well-informed of developments that are relevant to issues that may come before the Board.
- participate actively in Board meetings and actions.
- call to the attention of the Board any issues that I believe will have an adverse effect on MEC or those we serve.
- attempt to interpret the needs of the members of MEC and interpret the action of MEC to its members.
- refer member or staff complaints to the proper level on the chain of command.
- recognize that the Board member's job is to ensure that MEC is well managed, not to manage MEC.
- vote to hire the best possible person to manage MEC.
- represent all members of MEC and not a particular geographic area or special interest groups.
- consider myself a "trustee" of MEC and do my best to ensure that MEC is well maintained, financially secure, and operating in the best interests of members.
- work to learn more about the Board member's job and how to do it better.

- declare any conflict of interests between my personal life and my position on the MEC Board, and avoid voting on issues that appear to be a conflict of interest.

As a member of the MEC Board I will not:

- be critical, in or outside of the Board meeting, of other Board members or their opinions.
- use MEC or any part of MEC for my personal advantage or the personal advantage of my friends or relatives.
- discuss the confidential proceedings of the Board outside the Board meeting.
- promise prior to a meeting how I will vote on any issue in the meeting.
- interfere with duties of the CEO or undermine the CEO's authority.

BOARD MEMBER

DATE

PRINT NAME

MEDINA ELECTRIC COOPERATIVE, INC.

G105 – Conflict of Interest

Effective Date: July 12, 2007

Revised Date: October 24, 2017

I. Purpose

- A. To provide general guidance to Board members in the performance of their duties and responsibilities for the Cooperative.
- B. To assure the high standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Cooperative.
- C. To assure compliance with the policies of the Cooperative and standards specified in the Bylaws of the Cooperative relating to a Board member's business and financial interest.

II. Policy Content

Board members must avoid activities that create a conflict of interest or the appearance of a conflict of interest.

III. Conflict of Interest – General Provisions

A "conflict of interest" exists when a Board member has a personal interest in a matter of such a nature and magnitude that a conflict exists between the personal interest and the Cooperative's interest that could potentially cause an inability to exercise independent and objective judgment on the matter. "Personal interests" may not technically involve the Board member but may involve relatives, business associates, or other individuals or organizations with which he/she is closely associated.

The following statements will guide the members of the Board of Directors in the management of the affairs of the Cooperative.

- A. **Use of Office**
They shall not use their respective offices for private gain for themselves or for other individuals or organizations with which they are associated.
- B. **Use of Information**
They shall not use inside information for private gain, either by direct action or by counsel, recommendations, or suggestions to other individuals or organizations with which they are associated.
- C. **Gain from Beneficiary Organizations**
They shall not receive or solicit from beneficiary organizations, related organizations, or other individuals having business with the Cooperative,

anything of significant value as a gift, loan, favor, or gratuity for themselves or any other individuals or organizations with which they are associated.

D. Decisions Which Pose a Conflict of Interest

They shall make full disclosure to the Board of Directors of any facts indicating a conflict of interest. They shall disqualify themselves from voting on a decision posing a conflict of interest or the appearance of a conflict of interest. They may request a legal opinion before taking such action.

E. Business Ethics

1. Directors must not, in any way, be employed by or financially interested in an enterprise which is in competition with the Cooperative.
2. The CEO shall develop a policy on business ethics which will set forth the intent of the Board of Directors with regard to conduct of employees in maintaining high standards of integrity, impartiality, and conduct necessary to maintain member and public confidence in the Cooperative.

IV. Conflicts Regarding Outside Business Activities

- A. A Director's outside activities must not create a conflict of interest with the Director's responsibilities to the Cooperative.
- B. Directors are expected to exercise discretion and good judgment in determining whether ethics and/or conflict of interest issues arise as a result of their non-Cooperative business activities. Whenever there is any question as to a possible conflict, Directors should submit details of proposed non-Cooperative business activities to the Board for its approval before becoming involved in the activity.

V. Conflicts Regarding Relationships with Vendors

A. Outside Business Interests

Possible conflicts of interest relating to a Director's outside business interests include, but are not limited to:

1. Ownership, including ownership of stock, in whole or in part, either directly or through a relative or agent, of vendor companies;
2. Relatives employed by or owning vendor companies. (The nature of the relationship between individuals and the position of the relative with the vendor company can influence the extent of any possible conflict of interest.);
3. Direct employment or retention as a consultant by any vendor company; and
4. Officerships and directorates in vendor companies. (Officerships or directorates in national, state-wide, material supply, or service cooperatives are excluded.)

B. Directors or Former Directors as Vendors or Subcontractors

Purchase orders and subcontracts may not be awarded to a Director or to a partnership or corporation in which a Director is a principal or major stockholder, unless there has been full disclosure and the interested Director does not vote on the decision.

C. Gifts, Favors, and Entertainment

It is the policy of the Cooperative that gifts, favors, and excessive entertainment has no place in the conduct of business and should be discouraged. Accordingly, Directors are expected to:

1. Adopt the Cooperative policy as their own and make this policy known by their actions, communications, and deeds; and
2. Courteously decline or return any excessive gift, favor, or offer of entertainment. It is recognized that it is common trade practice to offer advertising novelties of insignificant value (pencils, pens, coffee mugs, and the like). These advertising novelties are acceptable. Whether or not an item can be considered an advertising novelty depends on the degree of prominence in which the vendor's name or trademark is displayed and the value of the item. Tickets for baseball, basketball, and football games and all other forms of entertainment may be accepted, if not excessive. A perishable gift, if it is excessive, may be contributed to a charitable organization in the name of the supplier. The supplier should receive written notification of the donation.

D. Business Meals

Business oriented luncheon and dinner engagements with suppliers are allowed as long as the Director does not feel obligated to the supplier as a result.

E. Financial Dealings with Suppliers

Directors must avoid any financial dealings, direct or indirect, with suppliers or their representatives including, but not limited to:

1. Loans;
2. Gambling or participating in contests;
3. Investment in supplier companies;
4. Use of real or personal property of a vendor, vendor's employee, or vendor's representative; and
5. Business or investment dealings with a vendor, vendor's employee, or vendor's representative, such as joint ownership of investment real estate, joint ownership of other companies, and so forth.

F. Trips to Vendor Facilities

Suppliers should not be permitted to pay for hotel and travel expenses of Directors.

VI. Responsibility

- A. CEO
The CEO shall provide assistance to the Board of Directors to assure compliance with this policy. The CEO shall also develop and enforce an appropriate management policy relating to conflicts of interest of employees.
- B. Legal Counsel
Legal Counsel engaged by the Cooperative or the Board shall advise individual Board members and/or the Board of Directors regarding compliance with this policy but shall not represent individual Board members.
- C. Board of Directors
The Board of Directors shall review compliance with this policy and counsel with any Board member as the situation may require. The Board of Directors shall assure, to the extent possible, that the Cooperative is not damaged or compromised because of the existence of a conflict of interest on the part of Board members.

MEDINA ELECTRIC COOPERATIVE, INC.

G108 – Functions of the Board of Directors

Effective Date: May 10, 2007

Revised Date: October 24, 2017

I. Purpose

- A. Establish, clarify, and interpret the responsibilities and authorities of the Board of Directors as set forth by law, the Articles of Incorporation, the Bylaws, and accepted business principles.
- B. Provide guidance to individual Directors in the performance of their duties and responsibilities.
- C. Provide guidance to the member-owners in the selection of Directors.

II. Policy Content

The Board of Directors derives its authority from, and is directly accountable to, the member-owners of the Cooperative. The Board of Directors is empowered by them and required by law to institute such actions as are necessary to attain the objectives of the Cooperative by the protection of its rights, interests, and assets, except such actions which by law, the Articles of Incorporation, or the Bylaws are conferred upon or reserved to the members. Therefore, it shall be the policy of the Board of Directors of the Cooperative to use the following outline of relationships and responsibilities as guidelines for action and behavior as individual and collective members of the Board of Directors in fulfilling its responsibilities and obligations to the member-owners of the Cooperatives.

III. Provisions

The following provisions apply to this policy:

- A. Relationships
 - 1. The Board of Directors reports to:
 - a. As a Board – the member-owners; and
 - b. As individuals – the President as the chief presiding officer, or, in his/her absence, the Vice-President.
 - 2. The Board of Directors directs:
 - a. All committees of the Board of Directors; and
 - b. The CEO.

B. Responsibilities

The Board of Directors is expected to fulfill the following responsibilities:

1. Maintain the legal entity of the Cooperative by:
 - a. Complying with the provisions of the Articles of Incorporation, Bylaws, and regulatory and contractual requirements placed upon the Cooperative by, but not limited to, federal, state, and local statutes and ordinances, and the regulations of federal, state, and local commissions and agencies;
 - b. Revising the Cooperative's Bylaws as necessary or required;
 - c. Executing, or having executed, all necessary legal contracts; and
 - d. Designating individuals authorized to sign checks, drafts, etc. as necessary in accordance with the Bylaws.

2. Act as trustee for the member-owners by:
 - a. Protecting the assets and interests of the Cooperative;
 - b. Complying fully with the provisions of the Bylaws and policies;
 - c. Assisting new members of the Board of Directors to become oriented in their responsibilities;
 - d. Maintaining or having maintained full and accurate minutes of official Board of Directors and membership meetings;
 - e. Informing or having the members informed of the objectives, plans, and programs of the Cooperative;
 - f. Participating in activities which enhance the prestige of the Cooperative and help to fulfill its corporate obligation to the area it serves; and
 - g. Keeping informed and improving their knowledge and skills as members of the Board of Directors and using their knowledge and skills to contribute to the effective oversight of the Cooperative.

3. Provide organization and operational direction by:
 - a. Formulating, approving, and periodically reviewing governance policies for the operation of the Cooperative; and

 - b. Selecting a CEO and delegating to him/her the responsibility and authority for the operation of the Cooperative within the limits of the governance policies established by the Board of Directors.
 - i. The Board of Directors shall be responsible for seeing that the performance of the CEO is appraised in September of each year so that all Board members participating in the appraisal will have had as close to a full year of interacting with and observing the CEO's performance as possible. Procedures for performing the appraisal will be provided to Board members at the July Board meeting. The appraisal shall include a recommendation on a salary adjustment when appropriate. The

results of the appraisal will be discussed with the CEO by the entire board.

- ii. Succession planning in the event of the retirement/resignation or sudden loss of the CEO shall be the responsibility of the Board of Directors in accordance with the CEO Succession Planning Policy.
4. Consider and adopt or approve in consultation with the CEO:
 - a. Retail rates and classifications;
 - b. Terms and conditions governing the provisions of electrical service to members;
 - c. Plans for meetings of members;
 - d. Basic organization structure and wage and salary plan;
 - e. Employee benefit program;
 - f. Selection of legal, accounting, and other consultants who report directly to the board;
 - g. Long and short range financial and engineering plans as required and necessary for the maintenance of the economic feasibility of the Cooperative;
 - h. Annual work plans and operating budget; and
 - i. Plans for investment decisions or partnering in joint ventures with others to provide other products and services.
 5. Provide the continuing operating and capital requirements of the Cooperative by:
 - a. Considering the results of studies and recommendations prepared by the CEO;
 - b. Adopting rate changes and financial practices necessary to provide operating requirements; and
 - c. Initiating loan applications.
 6. Establish and periodically review measures and controls as recommended by the CEO to:
 - a. Prevent unauthorized action;
 - b. Determine progress in major areas
 - c. Predict trends;
 - d. Determine where changes should be made;
 - e. Measure performance in relation to goals, plans, and budget; and
 - f. Measure the Board of Directors' attainment of the stated objectives of the Cooperative.

IV. Responsibility

The Board of Directors is responsible for the administration of this policy.

MEDINA ELECTRIC COOPERATIVE, INC.

G114 – Membership Rights and Privileges of Employees and Directors

Effective Date: July 14, 2010

Revised Date: October 24, 2017

I. Purpose

To identify and clarify the membership rights and privileges, and certain restrictions thereon, available to those individuals who are not only members of the Cooperative but who also serve on the Board of Directors or are employed by the Cooperative.

II. Policy Content

The purpose of the Cooperative is to provide a service to the membership. The Cooperative is governed by a Board of Directors. Each Director agrees to serve the membership if elected. Directors receive reimbursement for expenses and a per diem for time devoted to serving the Cooperative. In order to accomplish its purpose, the Cooperative must employ competent and motivated employees. Employees are compensated for their service through a wage and benefit program. Due to the rural nature of the Cooperative service area, the Cooperative employs a large number of Cooperative members. Individuals are entitled to certain rights and privileges by virtue of membership in the Cooperative. Directors and employees who are members receive compensation for their service and therefore should not receive certain of the membership rights and privileges otherwise generally afforded to the members of the Cooperative. Accordingly, as more particularly described below, certain membership rights and privileges are superseded by the employee or Director relationship and compensation or per diem received from the Cooperative.

Some of the membership rights and privileges generally afforded to the members of the Cooperative include: the ability to attend the annual meeting or vote in the director election; the chance to win door prizes such as merchandise, cash or energy credits offered as part of member meetings; and the opportunity to serve on a member committee. This policy strives to eliminate the appearance of impropriety, potentially awkward situations, and/or misperceptions which could occur if Directors or employees were afforded certain rights and privileges of membership.

III. Provisions

- A. For the purpose of this policy, immediate family shall be defined as a member's spouse, child or anyone residing in the member's household.
- B. The following membership rights and privileges shall not be available to Cooperative members or their immediate family (as defined above), if such member is also employed by the Cooperative:
 - a. Participation in a member survey or focus group
 - b. Service as an officer of the District Nominating Meeting.
 - c. Service on a member committee)
 - d. The right to receive a door prize (including cash, products or energy credits)

- e. Future privileges which may be deemed inappropriate by the Board
- C. The following membership rights and privileges shall be available to Cooperative members and their immediate family (as defined above), regardless of whether such member is also employed by the Cooperative:
- a. The right to vote at District Nominating Meetings and in the director election
 - b. The right to attend and participate in the annual meeting or district nominating meeting
 - c. The right to register and represent a membership of a member who is not present as the designated voter and receive any door prize or gift awarded to the membership being represented.
 - d. The right to apply for or participate in certain member programs (e.g.: scholarship program, rebate program, Operation Round Up, etc.)
 - e. Other rights as may be deemed appropriate by the Board
- D. The following membership rights and privileges shall not be available to Cooperative members or their immediate family (as defined above), if such member also serves as a Director of the Cooperative:
- a. Participation in a member survey or focus group
 - b. Service on a member committee
 - c. The right to receive a door prize (including cash, products or energy credits)
 - d. Future privileges which may be deemed inappropriate by the Board
- E. The following membership rights and privileges shall be available to Cooperative members and their immediate family (as defined above), regardless of whether such member also serves as a Director of the Cooperative:
- a. The right to vote at District Nominating Meetings and in the director election
 - b. The right to attend and participate in the annual meeting or district nominating meeting
 - c. The right to register and represent a membership of a member who is not present as the designated voter and receive any door prize or gift awarded to the membership being represented.
 - d. Other rights as may be deemed appropriate by the Board

IV. Responsibility

The Board of Directors and CEO shall be responsible for enforcement of this policy.