



Policy Name	Board Code of Ethics: Avoiding Conflicts of Interest
Revision #	001
Implementation Date	May 2019
Last Reviewed/Update Date	May 2019

Arab Electric Cooperative Board Policy

1. Purpose

This AECI Board policy exists to provide guidance to Board members in the performance of their duties and responsibilities for the Cooperative to assure the necessary high standards of integrity, impartiality, and conduct necessary for maintaining public confidence, regulator trust, and lender assurance in the operations of the Cooperative.

2. Scope

The Board of Directors of the Arab Electric Cooperative, hereinafter referred to as the Cooperative, has resolved that the statements contained in the following paragraphs will serve as a guide to the members of the Board of Directors and to the Chief Executive Officer in the management of the affairs of the Cooperative. Compliance with this policy is a condition for serving as a Board member.

1 Use of Office of Director: A Director shall refrain from any use of the office of Director which is motivated by, or gives the appearance of being motivated by, the desire for private gain for the Director or other persons or organizations with which he or she is associated.

2 Use of Information: A Director shall refrain from any use of inside information for private gain, either by direct action or by counsel, recommendations or suggestions to other persons or organizations with which he or she is associated.

3 Gain from Beneficiary Organizations: A Director shall not accept or solicit anything of material value as a gift, gratuity, loan or favor for himself or herself or any other persons or organizations with which the Director is associated from an organization, business or person conducting or seeking to conduct business with the Cooperative, its subsidiaries, its parent company, or seeking a grant, loan, donation or contribution from the Cooperative, its subsidiaries or parent company.

No Arab Electric Cooperative Board Member may solicit or receive gifts, gratuities, entertainment, other items of consideration or anything else of value (e.g. financial payments, favors, awards, preferential treatment, loans, services, fees, etc.) from a Cooperative Employee, potential Employee, Vendor, or company in the process of attempting to do business with the Cooperative, for which the general Membership or other vendors would reasonably conclude may be given for the purpose of influencing the action or attitude of said Board Member(s) or of the recipient or that create a real or apparent Conflict of Interest for the Board Member or the Cooperative.

No Arab Electric Cooperative Board Member may utilize, leverage, or endeavor to influence their position as a Director of the Cooperative in exchange for consideration with outside entities. This includes purchases, exemptions, partnerships, assistance with licenses, ordinances or other forms of regulation as applicable with city, county, state or federal entities. Furthermore, "Arm's Length" efforts will be monitored by the entire Board to ensure a consistent application of the office is administered.

4 Financial Interests and Positions: Director candidates, Directors-elect and Directors shall complete and provide the Board Attorney a certificate that the Director is in compliance with the provisions of this Board Policy and all other applicable AECI Board Policies as approved by the Board. Such certificate shall be in form acceptable to the Corporation and shall be filed prior to election of Director at each Annual Meeting.



Policy Name	Board Code of Ethics: Avoiding Conflicts of Interest
Revision #	001
Implementation Date	May 2019
Last Reviewed/Update Date	May 2019

If at any time a Director has a conflict of interest or potential conflict of interest with the Corporation, the Director shall notify the Board Attorney and make disclosure of the conflict or potential conflict. Such disclosure shall be in form acceptable to the Corporation, and shall be completed in a timely manner.

5 Decisions Which Pose a Conflict of Interest: A Director shall notify the Board of the existence of his or her conflict of interest and shall disqualify himself or herself from any and all decisions and from all deliberations of the Board on issues which pose a conflict of interest or the appearance of a conflict of interest. Further, a Director who has a conflict of interest will not communicate with another Director regarding any issue which may come before the Board which concerns, or appears to concern, any matter related to the Director’s conflict. Conflicts of interest may include but are not necessarily limited to: contractor selection, vendor contracts, supplier agreements, employment issues or other forms of nepotism regarding close personal friends or family as it pertains to the business of the Cooperative. If necessary, the Director may request an opinion of the Board Attorney for the Cooperative before such action is taken.

A “conflict of interest” exists when a Board Member has a personal interest in a matter of such nature or magnitude that an antagonism between their personal interest and that of the Cooperative exists, so that the Board Member may not be able to, or may appear to the Membership to not be able to, exercise independent and objective judgment on the matter in the best interests of the Cooperative.

6 Board Attorney, Board Auditor, & General Manager Compliance: In the course of performing Cooperative duties, if either the Board Attorney or General Manager become aware of potential issues with items one through five above, they shall immediately ensure the entire Board is aware of the issue(s) and that if necessary, the items in question will be brought before the entirety of the Board as soon as practicable, commensurate with the Cooperative’s exposure and the magnitude of said item.

7 Arab Electric Cooperative Board Member Compliance: Arab Electric Cooperative Board Members are obligated to avoid and disclose real or apparent ethical, legal, financial, nepotism or other conflicts of interest involving procurement, contract administration, or other financial or ethical decisions for the Cooperative, and remove themselves from a position of decision-making authority and influence with other Directors with respect to any procurement or contract administration conflict situation. This Policy places special emphasis on protecting against those conflicts that may arise when conducting business with outside vendors and contractors that have significant business dealings with the Cooperative. A conflict arises when a Board Member or their agent or any member of their family has a financial interest in the outside vendor or contractor or there is not an “Arm’s Length” transaction with the outside vendor or contractor.

3. References

- Tennessee Valley Authority Act
- Tennessee Valley Authority and Arab Electric Cooperative Power Contract, as amended
- Tennessee Valley Authority Board Documents concerning AECI Operations
- Tennessee Valley Public Power Association Committees and Information
- TVA Board’s determinations on Public Utility Regulatory Policies Act (PURPA) of 1978
- Service Practice Standards dated September 1979
- TVA Board’s determinations on PURPA Ratemaking Standards dated April 1981
- TVA Board’s determinations on the Energy Policy Act of 2005 PURPA standards, dated August 2007
- TVA Board’s determinations on the Energy Independence and Security Act of 2007 PURPA standards, dated January 2010



Policy Name	Board Code of Ethics: Avoiding Conflicts of Interest
Revision #	001
Implementation Date	May 2019
Last Reviewed/Update Date	May 2019

TVA Board's Use of Revenue guidelines dated April 9, 2013
TVA Board's Service Practice Policies guidelines dated October 27, 2014
TVA Board's Rate Review Process dated July 24, 2015
TVA Board's pole attachment methodology dated February 11, 2016.
Reliability Standards Memorandum of Understanding between AECI and TVA dated July 1, 2016.
Dozens of Cooperative Policies across the state of Alabama and southeastern United States
Current Cooperative Insurance Policies
RUS
FEMA
Arab Electric Cooperative By-Laws
Arab Electric Cooperative Board Policies

My signature above indicates that I have received this Arab Electric Cooperative Board Policy, and I understand that my future eligibility to maintain this office as Board Director is contingent upon adherence to this Policy.



Policy Name	Board Code of Ethics: Avoiding Conflicts of Interest
Revision #	001
Implementation Date	May 2019
Last Reviewed/Update Date	May 2019

CERTIFICATE ON CONFLICTS OF INTEREST

Arab Electric Cooperative, Incorporated

CERTIFICATE

(To be filed annually by board members and candidates for the board)

I, (name) _____ ,

(title) _____ ,

have read and am familiar with the provisions of this Board Policy. Pursuant to such Policy, I hereby make this certificate and agree to comply with such provisions.

To the best of my knowledge and belief I am not involved with or affected by and have no outside interests that create and conflict with the interest of the Cooperative except as follows:

During my service for the Cooperative, I agree to disclose, fully and promptly, any future situation that might involve or appear to involve me in any conflict of interest with the Cooperative and will otherwise scrupulously abide by the provisions of this Policy.

Dated, this day of _____ ,.

Witness:

Seal: