Clay-Union Electric

Your Touchstone Energy® Cooperative

Board Orientation

Information

Clay Union Electric
31321 SD-19
P.O. Box 317
Vermillion, SD 57069

November 2026

FOREWORD

This information is for the use of the Board of Directors of the Clay-Union Electric Cooperative. It is not a contract between the cooperative and any Directors, and it should not be construed as such. Rather, this information describes the procedures the cooperative will attempt to follow in most cases. The cooperative reserves the right to vary from these procedures when needed at the discretion of the cooperative's Board of Directors and/or management. If questions arise concerning any of the information, please bring it to the attention of the General Manager or Board President for clarification.

Board Orientation

Directors are elected to three-year terms, by the members of the Cooperative at the Annual Meeting for the Members to serve the interest of all members. The entire business and affairs of the Cooperative shall be managed by a board of five Directors. Once elected, it is the duty of each Director to preserve and protect the assets of the Cooperative and to set policy, approve budgets, choose the General Manager, and to actively participate in various required meetings. The Directors are also highly encouraged to attend other meetings and training opportunities throughout the year.

No person shall be eligible to become or remain a member of the Board who:

(1) Is not a member and bona fide resident in the area served or to be served by the Cooperative and of the district he/she is to represent; or

(2) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.

(3) Has been convicted of, plead guilty or nolo contendere to, or received a suspended imposition of sentence to any felony offense;

(4) Attends less than two/thirds (2/3) of the monthly board meetings during the past calendar year;

(5) Was employed or whose spouse was employed by the Cooperative during any time within the past five (5) years;

(6) Is currently employed by the Cooperative or has an immediate member of the family employed by the Cooperative.

(7) Lacks the capacity to enter into legal contracts or otherwise meet the requirements of the office.

CLAY UNION ELECTRIC

A Touchstone Energy® Cooperative
"The power of human connections"

Mission Statement

Our mission is to provide safe, reliable, and affordable electric service to our members, now and into the future!

Cooperative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member's Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation Among Cooperatives
7. Concern for Community

#1 Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, political or religious discrimination.

#2 Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights - one member, one vote – and cooperatives at other levels are organized in a democratic manner.

#3 Member's Economic Participation

Members contribute equally to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly

by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#4 Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

#5 Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

#6 Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

#7 Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Touchstone Energy® Core Values

The four Touchstone Energy® Cooperative values of integrity, accountability, innovation and commitment to community are our foundation. These values represent the cooperative difference and why our members trust us to provide reliable and affordable power and service every day.

- **Integrity**
  Members first. Every day. That's the power of co-op membership. As a not-for-profit electric cooperative, we deliver energy to our members at the cost of service, not for the profit of shareholders.
- **Accountability**
  Clay-Union Electric belongs to the members we serve and every member has an equal voice in how the co-op is run. Each decision is made in the best interest of our members and our communities.
- **Innovation**
  Our cooperative network is always looking forward. Whether exploring renewable energy projects or developing programs to promote energy efficiency, we celebrate innovation at all levels.
- **Commitment to Community**
  Our cooperative is committed to enhancing the communities we serve. Clay-Union Electric's employees invest time, money and expertise in guiding economic development projects, educating students about electrical safety and leading community events and charities.

TOUCHSTONE ENERGY®

"The power of human connections"

Touchstone Energy is a national alliance of local, consumer-owned electric cooperatives providing high standards of service to customers large and small. More than 750 Touchstone Energy cooperatives in 46 states are delivering energy and energy solutions to more than 30 million customers every day. Touchstone Energy cooperatives serve their members with integrity, accountability, innovation and a longstanding commitment to communities. Touchstone Energy was launched by electric cooperatives in 1998.

Touchstone Energy®

- Is an alliance of more than 750 cooperatives in 46 states that collectively deliver power and energy solutions to more than 30 million customers every day.
- Is a brand that stands for the cooperative difference and the commitment cooperatives have made to provide superior customer service. This alliance helps unify these high standards among all participating cooperatives.
- Are cooperatives that are local, active members of their communities. Cooperatives are uniquely committed to their customers because they are owned by the consumers in their communities.
- Communicates the unique characteristics of electric cooperatives in a changing marketplace where cooperative values and differences matter more and more each day.
- Is a nationwide network that brings added value to and benefits for all customers while emphasizing the significance of each electric cooperative's local presence and unique ties to the community.
- Is "The power of human connections®."

Electric Cooperatives Are:

- Private independent electric utility businesses,
- Incorporated under the laws of the states in which they operate,
- Established to provide at-cost electric service,
- Owned by the consumers they serve,
- Governed by a board of trustees elected from the membership which sets policies and procedures that are implemented by the cooperative's professional staff.

More than 960 rural electric systems form a country-wide rural electric network. Most electric co-ops are distribution cooperatives, Clay-Union Electric is considered a distribution cooperative, with power being purchased from East River Electric, Madison, SD, and generating assets within the power supply system come from Basin Electric Cooperative, Bismarck, ND. The power supply is coal-fired generation, supplemented by natural gas, diesel, wind and waster heat units in North Dakota, South Dakota and Wyoming.

In addition to electric service, many electric cooperatives are involved in diversified business interests, community development and revitalization projects.

Incorporation Data:

Clay-Union Electric Corp. was incorporated on November 25, 1935, as Fairview Electric and then on August 13, 1936, as Clay-Union Electric Corp., as a cooperative 501(c)(12) organization.

Service Area:

Service is provided to all entities located in portions of Clay, Lincoln, Turner, Union, and Yankton counties.

Board of Directors:

Clay Union Electric is organized into five (5) director districts. Five directors are elected at large by the membership during the Annual meeting to three year terms, to oversee the cooperative.

District #1	**Sara Schulte**
District #2	**Chris Kinney**
District #3	**Glen Gilbertson**
District #4	**Tom Larsen**
District #5	**Vacant**

Officers of the Board:

The By-Laws of Clay Union Electric establish the Board Officers positions:

a) President:
The President shall be the principal executive officer of the Cooperative and preside at all meetings of the members and the Board of Directors.

b) Vice President:
In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

c) Secretary:
The Secretary shall keep the minutes of the meetings of the members and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board of Directors of the Board of Directors.

d) Treasurer:
The Treasurer shall in general perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Organization:

The Cooperative maintains a staff of 16 employees and is organized into the following departments:

- **Management Team** is responsible for the management, supervisory and administrative functions of their respective departments.
  - ❖ Alan Gauer, Operations Department
  - ❖ Beth Bottolfson, Manager of Finance and Administration

- **Operations personnel** are responsible for line design, building and maintaining electrical lines and facilities, operations and maintenance activities and programs, member/customer wiring service needs, safety, and compliance issues, line staking, and member/service calls.

- **Administrative personnel** are responsible for member/customer service, member/customer billing function, maintaining and evaluating financial and accounting data and filing reports as required, human resources, computer and data processing.

- **Marketing/Communications personnel** respond to member/consumer marketing inquiries, maintain communications and marketing cooperative programs.

Board of Director Meetings and Events

Clay-Union Electric Cooperative

Twelve Regular Monthly Meetings

Each month a regularly scheduled meeting is conducted at the office of the Cooperative. The meetings are normally scheduled for the fourth (4) Friday of the month. The meetings typically begin at 8:30 A.M. and conclude by 2:00 P.M.

Annual Meeting

An annual meeting of the members shall be held after March 1st and before May 1st of each year at any place in the Counties of Clay, Union or Yankton, State of South Dakota, as designated by the Board of Directors in the notice of the meeting. The meeting is generally conducted during the evening.

South Dakota Rural Electric Association (SDREA)

Annual Meeting

SDREA will conduct an Annual Meeting in January of each year. Attendees can learn about local and national issues that affect the cooperative electric program and rural issues. Generally, the meeting is conducted over a three-day period.

Training Programs

SDREA conducts at various times throughout the year Director Training Programs usually located in Pierre South Dakota. Such training programs provide training director duties and responsibilities. Such training programs are generally one to two days.

National Rural Electric Cooperative Association (NRECA)

Annual Meeting

NRECA will conduct an Annual Meeting to be held each spring in February or March. Attendees can learn about national issues that affect the cooperative program, and/or attend Director Training Programs. Generally, the meeting is conducted over a three-day period.

Regional Meeting

NRECA will conduct regional meetings throughout the United States. Clay-Union Electric is located in Region VI which covers Minnesota, North Dakota, and South Dakota. Attendees can learn about national issues that affect the cooperative program as a whole. During the regional meetings, resolutions are presented, representatives are elected, and various national organizations present programs for the attendees. These meetings are generally a three-day event, held during September or October of each year, and located within the Region on a rotating locational basis. This meeting has been held in Minneapolis, MN, Des Moines, IA, and Madison, WI.

Training Programs

NRECA will conduct Director Training Programs at locations throughout the United States to educate and train Directors about their duties and responsibilities as elected representatives for the Cooperative. These meetings vary from two-day sessions to four-day sessions.

Board of Director Training and Certification Programs

Credentialed Cooperative Director (CCD) Certificate

In this era of increased scrutiny of boards and directors, it is more important than ever for directors to understand their roles and responsibilities and to have the knowledge and skills to govern today's cooperatives. NRECA's Director Education program is specifically designed to address the learning needs of electric cooperative directors. Training courses offered address board governance, financial decision-making, strategic planning, and current and emerging issues.

The Credentialed Cooperative Director (CCD) curriculum consists of five courses designed to provide the minimum knowledge and skills required of cooperative directors. The CCD is earned by attending all five required courses and successfully completing a learning assessment for each. Directors have several opportunities to attend courses, including NRECA's Pre-Annual Meeting, Pre-Annual Director's Conference, Summer Schools, Pre-Regional Meeting, and statewide association sponsored programs.

The following are the five required courses:

2600.1 Director Duties and Liabilities
2610.1 Understanding the Electric Business
2620.1 Board Operations & Process
2630.1 Strategic Planning
2640.1 Financial Decision-Making

Board Leadership Certificate

The Board Leadership Certificate consists of issue- and skill-based courses for Directors. The Certificate can be attained after earning the Credentialed Cooperative Director Certificate (CCD) and then completing a total of 10 credits from the 900-level courses listed below. The credit value is indicated after the decimal point for each course.

901.1 Basic Parliamentary Procedure for Directors
903.1 The Role of the Board Chair in Conducting Effective Meetings
905.1 Assessing Governance
909.1 Effective Governance in the Face of Crisis
913.1 Cooperative Fundamentals
919.1 Cooperative Structure
921.1 Risk Oversight
925.1 Co-op Bylaws
927.1 Cybersecurity
928.1 Artificial Intelligence and Electric Cooperatives
929.1 Current Governance Issues in Policy Development
930.1 Ethics and Governance: Implementing the New Accountability
935.1 Appraising and Compensating the CEO
937.1 Applying Emotional Intelligence in the Boardroom
943.1 Conversation Skills Outside the Boardroom
947.1 Providing Feedback to Your CEO
950.1 Practical Communication Strategies for Directors
951.1 Developing Effective Boardroom Decision-Making
952.1 Increasing Influence and Building Board Consensus
953.1 Improving Board Decision-Making Quality
955.1 Your Board's Culture
957.1 How to evaluate and improve Board Performance
958.1 Succession Planning
959.1 Board Room Challenges
960.1 Value of the Generation, Transmission, and Distribution Relationship

961.1 Cooperative Power Supply
965.1 Electric Vehicles
973.1 Moving the Fence
974.1 Rate Making Strategies and Policy Decisions
975.1 Capital Credits Issues and Decisions
976.1 Power Supply Decision Making
977.1 Equity Management and Boardroom Decision Making
979.1 ESG and the Cooperative Difference
984.1 The Road to Resilience
985.1 Considering Broadband
988.1 The Board's Role in Safety
990.1 CCD Refresher

Board of Director Relationships

The Board of Directors has been charged by the Members of the Cooperative to conduct the affairs of the Cooperative using sound business principles. Basically, the Board of Directors directs the functions of the General Manager, the Cooperative Attorney, and the Auditors. All other employees and contractors are the responsibility of the General Manager. The following is a description of each employee of the Board of Directors:

General Manager

The duties and responsibilities for this position are defined by Board Policy. This position is charged with overseeing the day-to-day operations of the Cooperative and reports directly to the Board of Trustees. It is necessary for the General Manager to have a positive and professional working relationship with the Attorney and Auditors. The Board of Directors evaluates the performance of the General Manager on an annual basis.

Attorney

This position is charged with advising the Board of Directors on all legal matters relative to the Cooperative. It is necessary for the Attorney to have a positive and professional working relationship with the General Manager.

Auditors

This position is charged with the responsibility to evaluate the fiscal status and compliance issues of the Cooperative. The Auditors must report to the Board of Directors and prepares an Annual Report for the Members of the Cooperative. It is necessary for the Auditors to have a positive and professional working relationship with the General Manager.

General Information

Indeminification Of Board Members

The Cooperative shall maintain insurance to provide protection for the Board Of Directors against lawsuits and judgments. The amount and terms of such insurance is reviewed and or adjusted annually by the Board of Trustees.

Fee's and Expenses

The Cooperative will provide fair and equitable compensation (per diem) for the Board of Directors to deal with Cooperative business at regular and special meetings of the board; for attendance at other meetings, conferences, and training programs; or while performing committee assignments for the Cooperative whose attendance has been authorized by the board of Directors. The Cooperative also covers approved expenses for travel and out-of-pocket expenses incurred while involved in official duties or when in attendance at authorized meetings.

Board and Management Relationship

The Board of Directors and General Manager agree to follow all principles involving the delegation of authority and are committed to maintaining this respectful relationship.

Non-Conflict

It is the policy of all Directors , Management Team, and Employees to refrain from any transaction which may violate law or good business ethics and will not make any decision that would provide (or imply) personal gain.

Anti-Harassment

The Cooperative will not tolerate sexual harassment or any other type of harassment based upon race, color, religion, sex, national origin, age or disability in the workplace and strongly encourages employees to report all incidents of harassment. Any Director violating this policy may be subject to discipline up to and including termination of service.

Documents To Be Provided:

By-Laws
Board Policies
Organizational Chart
Annual Operating Budget

Other Meeting Opportunities

- The SDREA Annual Meeting is in January along with the legislator's supper. (Optional - All Directors usually attend)
- The Energizer Forum is in Sioux Falls in February (Optional - directors usually like this one)
- The NRECA Annual Meeting is in February or March in Nashville in 2026 (Optional, most years no one goes depending on where it is. We usually authorize one to go)
- Our Annual Meeting in March or April (all directors attend)
- NRECA legislative conference in Washington, DC at the end of April. (Optional – GM normally goes but one director has gone before if they so desire)
- CFC has an Annual Meeting in July in New York. (Optional – GM has gone before but we normally haven't sent directors)
- The Basin Annual Meeting is in Bismarck in August. (Optional – usually send one director.)
- There is a NRECA Regional Meeting in Madison WI in September. (Optional – GM goes to this one, but we have had one director go before if someone wants to)
- The East River Annual Meeting is in September. (Optional - All directors are normally authorized to attend if they want to.)
- In November the neighboring coops host a legislative supper in Yankton (Optional -All directors are normally authorized to attend if they want to)
- The Midwest meeting is in Denver in December. (Optional – Varies from year to year we have authorized up to two directors to go)
- Special Meetings are rare but can be scheduled by the Board of Directors throughout the year.

Notes:

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