

Excerpt from NLI Bylaws Regarding Qualification of Directors

**ARTICLE IV
DIRECTORS**

SECTION 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a Board of Directors consisting of seven (7) persons. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members. The Board of Directors may by resolution designate one or more committees pursuant to Idaho Code 30-317.

SECTION 4.02. Qualifications. To be eligible to become or remain a Director, any such person:

- (a) must be a member of the Cooperative, eighteen (18) years or older and in good standing. To be in good standing a member:
 - 1. shall not have more than three (3) late payments to the Cooperative and no more than two (2) non-sufficient funds checks issued to the Cooperative within the prior twelve (12) months.
 - 2. shall not be subject to a restraining order or injunction prohibiting contact with the Cooperative.
 - 3. shall not have been convicted of a felony involving moral turpitude within the prior ten (10) years.
- (b) must not be a close relative of an incumbent Director;
- (c) must maintain a primary residence receiving service from the cooperative in the geographical area represented by the Director;
- (d) must not be an employee of the Cooperative; and
- (e) must not be in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies or natural gas to the Cooperative, or a business substantially engaged in selling electrical or natural gas appliances, fixtures or supplies to the Cooperative. Notwithstanding any of the foregoing provisions of this Section relating to "close relative" relationship, no incumbent director shall lose eligibility to remain a Director or to be re-elected as a Director if he or she becomes a close relative of another incumbent Director or of a Cooperative employee solely because of a marriage or an adoption to which the Director was not a party.

Any director who breaches the Director's fiduciary duties to the Cooperative, violates confidences which cause actual damage or injury to the Cooperative, or engages in illegal activity under the color of authority as a Director of the Cooperative may be removed by the Board of Directors.

Upon establishment of the fact that any person seeking election is in violation of any of the foregoing provisions, the Board of Directors shall not allow such person to stand for election. Upon the establishment that any Director is in violation of any of the foregoing provisions, the Board shall remove such Director. Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meetings of the Board of Directors. Any determination by the Board of Directors under this section shall be by a two-thirds (2/3) majority vote of the Board of Directors, following notice and a full hearing by the Board of Directors.

If a Director, without prior approval by the Board President, shall miss three (3) regular meetings of the Board of Directors out of any twelve (12) consecutive meetings, the Director may be removed from the Board by a majority vote of the Board of Directors.