

Excerpt from Bylaws of Fleming-Mason Energy Cooperative, Inc.**

Article IV

Directors

Section 3

Qualifications

(a) To become and remain a director, a person must comply with the following general qualifications:

- (1) Be an individual and a member in good standing of Fleming-Mason Energy Cooperative, Inc.;
- (2) Have the capacity to enter into legally binding contracts;
- (3) Before becoming a Director, graduate from a high school or earn an equivalent diploma or certification;
- (4) While a Director, or prior to becoming a Director, not be convicted of or plead guilty to a felony;
- (5) While a Director, or prior to becoming a Director, not have a final judgment entered against them involving fraud, ethical violation, discrimination and/or acts of harassment by a state court of competent jurisdiction or a United States Federal Court;
- (6) While a Director and seven years immediately before becoming a Director, been a debtor in a federal bankruptcy proceeding or a similar proceeding under applicable state law such as insolvency, liquidation, receivership, reorganization or assignment for the benefit of creditors;
- (7) While a Director and seven years immediately before becoming a Director, been a party to a foreclosure or other proceeding (judicial or non-judicial) which proceeding is or was instituted because of the director's default on indebtedness.
- (8) Except as otherwise provided by the Board of Directors for good cause shown, within two years of election of becoming a director of Fleming-Mason Energy Cooperative, Inc., receive a Credentialed Cooperative Director designation or certification from the National Rural Electric Cooperative Association.
- (9) Except as otherwise provided by the Board of Directors for good cause shown, attend all properly noticed Regular and Special Board Meetings and Committee Meetings.
- (10) While a Director, must not breach the Director's fiduciary duties to the Cooperative, violate confidences, or engage in illegal activity under the color of authority as a Director; and
- (11) Comply with any other reasonable qualifications determined, made, adopted, amended and/or promulgated in policies or rules of the Cooperative, not inconsistent with law, the Articles of Incorporation, regulations or these By-Laws.

(b) Conflict of Interest Director Qualifications: To become or remain a Director, a person must comply with the following conflict of interest qualifications:

- (1) Prior to becoming a Director and annually thereafter complete and sign a conflict of interest certification and disclosure form approved by the Board of Directors;
- (2) While a Director and during the three years immediately before becoming a Fleming-Mason Director, not be an employee of Fleming-Mason or an employee of a related entity;

(3) While a Director and during the one year immediately before becoming a Director, not advance or have a Related Individual that advances the individual's financial interest by competing with Fleming-Mason.

(Related Individual means an individual: (1) Who is spouse of an Official; (2) Who is or is the spouse or, a child, stepchild, grandchild, parent, step parent, grandparent, sibling, step sibling, half sibling, aunt, uncle, niece or nephew of an Official or the Official's spouse; (3) Residing with an Official; (4) For whom an Official is a trustee, guardian, personal representative or similar fiduciary; or (5) Employing an Official. Official means a Director, Officer or Key Employee.)

(c) Director Disqualification.

After being elected or appointed, if a Director does not comply with all Director Qualifications and Conflict of Interest Director Qualifications (collectively, "Director Qualifications"), then, except as otherwise provided by the Board for good cause, the Board shall disqualify the Director and the individual is no longer a Director if:

- (1) The Board notifies the Director in writing or electronically of the basis for and provides the Director an opportunity to comment regarding the Board's proposed disqualification; and
- (2) Within sixty (60) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of directors authorized by these bylaws complies with the Director Qualifications and approves or disapproves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.

Nothing in this section shall be construed to affect in any manner whatsoever the validity of any action taken at any previous meeting of the Board of Directors. (Amended Dec. 1, 2011)

***Originally adopted by the Board of Directors on April 2, 1938
Including all amendments and delineations adopted up to June 6, 2019*