Director Nominee Information Packet

ALL PACKET MATERIALS MUST BE COMPLETED AND

RETURNED BEFORE 4PM ON OCTOBER 16, 2026

Contents:

- Board Candidate Biography Instructions
- Bylaws 5.4 and 5.5
- Conflict of Interest Policy and form—HR-04
- Board Candidate Questionnaire – **MUST BE SIGNED + DATED**
- NRECA Toolkit: Director Job Description

Name: _____

Address: _____

Email: _____

Phone: _____

Board Candidate Biography:

Please return along with this form (or email to: hceparano@arrowhead.coop) a **paragraph of no more than 250 words answering the following questions** by October 16, 2026:

How long have you been a member?

Why would you like to serve on the Board of Directors?

What is/was your occupation/title?

Who is your current, or former (if retired), employer and position?

What talents/skills would you bring to the Board of Directors?

What issues does Arrowhead Electric Cooperative, Inc. face?

What do you think the most important things to know about Arrowhead Electric Cooperative, Inc. are?

Why are you the best candidate?

Bylaws Sections 5.4 and 5.5

Section 5.4. Director Qualifications

Members must meet the following requirements to be eligible to be nominated as a Director, elected as a Director, and must continue to meet the following requirements to remain a Director:

a) Be a Member of the Cooperative;
b) They are a natural person and are purchasing and taking delivery of electric energy in the district from which the Member is nominated or elected;
c) Have the capacity to enter into legally binding contracts
d) Has been a Member of the Cooperative for at least one (1) year prior to the meeting in which the Member is up for election to become a Director;
e) While a Director, and during the five (5) years immediately prior to the meeting in which the Member is up for election to become a Director, not be convicted of, plead guilty to, a felony or a crime involving theft or dishonesty;
f) Not have a conflict of interest, financial or otherwise, with the Cooperative;
g) Not be an employee, grandparent (including step or in-law), parent (including step or in-law), child (including step or in-law), brother (including step, in-law, or half-brother), sister (including step, in-law, or half-sister), or spouse of an employee of the Cooperative; and
h) Annually complete and sign an independence and conflict of interest certification and disclosure form approved by the Board of Directors.

A legal entity that is a Member may designate an individual who is an owner of the legal entity and actively involved in the operation of the legal entity to be eligible for election as a Director, provided the individual meets the applicable requirements for eligibility as provided in the Bylaws to become and remain a Director.

Section 5.5. Campaign Finance Disclosure

a) Campaign Contributions Discouraged. To promote the fairness and transparency of the election process and the best interests of the Cooperative, a candidate for election on the Board of Directors is encouraged to campaign without accepting financial contributions, in-kind contributions, gifts, donations, loans to support the campaign, promises, or pledges to transfer money, goods, or services, paid personal services, or any other type of financial contribution from any individual, legal entity, Cooperative member or group of members, group of other persons, business, political party, interest group, association, union, or any other entity.

b) Members who are candidates for the Board of Directors must follow the requirements set forth below to be eligible to be elected as a Director:

    i. If a candidate chooses to accept campaign contributions of any kind, then the contributions must be freely disclosed as required in this Bylaw.

1. "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, entity, group, business, partnership, political party, interest group, or union.
2. A candidate who does not accept Campaign Contributions may voluntarily disclose that decision to the Cooperative's members by filing a statement in the manner and form approved and directed by the Cooperative.

ii. A candidate who chooses to accept Campaign Contributions is required to file with the Cooperative, for posting by the Cooperative, on its website, a weekly Contributions Report (which will be provided by the Cooperative), containing:
   1. The name and address of the source of each Campaign Contribution;
   2. The amount of each contribution or the nature and value of an in-kind contribution;
   3. The date the candidate accepted each contribution; and
   4. The contributor's occupation and employer (from individual contributors).

iii. A candidate who spends his or her own personal funds on the candidate's own campaign is not required to file a Contributions Report.

iv. A candidate is required to file his or her Contributions Reports on the following schedule:
   1. A candidate required to file a Contributions Report shall file on each Friday before the election for the Board of Directors.
   2. A candidate shall file a final Contributions Report on the 30th day after the date of the election for the Board of Directors that includes any Campaign Contributions not previously disclosed.

v. If a candidate is elected, or appointment after the election to a director's position, and the candidate chooses to accept contributions intended to help retire the candidate's campaign debt, the candidate is required to file with the Cooperative for posting b the Cooperative on its website a Contributions report within 30 days after accepting each contribution.

b) Any member who believes that a candidate or director has violated this Bylaw ("Complainant") may file a written complaint ("Complaint") with the Cooperative at the Cooperative's headquarters, together with any documents in support of the Complaint. The form of the Complaint will be provided to the Complainant. The Cooperative will send a copy of the Complaint to the candidate or director against whom the Complaint is made ("Respondent").

i. Once chosen, the Cooperative shall send the Complaint to the arbitrator with a directive to handle the Complaint as expeditiously as possible in accordance with this Bylaw. The arbitrator shall promptly review the Complaint and set a hearing on the Complaint as soon as possible. All parties shall be given at least three (3) days' written (written includes e-mail, text, or other electronic means) notice of the hearing on the Complaint.

ii. The Complainant and Respondent shall be entitled to appear at the hearing with legal counsel and present evidence for and against the charges made in the Complaint. The Complainant shall bear the burden of proof and the burden of proof

shall be by a "preponderance of the evidence." Promptly after the hearing, the arbitrator shall determine whether the Complainant has met the burden that a violation of this Bylaw was committed. If the arbitrator determines that a violation of this Bylaw was committed, the arbitrator shall prescribe the penalty to be imposed for the violation, considering the nature and severity of the violation. The penalty must be appropriate to the violation committed.

c) The Board of Directors shall select a qualified neutral arbitrator, who shall be an attorney licensed to practice law in the State of Minnesota, to decide violations of this Bylaw and prescribe appropriate penalties as authorized under this Bylaw. The arbitration shall be finally and exclusively decided by binding arbitration in accordance with the American Arbitration Association ("AAA") Commercial Arbitration Rules. The Cooperative's legal counsel shall meet and inform the arbitrator of his/her responsibilities under this Bylaw. The Cooperative shall pay any fees and expenses to the arbitrator for services rendered. The Cooperative shall indemnify the arbitrator against all claims that may be brought against him/her, which arise from the performance of the arbitrator's duties under this Bylaw.
d) Penalties may include:
    i. an order to cease and desist from the rule,
    ii. a reprimand,
    iii. a censure,
    iv. a disqualification of the Respondent's candidacy and removal from the Board of Directors,
    v. a recommendation that the director resign or be removed from office, or
    vi. such other penalty as the arbitrator determines is appropriate.
e) The arbitrator shall submit his/her award and the factual basis for the determination on the Complaint and the penalty to be imposed, if any, in writing (in writing would include e-mail or other electronic means but not text) promptly to the Board of Directors. The Board of Directors shall promptly execute the decision of the arbitrator. The arbitration shall be held in Cook County, Minnesota. Any award rendered by the arbitrator shall be final and binding upon the Complainant, Respondent, and the Cooperative and judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction. The Members and the Cooperative waive all rights to a trial by jury in connection with anything contained in this Bylaw.
f) The arbitrator may consult with the Cooperative's legal counsel in the discharge of his/her duties. The arbitrator may also utilize an assigned Cooperative staff member to coordinate notices and arrangements for a hearing, the hearing location, a hearing tape/transcript, and such other services as the arbitrator deems necessary to carry out his/her duties under this Bylaw.

g) The Cooperative will not be responsible, and no Member shall make any claim against the Cooperative, for the payment of attorneys' fees and costs, arising from the conduct of the election for directors under the provision of this Bylaw.
h) By becoming a candidate for the Board of Directors, all candidates hereby acknowledge and agree to the requirements of this Bylaw and understand that a violation of this Bylaw could subject the candidate to the penalties described in this Bylaw.

ARROWHEAD ELECTRIC COOPERATIVE, INC.
LUTSEN, MINNESOTA 55612

POLICY: HR-04
ISSUED: 4-2-07
REVISED: 05-28-2020

Was Policy IV-3

CONFLICT OF INTEREST

I. Purpose

It is in the best interest of Arrowhead Electric Cooperative, Inc. (AECI) to be aware of and properly manage all conflicts of interest and appearances of a conflict of interest.

This policy is designed to help directors and employees identify situations that present potential conflicts of interest and to provide AECI with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in AECI operations.

Nothing in this policy shall be construed to prevent directors or employees from either participating as normal members of the community, or from bringing their unique talents and backgrounds to the full use of AECI.

II. Prohibited Activity

a) Directors and employees are prohibited from receiving any gifts, fees, loans or favors from suppliers, contractors, consultants, or financial institutions, contracts or transactions where it might be inferred that such action was intended to influence or possibly would influence the director or employee in the performance of his or her duties to AECI. This does not prohibit receiving gifts or favors of nominal value or casual entertainment which meet all standards of ethical business conduct, and involves no element of concealment.
b) Directors and employees are prohibited from acquiring or having a financial interest in any property which AECI acquires.
c) Directors and employees are prohibited from having any financial interest with any entity with which AECI does business. “Business” does not include AECI providing electric services to that entity. Further, this does not prohibit the ownership of securities in a publicly owned company except in a substantial amount by those in a position to materially influence or affect the business relationship between AECI and such publicly owned company.

III. Procedure

a) If members of the immediate family of a director or employee have a financial interest as specified above, such potential conflict of interest shall be fully disclosed to the AECI Board of Directors which shall decide if such interest should prevent AECI from entering into a particular transaction, purchase, or employment of services.
The term "immediate family" means children or their spouse, husband, wife, sister, brother, parents, foster, or step-parents, grandparents, aunts, uncles, mother or father-in-law, sister or brother- in-law, or any relative residing in the AECI directors' or employees' households.
b) Prior to board action on a contract or transaction involving conflict of interest, the director having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.
c) A director who plans not to attend a meeting at which he or she has reason to believe that the board will act on a matter in which the person has a conflict of interest shall disclose to the Board Chair all facts material to the conflict of interest. The Board Chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
d) A director who has a conflict of interest with respect to the contract or transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
e) A director or employee who has a conflict of interest shall not participate in or be permitted to hear the board's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect or the matter, either at or outside the meeting.
f) Any employee who has a potential conflict of interest with respect to a contract or transaction that is not the subject of Board action, shall disclose the circumstance to his or her manager and the AECI CEO/General Manager who shall determine, in collaboration with the Board Chair, whether Board discussion is warranted or whether there exists a conflict of interest that is subject to this policy.

IV. Confidentiality

Directors and employees shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of Arrowhead Electric Cooperative, Inc. Further, directors and employees shall not disclose or use information relating to the business of AECI for their personal profit or advantage or the personal profit or advantage of a family member(s).

V. Annual Review and Disclosure

Annually, each director and employee shall review this policy and complete a disclosure form identifying any relationships, positions, or circumstances in which she or he is involved that he or she believes could contribute to a conflict of interest. These relationships, positions, or

circumstances might include service as a director of or consultant to another nonprofit organization or ownership of a business that might provide goods or services to Arrowhead Electric Cooperative, Inc. Any such information regarding the business interests of a director or employee shall be treated as confidential and shall generally be made available only to the Board Chair and the CEO/General Manager except to the extent additional disclosure is necessary in connection with the implementation of this policy.

VI. Responsibility

All Arrowhead Electric Cooperative, Inc. directors and employees must disclose any situation which violates, may violate, or could appear to violate the intent of this policy.
The Arrowhead Electric Cooperative, Inc. Board of Directors is responsible for administration of this policy.

Annual Conflict of Interest Disclosure Form

Date: _____

Name: _____

Position: _____

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise) or circumstances that could contribute to a conflict of interest between Arrowhead Electric Cooperative, Inc. and your personal interests, financial or otherwise:

_____ I have no conflict of interest to report

_____ I have the following conflict of interest to report (include boards on which you or an immediate family member serve or businesses that you or an immediate family member own)

_____

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed and agree to abide by this Conflict of Interest policy of Arrowhead Electric Cooperative, Inc.

_____ _____

Name Date

Candidate Questionnaire

Welcome. We hope these questions will help you decide whether serving Arrowhead Cooperative's board of directors is right for you. Please circle the appropriate response.

1. Are you a member of the Cooperative? Yes No
2. Are you purchasing and taking delivery of electric energy in the district from which you are seeking nomination? Yes No
3. Do you have the capacity to enter into legally binding contracts? Yes No
4. Have you been a member of the Cooperative for at least one (1) year prior to the annual meeting? Yes No
5. IN the past 5 years, have you been convicted of, plead guilty to, a felony or a crime involving theft or dishonesty? Yes No
6. Do you have a conflict of interest, financial or otherwise, with the Cooperative? Yes No
7. Are you an employee, grandparent (including step or in-law), parent (including step or in-law), child (including step or in-law), brother (including step, in-law, or half-brother), sister (including step, in-law, or half-sister), or spouse of an employee of the Cooperative? Yes No

YOUR ABILITY TO SERVE

Serving on the Arrowhead Cooperative board will require 1-3 days per month. The board usually meets on the last Thursday of the month at 9 a.m. Board members take 1 or so trips per year to association meetings, usually a few days in length. In addition, new directors are expected to receive at least 10 days of training in the first year of becoming a board member to receive their CCD. Additional continuing education is highly encouraged as well. The average director also spends around 3 hours a month on "homework," such as reviewing information, preparing for meetings, or talking with fellow co-op members.

Directors are paid $600 per regular Board Meeting, and $350 per day for all other meetings or training days. Additionally, mileage is paid at the current IRS rate. There are also per diem rates for food over travel/training days, plus reimbursement of expenses.

Signature:_____Date:_____

The signature above indicates that you (the candidate) attest to the fact that you are providing full and accurate information to the best of your ability and that you have read the cooperative's bylaws sections 5.4 and 5.5 and satisfy the qualifications for directors noted there.

Board Director Job Description*

Expectations of the board as a whole *The Board is responsible for--*	**Expectations of each board member** *Each individual board member is--*
Governance Structures and Practices • Determining and guiding the cooperative in fulfillment of its mission, purpose, and governing policies. • Adhering to sound governance practices and procedures. • Assuring that the cooperative has a succession plan in place for the CEO and itself. • Encouraging director diversity by supporting an electric cooperative board that reflects the diversity of the cooperative's membership. Recognizing the practical limitations of obtaining a diverse board, the board seeks to solicit diverse individuals to seek election to the board, and to consider diversity when filling vacant director positions. • Coordinating with state and national cooperative organizations to determine a political action strategy that advocates for the co-op. ***Cooperative Outlook*** • Encouraging future cooperative success by cultivating member knowledge of and interest in the cooperative and board membership.	***Governance Structures and Practices*** • Expected to understand and fulfill the fiduciary duties of a board member. • Act and respond within the established hierarchy and procedures of the cooperative. • Expected to approach each board decision and vote with the best interests of the entire cooperative in mind. • Expected to demonstrate behaviors that support a diverse, inclusive, and equitable environment where all board members, staff, and members feel respected and valued regardless of gender, age, race, ethnicity, national origin, sexual orientation or identity, disability, or education. • Encouraged to advocate on behalf of the cooperative and engage in the political process in a way that aligns with board consensus and encourage employees and consumer-members of the cooperative to do the same. ***Cooperative Outlook*** • Promote the value of the cooperative within the community. • Understand and provide effective oversight of the cooperative's risk management efforts. • Stay informed about board and committee matters. • Serve as a conduit for information about community and members' interests and concerns.

***Vision and Strategic Oversight*—Expectations of the Board as a whole**

- Adopting policies and developing practices to facilitate compliance with law, preparation of accurate financial statements, adoption of and compliance with appropriate internal controls, and assessment of major risks.
- Generally overseeing business performance, plans, and strategy.
- Overseeing the allocation of the cooperative's budget.
- Working with the CEO in developing and evaluating corporate objectives and strategic plans.
- Deciding what lines of business to be in (consistent with state law).
- Hiring (and firing if needed) and overseeing the performance of the chief executive officer.
- Retaining and overseeing the work of the audit firm.
- Oversees the engagement of the cooperative's attorney.
- Hiring outside consultants when necessary to inform the board.
- Providing strategic guidance and feedback to the CEO.
- Challenging, supporting, evaluating, and compensating the CEO as warranted.

***Personal Effectiveness*—Expectations of each board member**

- Regularly attend board meetings and related local, regional, state, and national events.
- Know, understand, and promote the cooperative's mission, vision, and strategic objectives; Be familiar with the cooperative's organizational structure, business lines, financial information, key risks, and risk management strategy; Solicit and relay cooperative member comments, suggestions, and questions; Communicate positions of cooperative members, but vote in the cooperative's best interests; When voting, be adequately informed, exercise independent judgement, and avoid or address conflicts of interest; read cooperative and board communications.
- Think systematically, conceptually, and analytically to determine effective solutions.
- Participate in training and education to increase knowledge and understanding of industry and governance issues.
- Understand the cooperative's operations and finances.
- Come to meetings prepared, having reviewed materials and formulated questions for clarification of issues.
- Actively participate in board discussions, periodic evaluations, and planning efforts.
- Build a productive working relationship with other directors that contributes to moving the cooperative forward.
- Serve on committees, task forces, or work groups as assigned.

For more information on the role of a Board Director, visit www.cooperative.com and use the search tool to search "Governance & Leadership"; or take a look at our Board Policies 01-07.