



BOARD POLICIES INDEX

SUBJECT

Policy No. I-1	Aims, Purposes, and Objectives
Policy No. I-2	Board Responsibilities
Policy No. I-3	Manager's Responsibilities
Policy No. I-4	Board of Trustees per Diem, Expenses And Meeting Attendance
Policy No. I-5	Meetings of Board of Trustees
Policy No. I-6	Check Signing and Investment Withdrawal Signatures
Policy No. I-7	Bank Depositories
Policy No. I-8	Retirement of Capital Credits
Policy No. I-9	Proper Handling of Checks, Money Orders and Cash
Policy No. I-10	Working Funds
Policy No. I-11	Investment of Funds
Policy No. I-12	Equity Management Plan
Policy No. I-13	Depreciation Rates
Policy No. I-14	Application of Member Equity to Member Uncollectible Account
Policy No. I-14a	Applying Capital Credits of Bankrupts
Policy No. I-15	RECINDED 1-2015

SUBJECT

Policy No. I-16	Members Access to Cooperative's Records
Policy No. I-16a	Member Information Continued
Policy No. I-17	Accounting Records
Policy No. I-18	Payment of Accounts
Policy No. I-19	Conservation and Weatherization Loans
Policy No. I-20	Rebate Program
Policy No. I-21	RECINDED 2-2010
Policy No. I-22	RUS Zero Interest Loan Guarantees, RUS Grants
Policy No. I-23	Rural Development Plan
Policy No. I-24	Security of Protected Information
Policy No. I-25	Conflict of Interest
Policy No. I-26	Identity Theft Prevention
Policy No. I-27	Offers to Acquire All or Substantially All of the Cooperative's Assets
Policy No. I-28	Executive Session
Policy No. I-29	Election of Trustees Pursuant to Bylaw 4.04
Policy No. I-30	Records Management
Policy No. I-31	Code of Ethics
Policy No. I-32	Whistle-Blower
Policy No. I-33	Website Policy
Policy No I-34	General Manager Search and Selection Policy



ELLEVILLE

ELLSWORTH

POLICY NO. I-1

SUBJECT: AIMS, PURPOSES AND OBJECTIVES OF THE COOPERATIVE

The aims, purposes and objectives of the Cooperative are set forth as follows:

1. To provide an adequate, dependable supply of electricity to all members and other consumers located in the Cooperative's certificated area at the lowest possible cost consistent with sound business principles.
2. To promote and encourage the wise and beneficial uses of electricity among consumers to the end that it will contribute to increasing farm and community income, improved standards of living and better health conditions.
3. To assist consumers in developing prudent conservation practices to insure maximum utilization of the nations energy resources; and to the extent possible, assist consumers in financing the cost of conservation measures.
4. To provide counsel and technical assistance to consumers in matters relating to electrical equipment and to make available such wiring, equipment sales, and repair service as is necessary to insure that the needs of the consumers are being met.
5. To create a loyal, united membership, by insuring equal service for all and by prohibiting special privileges for any member.
6. To maintain a continuing consumer information and education program to keep consumers informed about the progress, problems & future plans affecting their cooperative.

To select, train and counsel employees, and to provide adequate compensation and benefits to those employees in order that the highest quality services will be given to members of the Cooperative.
8. To participate in community and other activities which are in the interest of the members and the public generally and to inform the public of the Cooperative's objectives and the Rural Electrification Program.


Secretary

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2002



BELLEVILLE

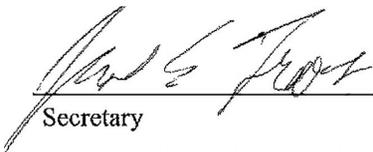
ELLSWORTH

POLICY NO. I-2

SUBJECT: BOARD RESPONSIBILITIES

The Board of Trustees recognizes that they have been selected by the membership to act as a group in carrying out the prime objective of the Cooperative of providing adequate, dependable electric service to the membership at the lowest possible cost consistent with sound business principles. To discharge the responsibility, the Board hereby sets forth what they consider these responsibilities to be:

1. Employ a competent manager to operate the business in accordance with such policies and regulations as the Board may adopt.
2. Make all policy determination.
3. Approve all major planning.
4. Borrow all funds.
5. Let all major/significant contracts.
6. Carry out provisions of loan contracts.
7. Exercise general financial control.
8. Select consulting engineers, legal counsel and auditor.
9. Approve all rate schedules.
10. Review and approve budgets and forecasts.
11. Approve wage and salary administration plan.
12. Define authority and responsibility delegated to manager and review results.
13. To keep themselves informed on the over-all aspects of the successful operation of a Rural Electric Cooperative and to keep informed on state and national affairs pertaining to the Rural Electrification Program.
14. To provide the authority and resources for member education, the building of good community relations and to encourage the wise and beneficial uses of electricity.


Secretary

APPROVED BY BOARD OF TRUSTEES

~~Date: January 3, 2002~~
Date: March 7, 2017



BELLEVILLE

ELLSWORTH

POLICY NO. I-3

SUBJECT: MANAGER'S RESPONSIBILITIES

The Board recognizes that the actual operation of the Cooperative business must be under the direct supervision of the manager. The manager is hired by the Board to operate the business. The manager works directly for the Board, acting as a group, and indirectly for the members, being at all times accountable to the Board.

The manager is charged with the responsibility of providing the leadership and effective administration of a well planned and smoothly operating organization of adequately trained personnel to best carry out the objectives of the Cooperative. The manager is the link between the Board and the employees, and between the employees and the Board. The manager is responsible for the selection and training of all personnel. The manager shall provide for the employees the opportunity for maximum creativeness and sense of accomplishment, and assurance of good working conditions.

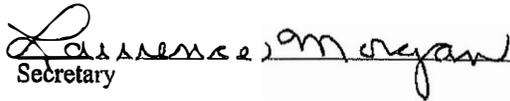
It is the manager's responsibility to faithfully execute the policies established by the Board and to recommend to them changes and new policies which the manager feels would improve the operations of the Cooperative.

The manager shall keep the Board fully informed through regular reports (both written and verbal) of the operating conditions, the financial status, and of special problems facing the Cooperative.

The manager is responsible for the efficient and economical operation of the Cooperative. The manager shall keep the lines, system and equipment in good operating condition and render as reliable and dependable service as is possible with the resources and technical knowledge that is available to him.

The manager shall prepare work programs and develop financial plans for accomplishing the programs. The manager will develop operating and construction budgets and financial forecasts *which will* be submitted to the Board for review and approval.

It is the responsibility of the manager to maintain good member and public relations. The manager shall promote efficient and greater use of electricity among the membership, and carry out a program of member education regarding their Cooperative business.


Secretary

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2002



POLICY NO. I-4

SUBJECT: BOARD OF TRUSTEES PER-DIEM, EXPENSES AND MEETING ATTENDANCE.

POLICY:

1. Regular and Special Meetings. Members of the Board of Trustees shall be paid a fee per day, as determined by the board, from time to time, for attendance at all regular meetings of the Board of Trustees (the "Standard Per-diem Fee") or for additional meetings ("Additional Meeting Fee") and shall be reimbursed for "out-of-pocket" expenses, (including hotel bills, meals, taxi fares, etc.).
2. Other Meetings. Members of the Board of Trustees shall be paid Standard Per-diem Fee, for attendance at other meetings, unless otherwise determined by the board. The Board of Trustees at a regular or special meeting may designate one or more of its members to attend any meeting or conference, as a delegate or otherwise, where it is determined that the interest of the Cooperative is or may be at issue or when the Cooperative is or may become affiliated through membership in any national or statewide organization, or to participate in any RUS or CFC meetings or conferences. **If a group or entity sponsoring a meeting or conference pays a per diem or reimburses an expense for attendance by a board member, then that amount shall be paid or delivered to the Cooperative, and the board member attending shall be paid the per-diem and out-of-pocket expenses authorized by this policy or as otherwise authorized by the Board.** The minutes of the Board of Trustees shall reflect the action taken by the Board of Trustees in designating the proper delegates or representatives to attend such meetings. Subsequent minutes of the board shall reflect all reports made by the delegates or representatives who attended the meeting.
3. Members of the Board of Trustees shall be paid for use of their personal car for attendance at the above meetings at a per mile rate approved and established by the Internal Revenue Code tax code That for trips not to exceed 1000 miles round-trip. In the event the trip exceeds 1000 miles round-trip, compensation shall be in the same amount as public transportation would cost. The per diem pay and number of meals shall be based on the time required for such travel by train, unless trip is by plane, in which case the actual cost of transportation, meals and per-diem shall be paid by the Cooperative.
4. Members of the Board of Trustees shall be paid a "Conference Call Per Diem" per each conference call meeting they participate in.
5. Per-diem fees as established by the Board of Trustees from time to time may be appended to this Policy as Schedule 1.

RESPONSIBILITY:

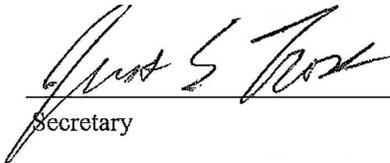
The Board of Trustees and Management.

PROCEDURE:

Reimbursement of attendance fees and out-of-pocket expenses outlined above shall be paid only on the basis of signed itemized expense accounts supported by receipts where possible.

APPROVED BY BOARD OF TRUSTEES

Date: ~~January 3, 2002~~
Revised: ~~September 27, 2011~~
Revised: ~~April 27, 2017~~
Revised: September 21, 2018



Secretary



POLICY NO. I-4 – Addendum 1

Trustee shall be allowed a Per-Diem and out-of-pocket expenses for attendance at meetings authorized by the Board of Trustees as follows:

Rolling Hill’s Board Meeting or Special Board Meeting – Standard Per-Diem Fee for the day of the meeting

KEC Delegate and Alternate Delegate – Standard Per-Diem Fee for the day of the meeting

NRECA National Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

NRECA Regional Meeting Delegate and Alternate Delegate – Standard Per-Diem Fee for the day of the meeting

CFC National Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

CFC Regional Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

NRTC National Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

NRTC Regional Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

NISC National Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

NISC Regional Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

Federated RE Ins. National Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

Federated RE Ins. Regional Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

Touchstone Energy National Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

Touchstone Energy State Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

As authorized by the Board

Other Affiliated National Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

Other Affiliated Regional and State Delegate and Alternate Delegate – Standard Per-Diem for the day of the meeting

KEPCo Delegate and Alternate Delegate – KEPCo’s Per-Diem Fee or Fees

KEC Trustee Training – Additional Meeting Per-Diem for the day of the meeting

CFC Trustee Training – Additional Meeting Per-Diem for the day of the meeting

National and Regional Meeting Non-Delegate or Non-Alternate Delegate - Additional Meeting Per-Diem for the day of the meeting

KEC District Meeting – Additional Meeting Per-Diem for the day of the meeting

Other meetings and training as authorized by the Board – Additional Meeting Per-Diem for the day of the meeting (KEC, KEC Annual Meeting, KEPCo, KEPCo Annual Meeting, other)

Travel day(s) of more than 4 hours travel – Additional Meeting Per-Diem for the day(s) of travel

Rolling Hills Annual Meeting – No Per-Diem for day of meeting

Legislative Events – No Per-Diem for day of event

“Standard Per-Diem”	\$300
“Additional Meeting Per-Diem”	\$150
“Conference Call Per-Diem”	\$25



POLICY NO. I-5

SUBJECT: MEETINGS OF BOARD OF TRUSTEES.

POLICY:

A regular meeting of the Board of Trustees shall be held periodically, but not less than bimonthly, on the 4th Tuesday of each month, at the registered office of the Cooperative starting at 9:00 A.M., unless otherwise determined by the Board. The Board will set the date, time and place of the next Board meeting by motion prior to adjourning, which motion when adopted shall constitute the resolution of the Board. Regular Trustees' meetings may be held without notice other than the motion/resolution fixing the time, date and place thereof. Special meetings of the Board of Trustees may be held in accordance with Section 5.02 of Article V of the By-laws. Notices of the time, date and place of Board meetings may be posted on the Cooperative's website.

PROCEDURE:

1. The Manager, in cooperation with the Board President, shall prepare a written Agenda for each Regular meeting of the Board of Trustees.
2. The written Agenda shall be provided or made available to each member of the Board of Trustees and the Cooperative Attorney not less than five (5) days prior to date of said meeting.



Secretary

APPROVED BY BOARD OF TRUSTEES

Date: ~~January 3, 2002~~
Revised: ~~April 27, 2017~~
Revised: November 28, 2017



POLICY NO. I-6

SUBJECT: GENERAL FUNDS CHECK SIGNING AND ELECTRONIC TRANSFERS - RUS ACCOUNT WITHDRAWALS

POLICIES:

I. General Fund Accounts – Authorized Account Signatories.

- a. Checks may be drawn on, and electronic transfers made from the general fund accounts of the Cooperative, as authorized by Resolution of the Board.
- b. Each resolution, shall name those persons authorized to sign checks on, and make electronic transfers from the Cooperative's general fund accounts. All checks drawn on and authorizations for electronic transfers from an account, must respectively be countersigned or electronically authorized by at least two of the Board authorized signatories.
- c. Approved general fund depositories shall be provided with a certification of the appropriate Board Resolution and the signatures of those persons authorized to sign.
- d. The Board shall be presented at each of its regular meetings for review, with a monthly check register and electronic funds transfer records, complete since the date of the last monthly review by the Board, showing at a minimum, the check number or electronic identification, date, payee/vendor name, and the amount of the payment or transfer. If acceptable to the Board the reported information may be filed, with the Cooperative's financial information for auditors review.
- e. Funds may only be withdrawn from Cooperative general fund accounts by (1) a properly signed check, or (2) a properly authorized electronic transfer.

RESPONSIBILITY:

General Manager and Board of Trustees.

2. RUS Loan or Construction Fund Accounts.

- a. In the event the Cooperative has loan or other accounts with RUS then signatures for withdrawal from a RUS account shall be as authorized by the Board of Trustees.

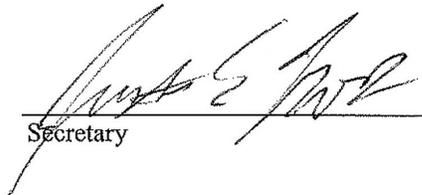
RESPONSIBILITY:

Board of Trustees.

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2017

Revised: May 23, 2017



Secretary



POLICY NO. I-7

SUBJECT: BANK DEPOSITORIES

PURPOSE: 1. To establish a policy designating the bank in which all the general funds of the Cooperative shall be deposited.

POLICY: I. Depositories

The following depositories shall be used by the Cooperative in the conduct of its business.

BANK	FUND
Citizens State Bank & Trust Ellsworth, Kansas	ACH Deposit Fund
Citizens State Bank & Trust Ellsworth, Kansas	Revolving Loan Fund
Wilson State Bank Wilson, Kansas	General Deposit Fund (Sweeping Account)
American State Bank & Trust Company Belleville, Kansas	Section 125 Cafeteria Plan Account
Central National Bank Mankato, Kansas	General and Operating Fund
Central National Bank Mankato, Kansas	SmartHub A/R Account
Central National Bank Mankato, Kansas	Capital Credit Retirement Fund
Citizens State Bank and Trust Ellsworth, Kansas	Trust Account – Revolving Loan

II. General Funds shall be deposited daily, or as nearly so as may be practical.

III. Unless the Manager can obtain a pledge or other security when Cooperative funds in excess of FDIC insurance levels are regularly deposited in a general fund account, the Manager shall, at least quarterly, evaluate the financial strength of the institution where those funds are deposited.



RESPONSIBILITY:

- I. The Board of Trustees shall be responsible for reviewing and for making necessary changes in the Policy.
- II. The Manager shall be responsible for the administration of this Policy.
- III. The Office Manager shall be responsible for carrying out the day to day implementation of this Policy.

APPROVED BY THE BOARD OF TRUSTEES

Date: ~~January 2, 2002~~

Revised: ~~August 27, 2002~~

~~Revised: November 27, 2002~~

~~Revised: November 23, 2010~~

Revised: May 23, 2017

Revised: April 23, 2019


Secretary



BELLEVILLE

ELLSWORTH

POLICY NO. I-8

SUBJECT: RETIREMENT OF CAPITAL CREDITS

OBJECTIVE: To establish an appropriate and organized method of retiring and paying capital credits. To establish payment of capital credits into two separate and distinct categories; general retirement and special retirement, death of a member. To establish financial controls to monitor and control the policy adopted.

POLICY: The Board of Trustees of Rolling Hills Electric Cooperative, Inc. (the "Board") has the power, authority and the sole discretion to determine the method of retirement and payment of capital credits, except for the limitations of the Rolling Hills Electric Cooperative, Inc mortgage agreement. The Board of Trustees shall determine the basis, priority, and order of retirement and payment of capital credits, and shall determine that the financial condition of the Cooperative will not be impaired and meets the equity management plan as outlined in Policy No. I-12. The following methods, conditions, and priorities of retirement are hereby approved:

I. GENERAL RETIREMENT - PRIORITY NUMBER ONE

A) Rolling Hills Electric Cooperative, Inc. will strive to establish and maintain a general retirement cycle of capital credits. This method will take place and be in force as long as the financial condition of the Cooperative will not be impaired and same is deemed in the best interest of the Cooperative by the Board of Trustees. This method will operate under the principle that capital first received by the Cooperative will be the first retired.

II. SPECIAL RETIREMENTS - DEATH OF MEMBER - PRIORITY NUMBER TWO

A) Rolling Hills Electric Cooperative, Inc. will make special retirements of capital credits to members estates that qualify based upon the following criteria: (1) the aggregate amount to all patrons that qualify for special retirement in any one year shall be determined by the Board.

B) If a named natural person who has received and paid for service (designated as the member on the membership application) dies, the deceased owners heirs, or the surviving joint owner or the legal representative, if different, becomes eligible to receive the capital credits accrued to the member's account.

C) If the deceased owners heirs or the surviving joint owner or the legal representative of the estate shall request in writing that the capital credited to any such person be retired prior to the time such capital would otherwise be retired, and the deceased owners heirs or the surviving joint owner or the legal representative of such patron's estate shall agree to the terms and conditions set forth by the Board of Trustees, the patron's estate would then become eligible for payment.

D) Terms and Conditions:

(1) The deceased owners heirs or the surviving joint owner or the legal representative provides documentation of the named deceased member.

(2) The deceased owners heirs or the surviving joint owner or the legal representative completes an application requesting the capital credit disbursement on the form provided by the Cooperative.

(3) The deceased owners heirs or the surviving joint owner or the legal representative executes an agreement accepting the terms and conditions of the disbursement.

(4) Outstanding capital will be retired on a present value basis.



BELLEVILLE

ELLSWORTH

(5) The present value period will be thirty (30) years.

(6) The present value rate will be the National Rural Utilities Cooperative Finance Corporation (CFC) current standard long term interest fixed rate.

(7) The aggregate amount to all patrons so retired in any one year shall be determined by the Board. If the determined amount is not sufficient, to retire the capital to any such member or members, such member or members shall have the capital retired to them next, before any other Special Retirement/Death of Member is made. The order of requests will be made based upon first request in, first request retired.

(8) That the retirement will be made only if the financial condition of the Cooperative will not be impaired, as determined in the sole discretion of the Board of Trustees.

No retirement will be made if in the discretion of the Board, the financial condition of the Cooperative will be impaired, applicable financial ratios set forth in the Cooperative's RUS mortgage adversely effected, or the Cooperative's mortgage violated. This policy may be revoked, amended or altered at any time at the sole discretion of the Board.


Secretary, Kevin Cromwell

APPROVED BY BOARD OF TRUSTEES

Date: ~~January 3, 2002~~
January 27, 2005



BELLEVILLE

ELLSWORTH

POLICY NO. I-9

SUBJECT: PROPER HANDLING OF CHECKS, MONEY ORDERS & CASH

PURPOSE: I. To establish a policy providing for adequate internal control with respect to the proper handling of checks, money orders, and cash received by the Cooperative.

POLICY: I. Checks and Money Orders

A. All checks and money orders received by the Cooperative shall be endorsed for "Deposit Only", and deposited to the credit of the Cooperative in the proper account at a bank approved and designated as a depository for Cooperative funds.

B. All employees, officers, or trustees are denied the authority to cash any checks or money orders payable to, or received by, the Cooperative.

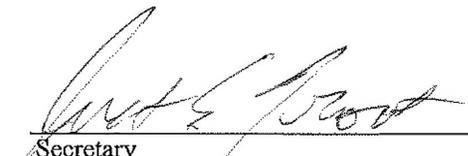
II. Cash

A. All cash received over the counter shall be properly receipted, both to the customer and the Cooperative in duplicate, either by a counter receipt, or by duplicates of a sales ticket, or the customers billing stub.

B. Cash payments in the field may be accepted only when the employee is acting in the capacity of a duly authorized collection agent, or when the payer's check is not acceptable to the Cooperative. When cash payments are accepted in the field, they shall be properly receipted both to the customer and the Cooperative.

C. All cash shall forthwith be deposited to the credit of the Cooperative in the proper account at a bank approved and designated as a depository for Cooperative funds according to Policy Number I-7.

- RESPONSIBILITY:**
- I. The Board of Trustees shall be responsible for reviewing, and for making necessary changes in the Policy.
 - II. The Manager shall be responsible for the administration of this Policy.
 - III. The Office Manager shall be responsible for carrying out the day to day implementation of this Policy.



Secretary

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2002
Revised: April 27, 2017



POLICY NO. I-10

SUBJECT: WORKING FUNDS

PURPOSE: I. To establish a policy providing for a sufficient amount of cash on hand in the office to make counter change and to pay for minor incidental items.

POLICY: I. A \$250.00 change fund shall be established for the purpose of making counter change. An exception to this policy is the city depository of the city of Wilson in which a \$100.00 change fund shall be established.

A. The fund shall be counted at the closing of each business day, and a record made of the amounts on hand.

B. If, at the close of the day, it is found that making change, during a business day, has reduced the fund below its established level of \$250.00, a sum shall be returned from the next day's deposit, sufficient to return the fund to its prescribed level.

C. If, at the close of the day, it is found that cash receipts during a business day has increased the fund above its established level of \$250.00, a sum shall be deposited in the next day's deposit, sufficient to return the fund to its prescribed level.

II. A \$400.00 Petty Cash Fund shall be established for the Cooperative's Office Manager for the purpose of paying authorized incidental purchases and other minor cash requirements.

A. Upon the presentation of properly receipted invoices, freight bills, meal tickets, or other authorized items, payment may be made from the Petty Cash Fund by the Cashier or Office Manager.

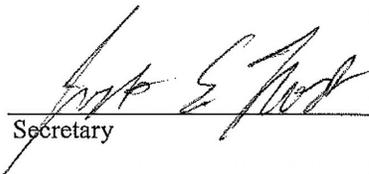
B. When the Petty Cash Fund requires reimbursement, a General Fund Voucher shall be prepared to reimburse the Petty Cash Fund. Such Voucher shall be supported by completed Petty Cash Receipts and supporting data.

RESPONSIBILITY:

I. The Board of Trustees shall be responsible for reviewing and for making necessary changes in the Policy.

II. The Manager shall be responsible for the administration of this Policy.

III. The Office Manager shall be responsible for carrying out the day to day implementation of this Policy and for the reimbursement of the Petty Cash Fund.


Secretary

APPROVED BY BOARD OF TRUSTEES

Date: ~~January 3, 2002~~
Revised: April 27, 2017



POLICY NO. I-11

SUBJECT: INVESTMENT OF FUNDS

PURPOSE: To establish a policy which will enhance the financial condition of the Cooperative by investing reserve funds.

POLICY:

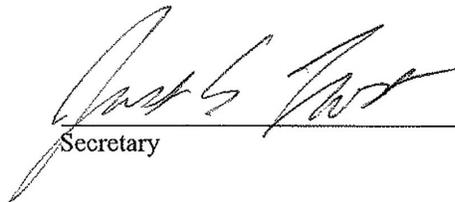
- I. Cash not currently needed to pay the obligations of the Cooperative, or held in an economic development account, shall be invested in such a manner as to return maximum security with a high degree of liquidity and reasonable interest.
- II. The following sources may be used:
 - A. Commercial paper of National Rural Utilities Cooperative Finance Corporation (CFC).
 - B. Securities of the United States government.
- III. The Manager and Office Manager are authorized to buy, sell, or redeem, the Commercial paper of CFC on behalf of the Cooperative.
- IV. The Manager is authorized to buy, sell or redeem the Securities of the United States government on behalf of the Cooperative.

RESPONSIBILITY:

- I. The Board of Trustees shall be responsible for reviewing and making necessary changes in the Policy.
- II. The Manager shall be responsible for the administration of this Policy.
- III. The Office Manager shall be responsible for carrying out the day-to-day implementation of this Policy.

APPROVED BY BOARD OF TRUSTEES

Date: ~~January 3, 2002~~
Revised: April 27, 2017
Revised: May 23, 2017


Secretary



BELLEVILLE

ELLSWORTH

POLICY NO. I-12

SUBJECT: EQUITY MANAGEMENT PLAN

Rolling Hills Electric Cooperative, Inc. has been created and operated as a non-profit cooperative corporation. The Cooperative bylaws and electric rates provide for the regular contribution of capital by the consumers (members and non-members alike) in order to provide a sufficient ratio of equity to debt capital to provide fiscal strength and assurance of access to debt capital when needed. The cooperative bylaws further provide for revolving contributed equities (capital credits) on a first in – first out basis, to the extent possible without impairing the financial condition of the cooperative.

Because the amount and cost of debt capital available from RUS has rapidly changed, (and is likely to continue to change in the future) it is important that the cooperative set forth a plan for improved fiscal strength and for the orderly rotation of consumer contributed capital. To this end, the following objectives and goals are hereby adopted:

OBJECTIVES & GOALS

1. To maintain a minimum 30% equity to total capitalization ratio.
2. To limit the total equity to 40% with the optimum ratio being 35% equity.

CAPITAL CREDITS ROTATION

1. Electric revenues are to maintained at levels adequate to maintain the above stated objectives.
2. The equity level may not decrease below 30% equity to total capitalization ratio.
3. Retirement of capital credits shall be on the basis of first in – first out (FIFO) as set forth in the bylaws.
4. G&T capital credits will be retired as they are received in cash from the G&T, except that they may be refunded to estates under Policy No. I-8, Paragraph II along with other patronage of the member and on the same basis.


Secretary, Kevin Cromwell

APPROVED BY THE BOARD OF TRUSTEES

Date: ~~January 3, 2002~~
January 27, 2005



POLICY NO. I-13

SUBJECT: DEPRECIATION RATES.

POLICY:

Depreciation rates shall be computed in accordance with industry standards.

RESPONSIBILITY:

Manager or Comptroller

PROCEDURE:

1. The depreciation rates shall be computed by using the percentages shown on the Table following:

**Table
Depreciation Rates**

Distribution Plant

<u>Account No.</u>	<u>Plant Account</u>	<u>Annual Rate</u>	<u>Monthly Rate</u>
Transmission Plant		2.75%	
Distribution Plant		2.71%	

General Plant

Structures & Improvements	2%
Transportation	20%
Office Furniture	18%
All Other	10%


Secretary

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2002

Revised: May 23, 2017



POLICY NO. I-14

SUBJECT: APPLICATION OF MEMBER EQUITY TO MEMBER UNCOLLECTIBLE ACCOUNT.

POLICY:

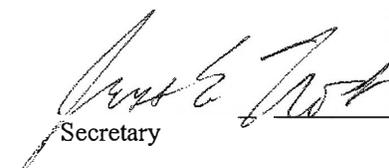
The capital credited to a member's equity account may be applied to the member's uncollectible electric account.

RESPONSIBILITY:

Office Manager

PROCEDURE:

1. If, after two (2) years from date of disconnection or immediately following death of a member or former member, and after reasonable efforts, under the circumstances, have been made to collect an electric account, and the account remains unpaid, the applicable portion of the capital credited to the member's equity account may be applied to the uncollectible account.
2. In the event a member whose equity account has been applied to an uncollectible account requests reconnection at some later date, the amount thus applied shall be collected in advance and returned to the member's equity account.
3. Nothing in this policy is to be construed to mean that the present collection policy be relaxed in any manner whatsoever.


Secretary

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2002
Revised: May 23, 2017



MANKATO

BELLEVILLE

ELLSWORTH

POLICY NO. I-14a

SUBJECT: APPLYING CAPITAL CREDITS OF BANKRUPTS

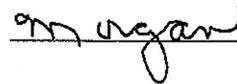
WHEREAS, Article VIII, Section 8, of the By-laws of the Cooperative provides the Board of Trustees pursuant to policies of general application may make provision for the assignment of capital credits of patrons; and

WHEREAS, the Board has used such a policy of general application to assign the capital credits of bankrupt patrons to the cooperative for application against any outstanding indebtedness; and

WHEREAS, the Board desires to place its policy in writing for the benefit of patrons, managers and staff, the Board hereby adopts the following policy:

It shall be the policy of the Board of this Cooperative that upon receipt of notice of a discharge in bankruptcy from any patron with capital credits in or due from the Cooperative; or failure by a bankrupt to provide for payment through an appropriate plan in bankruptcy of its outstanding obligations to the Cooperative, the manager of the Cooperative is instructed to treat said discharge in bankruptcy and said failure to provide for payment as a request for assignment of capital credits by said patron to the Cooperative for its benefit and for application of said capital credits to the outstanding account, if any, of said bankrupt patron.

Further, said policy shall operate only to assure the Cooperative will first receive and apply said capital credits on any outstanding debt owed by the bankrupt to the Cooperative. This policy shall have no force and effect unless said capital credits under this policy can be applied directly to indebtedness owing the Cooperative. In the event that there are capital credits of a value in excess of the amount of monies owed to the Cooperative, said capital credits shall remain those of the patron for application, pursuant to the Cooperative's Bylaws.


Secretary 

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2002



Policy No. I-16

SUBJECT: MEMBER ACCESS TO COOPERATIVE'S RECORDS

RESPONSIBILITY: Manager and/or as delegated by Board of Trustees

POLICY:

Rolling Hills Electric Cooperative, Inc., desires transparency in its business operations. Kansas Statutes Annotated 17-6510 (K.S.A. 17-6510) is the Kansas corporate statute regulating the right of members to access and inspect Cooperative records. This policy is made for the purpose of implementing the requirements K.S.A. 17-6510 and providing member guidance and assistance in requesting inspection of the books, records and membership list of the Cooperative.

Subject to the provisions of K.S.A. 17-6510 and this policy the Cooperative will make available to its members information that is relevant to their interests as members, is requested for a proper purpose and the disclosure of which will not be adverse to the best interest of the Cooperative or its other members.

Member as used in this policy means then current member of the Cooperative.

A member during normal business hours may review the members own membership and meter reading information, billing data and payment records.

Personnel, membership records other than list, and other member's individual billing, credit history and payment records are considered privileged information between the member, the employee, and the Cooperative and shall not be publicly revealed to other members, persons or entities.

A. Information Generally Available upon Verbal Request Except, as otherwise provided herein; upon presentation of a driver's license or other satisfactory identification, a member may obtain the following information from any office personnel:

1. The most current articles of incorporation, bylaws, rate summary, charges and service rules and regulations;
2. The most current operating and other financial reports that are regularly made to the United States Rural Utilities Services commonly Form 7;
3. The approved minutes of any prior member meeting held within the last 5 years or the most recent approved Board minutes;
4. The most current work plan (Form 740c) showing adopted budgets for current and future operations and capital improvements.



B. Information Generally Available upon Formal Request Pursuant to K.S.A. 17-6510.

As provided in K.S.A. 17-6510 any member in person or by an attorney or other agent, upon written demand under oath stating the purpose thereof, shall have the right during the usual hours for business of the Cooperative to inspect for any proper purpose and make copies and extracts from the Cooperative's books, records and membership list.

In accordance with K.S.A. 17-6510 a proper purpose shall mean a purpose reasonably related to such person's interest as a member. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the member. The demand under oath shall be directed to the Cooperative at its registered office or at its principal place of business.

The Cooperative shall reply to the request within five business days after receipt of the demand.

C. Exceptions to Disclosure. Except as authorized by a court order obtained pursuant to K.S.A. 17-6510 the Cooperative will not release any books or records that (1) will or may unlawfully invade any person's privacy; (2) is of a confidential or privileged nature, such as an employee's individual employment file, (3) would violate any agreement with third parties with respect to trade secrets; (4) if so published might, for that reason among others, subject the Cooperative to an adverse action, in law or in equity, or by a regulatory agency; (5) if released or published would adversely affect the Cooperative in any negotiations with third parties for any purpose.

D. Cost. If the release of the requested information is authorized in accordance with this policy the Cooperative will furnish copies of the items listed in paragraph A, free of cost along with and any items requested pursuant to paragraph B that, in the Cooperative's sole discretion, will entail only minimal time to obtain and copy. Otherwise, the requesting member shall bear the cost of such time and copying, which will be done on the Cooperative's premises or, if necessary, at some other place with one or more Cooperative personnel or its attorney retaining custody of the items and being present during their copying. In the event it is determined to charge for the information requested the cost will reflect the time and expense for the personnel involved as well as copying cost based upon prices charged by commercial copiers in the area.

E. General. The Cooperative will develop a form which may be used by the members to request information in accordance with this policy. The form shall be available at all Cooperative Offices. Information provided to a member, may at the discretion of the Cooperative be furnished in paper or electronic format. Personnel releasing information in accordance with this policy will make a copy of the information released and note thereon the date and person to whom it was released. If the information is not released by the General Manager the Cooperative's copy of the information released will be forwarded to the General Manager.


Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: January 3, 2002

Revised: September 23, 2014



BELLEVILLE

ELLSWORTH

Formal Request for Information Form – Policy I-16

I, _____, being of lawful age and duly sworn, state the following:

1. I am a current member of Rolling Hills Electric Cooperative, Inc.
2. I request to inspect and make copies or extracts of the following specific Cooperative information in accordance with K.S.A 17- 6510 and Cooperative Policy I-16.

The proper purpose or purposes for which for which I request the foregoing information in accordance with K.S.A. 17-6510 and Cooperative Policy I-16 is, as follows:

3. Dated: _____

Member Printed Name: _____

Member Address: _____

Membership # _____

Member Signature

State of Kansas, County of _____

Subscribed and Sworn to before me on the ____ day of _____, 20 ____,
by _____

Notary Public

SEAL:
My commission expires



BELLEVILLE

ELLSWORTH

Manager Response to Member Request for Information - Policy I-16 and I-16a

To: _____

Your visit and request for information pursuant to Policy I-16 and I-16a has been received and your visit and request for information is:

___ Approved.

___ Denied. Your request has been denied for the following reason(s).

The requested time for your visit is satisfactory and workable. Anticipated expense in accordance with Policy I-16 is:

I will request that the information be returned to the Cooperative on or before the ___ day of _____, 20___, unless good reason exist to establish another date.

Dated: _____

General Manager



BELLEVILLE

ELLSWORTH

POLICY NO. I-16a

SUBJECT: MEMBER INFORMATION

RESPONSIBILITY: Manager and/or as delegated by Board of Trustees

POLICY AND PROCEDURE:

Except as otherwise provided by policy, applicable law, subpoena, court order, the Bylaws or the Board of Trustees, no Trustee, Officer, Committee Member, Cooperative employee, nor Cooperative attorney shall disclose or distribute personally identifiable information of any member; except, as reasonably necessary to carry out the purposes of the Cooperative or their respective duties. Personally identifiable information includes, but is not limited to, names, addresses, telephone numbers, social security numbers, billing information, account status, credit information, and payment history.

Member information reasonably necessary to carry out the purposes of the Cooperative, may include, but is not limited to:

- a. Information disclosed to affiliates or contractors hired by the Cooperative to assist in carrying out operations.
- b. Information disclosed or provided to Government regulators and government agencies when authorized or required by law, regulation or agreement.
- c. Information necessary or appropriate for shared service agreements.
- d. Aggregated information and records not relating to any specific member.
- e. Information or records disclosed at the request of or with the permission of the member.

Except as specifically provided herein, the Cooperative will not sell, rent, loan, exchange or otherwise release mailing list or telephone number information of members.

For Board of Trustee elections, member names and addresses will be provided upon proper request and in accordance with Policy I-16, only to Board of Trustee candidates or those who are in good faith seeking to become a Board of Trustee candidate by petition. The member names and addresses will be limited to those of the district in which the candidate, or candidate to be, is or will be running for election. The specifically allowed and requested member information will be made available only if:

1. A request in accordance with Policy No. I-16 is made for the member information;
2. The requesting member is a nominated Board of Trustee candidate or in good faith seeking to become a Board of Trustee candidate by petition.
3. The requesting member acknowledges that the requested information will not be used for purposes other than those of seeking a Board of Trustee position at the upcoming board election and will be returned to the Cooperative at an agreed upon date no later than 20 days after the board election.

Requests for member addresses for purposes other than Board of Trustee elections will be denied.



BELLEVILLE

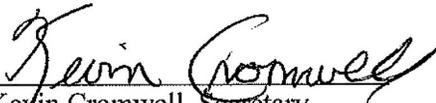
ELLSWORTH

It is the intent of the Board to limit availability of member information to assist in preserving personally identifiable information of members, while providing member input through the trustee election process.

Members may file in writing with the Cooperative a statement indicating they do not want their name or address disclosed to any other member.

The provisions of Policy I-16 will apply with regard to the procedures to be followed in obtaining appropriately requested member information as allowed by this policy.

APPROVED BY BOARD OF TRUSTEES


Kevin Cromwell, Secretary

Date: ~~January 3, 2002~~
~~October 22, 2013~~
September 23, 2014



BELLEVILLE

ELLSWORTH

Request by Candidate for Member Information Form – Policy I-16 and I-16a

I, _____, being of lawful age and duly sworn, allege and state as my request the following:

1. I am a member of Rolling Hills Electric Cooperative, Inc.
2. This request is made in good faith and in accordance with Policy I-16 and I-16a.
3. I am a nominated Board of Trustee candidate or I am in good faith seeking to become a Board of Trustee candidate by petition.
4. I hereby request that the Cooperative provide me a member list with addresses for Board Member District No.
5. I acknowledge that the requested information will not be used for purposes other than those of seeking a Board of Trustee position at the upcoming board election, and will be returned to the Cooperative at an agreed upon date no later than 20 days after the board election.
6. Dated: _____

Member Printed Name: _____

Member Address:

Membership # _____

Member Signature

State of Kansas, County of _____

Subscribed and Sworn to before me on the ____ day of _____, 20____,
By _____

Notary Public

SEAL:

My commission expires:

Manager Response to Member Request for Information - Policy I-16 and I-16a

To: _____

Your visit and request for information pursuant to Policy I-16 and I-16a has been received and your visit and request for information is:

____ Approved.

____ Denied. Your request has been denied for the following reason(s).

The requested time for your visit is satisfactory and workable. Anticipated expense in accordance with Policy I-16 is:

I will request that the information be returned to the Cooperative on or before the ____ day of _____, 20____, unless good reason exist to establish another date.

Dated: _____

General Manager

Oath Pursuant to Policy No. I-16a

The undersigned being first duly sworn states and acknowledges the following:

1. That the undersigned is in good faith a candidate for a Board of Trustee position with Rolling Hills Electric Cooperative, Inc. or seeking to become a Board of Trustee candidate by petition.
2. I have received information containing the names or names and addresses of the members of Rolling Hills Electric Cooperative, Inc., in my district and will not:
 - a. use the information for a purpose other than the stated purpose set forth in my request for information;
 - b. use information for any solicitation;
 - c. use the information to obtain money or property;
 - d. use the information for any commercial purpose;
 - e. sell the information or cause it to be distributed, given or provided to any other person, group or entity, whether a member of the Cooperative or not;
 - f. copy, electronically store or otherwise save the member information, or any part thereof beyond the agreed upon return date stated below.
3. I will return the information to Rolling Hills Electric Cooperative, Inc., on or before _____, 20_____.

Signature of Affiant/Candidate

State of Kansas, County of _____

Signed and sworn to before me on the ____ day of _____, 20____ by

Seal:

Notary Public

My commission expires:

Request That My Name or Address Not Be Distributed

I, the undersigned member of Rolling Hills Electric Cooperative, Inc., hereby request and direct that my member information not be distributed to any candidate or potential candidate running for a Board of Trustee position with the Cooperative.

By signing this form I state that I do not want my name, member information or address released from the Cooperative, and I opt out of said release as allowed by Policy I-16a.

Member Name

Joint Member Name

Member Account # _____



POLICY NO. I-17

SUBJECT: ACCOUNTING RECORDS.

POLICY:

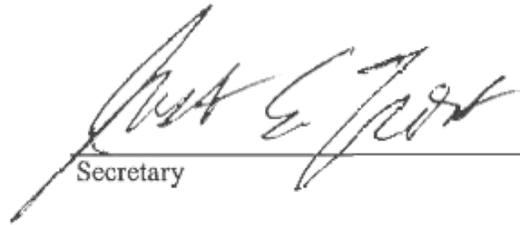
The accounting system will be established and maintained in accordance with the RUS Uniform System of Accounts. The accounting records of the Cooperative will be audited at the end of each calendar year by a Certified Public Accountant.

RESPONSIBILITY:

The Accountant under the supervision of the Manager shall follow the policy outlined and keep the records on a current basis. It shall be the responsibility of the Board of Trustees to employ a Certified Public Accountant.

PROCEDURE:

As stated above.


Secretary

APPROVED BY BOARD OF TRUSTEES

Date: ~~January 3, 2002~~

Revised: November 28, 2017



POLICY NO. I-18

SUBJECT: PAYMENT OF ACCOUNTS.

POLICY:

Accounts and payroll of the Cooperative shall be paid when due even though this date falls prior to the regular meeting date of the Board of Trustees.

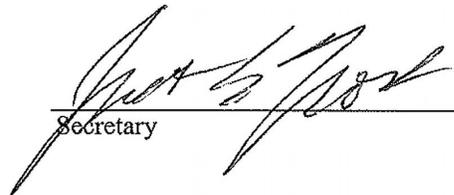
RESPONSIBILITY:

Accountant/Office Manager

PROCEDURE:

1. Payroll shall be prepared and presented to the proper officers or others so designated in absence of officer for authorization on the first business day after the 15th and the first business day after the last day of each month. Payroll will be transacted by automatic deposit to the employee account.
2. Checks and electronic transfers, along with evidence of their validity, for all bills and accounts against the Cooperative shall be prepared and presented to the proper officers or others so designated in absence of officer for payment when due.
3. A full and complete accounting of bills and accounts paid since the last regular meeting of the Board of Trustees shall be prepared showing check number or electronic transfer, to who paid, description and amount. Said accounting shall be presented to the first Board of Trustees' meeting following their payment for final review.

APPROVED BY BOARD OF TRUSTEES


Secretary

Date: January 3, 2002

Revised: November 28, 2017

**POLICY NO. I-19****SUBJECT:** CONSERVATION AND WEATHERIZATION LOANS**I. PROGRAM OBJECTIVE**

The Board of Trustees recognizes a need to assist the cooperative's member/consumers to conserve and use energy wisely, for their own benefit as well as that of the cooperative and the nation. Among the most effective methods of conservation is weatherization of buildings and use of energy efficient equipment. To encourage its consumers to weatherize structures and install efficient equipment, the cooperative will make available a loan program subject to the provisions set forth below.

II. CONSERVATION AND WEATHERIZATION LOAN PROGRAM**A. ELIGIBILITY**

1. Loans may be made by the cooperative to owners or renters of structures to be weatherized.
2. Structures must be receiving electric service from the cooperative's system.
3. Loans will not be made to refinance equipment or weatherization obligations, or to pay for the cost of weatherizing new structures to be built or under construction.
4. The structures involved may be residential, commercial, or industrial, or structures used in farming operations (such as those needed for production of livestock, poultry or dairy products).

B. ITEMS SUBJECT TO FINANCING

1. Labor and materials for the following energy conservation measures: (1) caulking, (2) weather stripping, (3) heat pump systems (including water source heat pumps) and water heaters, which reduce consumption of electricity, (4) heat pumps, water heaters, and central heating or central air conditioning system replacements and modifications which reduce oil or gas consumption, (5) ceiling insulation, (6) wall insulation, (7) floor insulation, (8) duct insulation, (9) pipe insulation, (10) water heater insulation, (11) storm windows, (12) thermal windows, (13) storm or thermal door, (14) electric system coordinated customer-owned devices that reduce the maximum kilowatt demand on the electric system, (15) clock thermostats and (16) attic ventilation fans. Funds may be made available for loans to cover the cost of labor and materials for energy conservation measures (3) and (4) only when supported by an energy audit at the consumer's establishment. In such cases, the amount of the loan may exceed the limit set forth in section C-3.
2. When installation is made by the consumer, the loan will be limited to the cost of materials utilized.

C. LOAN TERMS AND CONDITIONS

1. The interest rate shall be 5% per annum on the unpaid balance of the loan.
2. The loan will be amortized over a period not to exceed 84 months, without penalties for prepayment of principal.
3. Loans will not exceed \$3,000 for a single family dwelling, \$4,000 for a dwelling with two to four residential units, and \$1000 per unit for larger multi-family structures.
4. Any loan in excess of \$5,000 must be approved by the Board of Trustees.



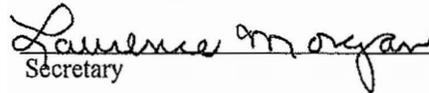
BELLEVILLE

ELLSWORTH

5. Any loan for installation in residential, commercial, industrial or agricultural production structures in excess of \$5,000 must be adequately secured as determined by the Board of Trustees.
6. In approving a loan, the cooperative will determine, using reasonable tests of credit worthiness, that the loan will be repaid under the terms of the proposed note. In the absence of acceptable credit information, the cooperative reserves the right to refuse a loan.
7. The cooperative will not advance funds to the consumer or the contractor without assurance that the work has been properly performed.
8. The cooperative will bill the consumer for the periodic payments on the loan at the same time it bills the consumer for electric services.
9. At the consumer's request, the cooperative will inform the consumer of the interest paid on the loan in each year by January 31 of the next calendar year.

D. OTHER PROVISIONS

1. The cooperative will, by newsletter or other special mailing, inform it's consumers of the availability of the weatherization loan program and provide or arrange for technical assistance, as needed, to inform the consumer of the type and estimated cost of weatherization improvements which may be made to the consumer's structures.
2. The cooperative will furnish the consumer with a list of contractors. The work may be done by one of these contractors, or by the consumer. In either case, the consumer will sign an agreement, in form and substance satisfactory to the cooperative, covering the planned improvements.
3. Agreements between the contractor and a consumer shall require the contractor to warrant and guarantee the work and shall promptly make such corrections as may be necessary by reason of such defects.
4. The cooperative will approve a loan only if, in it's sole determination, the proposed improvements (a) meet standards comparable to those established by the Farmers Home Administration (FmHA) and The Kansas Corporation Commission for similar installation in existing structures, and (b) will be cost effective and reduce consumption of energy resources.
5. The cooperative will offer assistance to applicants unable to qualify for a loan provided herein, in obtaining consideration under FmHA and other federal or state programs.


Secretary

APPROVED BY BOARD OF TRUSTEES

Date: January 3, 2002



BELLEVILLE

ELLSWORTH

POLICY NO. I-21

SUBJECT: COGENERATION AND SMALL POWER PRODUCTION

RESPONSIBILITY:

Manager, Member Service Director, Line Superintendent and/or as delegated by Board of Trustees

POLICY AND PROCEDURE:

The Cooperative will, in conformity with the requirements of law, interconnect with, purchase electricity from and sell electricity to generating installations which are "qualifying facilities" as defined in the Federal Energy Regulatory Commission rules implementing Sections 201 and 210 of the Public Utility Public Regulatory Policies Act of 1978.

For generating installations having a designed capacity of 100 kW or less, the Cooperative has a standard tariff on file with the Kansas Corporation Commission. A standard purchase agreement has been developed and reviewed by The Kansas Corporation Commission. The general manager of the Cooperative is authorized to act on behalf of the Cooperative in accordance with such tariff and purchase agreement.

For generating installations of 100 kW or less which are willing to negotiate rates, terms and conditions other than those set forth in the standard tariff and purchase agreement, or for generating installations having a design capacity in excess of 100 kW, the terms for interconnection, parallel operation and sale or purchase of electricity shall be individually negotiated by the general manager and staff of the Cooperative and approved by the Board of Trustees. Such generating installations shall not be subsidized by other Cooperative members and shall be required to operate in a manner, which does not degrade service to other Cooperative consumers.

Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: January 3, 2002

RESCINDED – February 23, 2010



BELLEVILLE

ELLSWORTH

POLICY NO. I-22

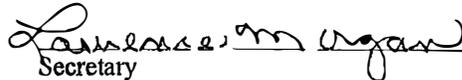
SUBJECT: RUS ZERO INTEREST LOAN GUARANTEES, RUS GRANTS

OBJECTIVE:

To develop a policy that will deal with member and non-member requests for economic development assistance via the RUS Zero Interest Loan Program.

1. POLICY

- (A) Eligibility for consideration is restricted to businesses located generally within the Rolling Hills Electric Cooperative, Inc. trade area.
- (B) Businesses applying must meet the following criteria at a minimum: (Meeting the following criteria does not guarantee Board or RUS approval.)
 - 1. Creation of new jobs and/or preservation of existing jobs must be proven by the applicant.
 - 2. Applicant must demonstrate the ability to repay the Zero Interest Loan within the 10-year term established by RUS.
 - a. This demonstration will include but is not limited to financial statements and projected cash flow statements over the term of the loan.
 - b. Must provide an acceptable letter of credit.
- (C) The Board of Trustees shall screen applications based upon the above criteria, and shall be the sole determining body as to whether or not applications will be passed on to RUS with a Board recommendation for approval by RUS.
- (D) The Board of Trustees recognizes that it has no final authority to approve or deny a Zero Interest Loan/Grant from RUS, said authority residing with RUS. The Board of Trustees does, however, have the authority to screen applications and determine their individual eligibility.


Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: January 3, 2002



BELLEVILLE

ELLSWORTH

POLICY I-23

SUBJECT: Rural Development Plan

PURPOSE AND OBJECTIVES

Rolling Hills Electric Cooperative, Inc. (Cooperative) has applied for and obtained a grant from the Rural Business and Cooperative Development Service thru the Rural Economic Development Loan and Grant Program with the following purposes and objectives in mind.

1. To assume a visible and aggressive role in rural economic development by working with local communities, organizations, and business and industry leaders to create new job opportunities and diversify our existing agricultural based economy.
2. Provide a source of potential capital to assist with rural economic development.
3. To provide opportunities for job creation in an environmentally safe and controlled fashion.
4. Work with County and City Economic Development Committees to attract new business, industry and jobs to our rural area.
5. Assist existing business in expansion of job opportunities.
6. Work with existing business to make operations more efficient thus encouraging expansion.
7. Improve marketing techniques.
8. To encourage and strengthen self employed and home based businesses and promote their possible expansion.
9. Explore opportunities with Small Business Development Corporations and Community Development Corporations as well as other economic development groups which commercialize the production of speciality items produced by small to medium sized businesses.
10. Consider the development of a micro-loan association which strengthens and encourages self-employed and small businesses as an economic strategy.

Building on these goals and strategies, the Cooperative has developed the Rolling Hills Electric Cooperative, Inc. Revolving Loan Fund. This plan is designed to set forth the Cooperative's policies and objectives for the Revolving Loan Fund (RLF), and to set forth a



BELLEVILLE

ELLSWORTH

means for administration of the RLF, its authority for approval of applications, administration and a reference for the RLF's funding activities.

RLF POLICY STATEMENT

It is not the intent of the revolving loan fund to compete with local lending institutions, rather it is the intent of the program to stimulate private investment for the creation of jobs and wealth in our rural areas.

Rolling Hills Electric Cooperative, Inc. and its RLF committee will consider applications for loans from the RLF for projects that will significantly benefit rural areas, without restriction to the Cooperatives service area. It is the intent of Rolling Hills Electric Cooperative, Inc. that funds from the RLF program serve as seed money to generate economic development.

Rolling Hills Electric Cooperative, Inc. will work with local lenders and others to maximize the leverage of RLF dollars to result in the maximum possible rural economic development, provided the resources of RLF are not jeopardized.

Rolling Hills Electric Cooperative, Inc. will not condition the approval of a loan from the RLF with the requirement that the prospective recipient take electric service from Rolling Hills Electric Cooperative, Inc. or any other electric utility. No director, general manager or employee of Rolling Hills Electric Cooperative, Inc. may benefit from or be a recipient of RLF funds.

Example of projects eligible for RLF Funding:

- Industrial/Commercial Development
- Small Business Expansion
- Small Business Startup
- Business Incubators
- Community Infrastructure
- Community Facilities
- Medical Facilities
- Training/Educational Facilities
- Tourism

Projects must be employment creation/retention projects or projects that provide needed community facilities and services.

Types of projects/activities ineligible for RLF funding:

- Refinancing of existing debt, or payment to business owners or partner;



BELLEVILLE

ELLSWORTH

Relocation of an existing business as determined by the guidelines of the zero interest loan and grant program.

Activities determined to be for investment purposes;

General improvement loans related to normal replacement needs of a business and unrelated to business expansion/job/ creation;

Agricultural production costs (i.e., cultivation, production, harvesting);

Vehicles used for general purposes or that may be considered for personal use.

Projects without any supplemental financing;

Projects that are primarily working capital with limited security;

Construction projects of a residential nature;

Illegal activities and legalized activities (e.g. gambling casinos) that in the opinion of Board of Directors adversely affect RLF interests;

Projects in which any director, officer of Rolling Hills Electric Cooperative, Inc., or general manager, or close relative thereof, is an owner, stockholder, partner, or director, or which would in the judgment of the Rolling Hills Electric Cooperative, Inc. Board, create a conflict of interest, potential conflict of interest, or any appearance of a conflict of interest;

OPERATING PROCEDURES

The RLF will be administered under the direction of the manager of the Cooperative, within the parameters set by the Board.

Technical assistance for potential projects will be provided by the Cooperative staff to the extent possible. Once projects have been identified as potentially eligible for RLF funding, assistance will be provided in completing the application and/or referral made to other technical assistance providers.

All applicants for Revolving Loan Fund financing will be required to complete an application which includes sufficient information to properly evaluate the merits of the request.



The procedure for review and action on applications will be:

1. Applications will be reviewed monthly by the Cooperative staff.
2. The Cooperative staff will review applications for eligibility and completeness prior to being submitted to the RLF committee. If more information is needed, it will be requested. Any requests for additional information may delay processing. If the proposed project does not meet eligibility criteria, the applicant will be notified of the reason or reasons and allowed to provide additional information to establish eligibility within a reasonable time.
3. An RLF loan committee consisting of (a) the Cooperative's manager, (b) the Cooperative assistant manager, (c) the Cooperative's director of member services, (d) an employee of the Kansas Department of Housing and Commerce or designee, (e) and two committee members appointed by the Cooperatives trustees as committee members at large will analyze the RLF request using the criteria for the RLF, negotiate terms with the applicant and develop a recommendation for the board. All applications submitted and determined to be eligible will be forwarded to the board of trustees. The RLF loan committee shall meet to review applications determined by the staff to be appropriate to bring before the committee. Meeting of the RLF loan committee shall be called from time to time as the number of applications warrants. Meeting shall be called by the Cooperatives manager or the managers designee.
4. The board of trustees will act independently on the recommendation of the RLF loan committee and notify the applicant, thru Cooperative staff, of the trustees decision.
5. The Cooperative staff will arrange for the closing in a timely manner, for an approved loan, based on the contingencies set forth by the board of trustees and the existing circumstances.
6. All projects will be monitored for compliance with all covenants in the closing documents and for financial performance. Reports will be made to the board of trustees at least quarterly on all problem loans. The status of all performing loans will be reported to the trustees at least annually.
7. The successful loan applicant will be required to submit at least annually, a year-end balance sheet, income and expense statement and a report on milestones reached as outlined during the application process. More frequent reporting may be required according to loan conditions and the current status of loan performance.



BELLEVILLE

MANKATO

ELLSWORTH

8. Specific sanctions as outlined in the guidelines and determined by the board of trustees will be enforced for noncompliance with loan conditions or nonperformance.

LENDING PARAMETERS

Loans made by the RLF must meet the following parameters:

Assist in the retention and creation of jobs which significantly benefit rural areas, including community projects or infrastructure improvements that enhance the ability of a community to attract business and industry.

Eligible projects will include retail businesses and community facilities, but those projects must demonstrate an impact on local economy and critical need. Types of projects include industrial and commercial development, small business expansion or startup, business incubators, community infrastructure and facilities, medical facilities, training and educational facilities and tourism projects.

Eligible entities include corporations, partnerships, sole proprietorships, limited liability companies, cooperatives, governmental entities, nonprofit entities and tribal entities.

The RLF may be used to provide interim or permanent financing for building construction or renovation, real estate, machinery and equipment purchases.

The total investment by the RLF in any one project cannot exceed 80 percent of the total capital requirement of the project. The remainder must be derived from owner equity and public and/or private financing.

The minimum loan size from the RLF is \$5,000; the maximum loan size is restricted to funds available in the RLF at the time of application.

Personal guarantees from partners, members, or majority stockholders may be required for all partnership, limited liability companies or corporate borrowings along with such other collateral as is deemed appropriate.

Rolling Hills Electric Cooperative, Inc. will work with the potential borrower to obtain security that is adequate for the term of the loan. The nature of the collateral pledged by the loan applicant shall be determined by the loan committee (subject to approval and additional collateral requirements of the Board of Trustees) on a project by project basis. Generally, security will consist of a first lien position on real and personal property. If the same collateral is used in joint financing, the RLF will generally desire a parity position with



BELLEVILLE

MANKATO

ELLSWORTH

other lenders. The type of collateral and the priority of Cooperative's lien will ultimately be decided on a project by project basis. Types of security may include:

1. Mortgages
2. Letters of credit from acceptable financial institutions
3. Security interest in machinery and equipment which have a developed market and/or determined value.
4. Securities issued by the Federal Government or its agencies

The borrower will be required to maintain hazard insurance on secured assets, and in some cases, credit life or key man insurance with the RLF as loss payee.

The rate of interest may range from zero percent to a maximum rate of prime as published in the Wall Street Journal on the date of loan closing and will be set taking into consideration such factors as risk, liquidity of collateral, equity position, repayment and the term of the loan.

The Rolling Hills Electric Cooperative, Inc. may charge an administrative fee of up to 1% per year on the declining balance. Repayment terms will vary depending upon the use of the proceeds as well as the overall nature of the business and will be determined on a project-by-project basis. The following maturities will be used as a general guideline:

Buildings & Real Estate	10 years
Equipment	5 to 7 years
Working Capital	1 to 3 years

Loan Closing Fee(s), etc.:

The Cooperative/Utility may charge the borrower the following Loan fees at actual cost:

- (a) Origination fee, appraisal fee, title insurance, closing cost (including legal), mortgage and UCC filing fee, environmental studies, and any other cost associated with the loan.
- (b) The loan recipient will either pay these costs up front or will reimburse the Cooperative for all costs incurred by the Cooperative/Utility in connection with the loan.



BELLEVILLE

ELLSWORTH

LENDING CRITERIA

The loan committee will follow the RLF's general policies and the following criteria in reviewing any loan request:

Acceptability of the applicants business plan which shall include a three (3) year operating projection.

Job creation and retention including the number of jobs to be created or retained, whether the jobs will be full-time, part-time or seasonal, and the cost per job created or retained.

The quality of the jobs to be created or retained including wage rates, benefit package offered, potential for longevity in employment, ability to advance in the organization, and the working environment.

Impact on area economy and environment.

Leveraging of other funds, both public and private.

Financial strength.

Likelihood of success.

Likelihood of repayment.

Need and appropriateness for funds and terms.

Management strength, expertise, and past performance.

Evidence of a market and marketing plan.

DISBURSEMENT OF FUNDS

Loan funds will be dispersed to the successful applicants upon:

1. Evidence that all supplemental funding has been committed.
2. Evidence that all loan conditions have been met.
3. Proper documentation of expenditure or commitment of funds for the approved purposes. Documentation may include invoices, purchase orders, bills of sale, deeds, receipts or other evidence.



BELLEVILLE

MANKATO

ELLSWORTH

4. Execution of all required loan agreements, security agreement, notes, financing statements, mortgages, letters of credit and any other documents necessary or required by the Rolling Hills Electric Cooperative, Inc. prior to or contemporaneous with closing of the loan.

LOAN MONITORING

All projects will be monitored for compliance with all covenants in the closing documents and for financial performance. Reports will be made to the board of directors at least quarterly on all problem loans. The status of all outstanding loans will be reported to the board at least annually.

The successful applicant will be required to submit at least annually; a year-end balance sheet, income and expense statement and a report on milestones reached as outlined during the application process. More frequent reporting may be required according to loan conditions and the current status of loan performance. The Cooperative reserves the right to require the submission of financial reports audited by a certified public accountant.

A minimum of twice annually, a Cooperative representative will initiate a phone call to review performance and issue. On site visits will be conducted annually to verify and evaluate the use of RLF funds.

SANCTIONS FOR NONCOMPLIANCE/NONPERFORMANCE

Nonperformance and/or noncompliance by the business will result in a freeze of any unused loan funds and access to any additional funding through the Cooperative and the establishment of a specific schedule to bring the business into compliance with the original loan; or the determination to call the loan or any other remedy provided by law.

PERFORMANCE STANDARDS

The Rolling Hills Electric Cooperative, Inc. Revolving Loan Fund (RLF) must balance its community and economic development purposes with the financial prerequisites of the fund. It will seek to promote creation of jobs and enhancement of essential community services, but at the same time reflect the need to assure the ability of the borrowers to repay the loans, and to maintain and grow the fund. The standards of performance for the loan portfolio will be designed to measure the progress of the programmatic and financial goals and objectives of the RLF. The Cooperative will continuously evaluate its lending activity to determine if it is meeting the goals established for the RLF. A formal evaluation of the RLF's activity will be conducted annually to guide and direct future program activity, measure progress towards goals, and most importantly to determine if the RLF is serving the purposes for which it was created.



BELLEVILLE

ELLSWORTH

The programmatic goals will be evaluated by the following standards:

Total jobs created or retained.

Cost per job created or retained.

Target groups served.

Quality of jobs created or retained.

Impact on area economy.

The criteria for community development projects is somewhat more subjective in nature and will include:

Leverage of funds.

Types of facilities financed.

Number of persons served.

The effectiveness of the financial assistance provided by the RLF will assess criteria including:

The number and dollar amount of loans provided as compared to planned amounts;

Portfolio default rates as compared with planned amounts;

Leveraging of local, public and other private financing.

COMPLIANCE WITH RURAL ECONOMICAL DEVELOPMENT LOAN AND GRANT PROGRAM

All loans made will be required to comply with any applicable federal law, rule or regulation relating to the Rural Economic Development Loan and Grant Program.

MERGER, CONSOLIDATION, SALE

In the event of a merger, consolidation, sale, or other change in status of the Cooperative, this program and its funding shall continue and remain in full force and effect, with appropriate changes in this policy to allow same, and it shall be a requirement of any merger, consolidation, sale, or other agreement changing the Cooperative's present status that this program continue and the monies for same remain separate and apart.



BELLEVILLE

ELLSWORTH

AMENDMENTS / CONSENT PROVISION:

Amendments to this "Rural Development Plan" will require the approval of the Cooperative's/Utility's Board of Directors. No action will be taken to amend this plan without the prior written approval of the Rural Business Cooperative Service (RBS).

APPROVED BY BOARD OF TRUSTEES


Secretary

ADOPTED: March 25, 2003



BELLEVILLE

ELLSWORTH

POLICY NO. I-24

SUBJECT: SECURITY OF PROTECTED INFORMATION

PURPOSE AND OBJECTIVES

A. To establish the policy of the Cooperative consistent with requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

B. To define, for administrative and legal purposes, the Cooperative's practices, rights and responsibilities with regard to protected health information of employees and their dependents.

The Board of Trustees of Rolling Hills Electric Cooperative has resolved the following guidelines to be the policy of the Cooperative regarding security of protected health information:

- A. The Cooperative acknowledges its obligation to maintain certain confidential health information that is timely, accurate and complete for its intended purpose. Protected health information ("PHI") is individually identifiable health information that is transmitted or maintained electronically or in any other form or medium. Individually identifiable health information is information that is created or received by the Cooperative and relates to the past, present and future physical or mental health or condition of an individual and identifies the individual or creates a reasonable basis to believe that the information would identify the individual.
- B. The Cooperative's Benefits Administrator shall serve as the Cooperative's Privacy Officer as that office is defined and to which responsibilities are assigned for compliance under the law. The incumbent of this position shall be the recipient and custodian of protected health information. Individuals who are the subjects of such information shall be responsible for causing health care providers, insurers, and other sources, to direct the minimum necessary medical information to the Privacy Officer for appropriate employer use and safekeeping.
- C. The Benefits Administrator shall maintain appropriate procedures and safeguards for maintenance of PHI, and shall inform the data subjects (patients) about the intended uses of personal information and their opportunity to review and correct such information. No other employee shall have access to the PHI except to the extent and for the duration of their need to obtain such information to carry out the processes and transactions that are dependent on that information. The Cooperative will take every precaution available to ensure that the Plan participant's PHI is kept confidential.
- D. The Cooperative may use and disclose a participant's PHI without the participant's prior authorization to carry out treatment, payment or health care operations activities as those terms are defined in the HIPAA and the Regulations thereunder and for other reasons specifically permitted by that Act and Regulations. The Cooperative will not use, disclose or request PHI for any other purposes without a participants' valid authorization.



BELLEVILLE

MANKATO

ELLSWORTH

- E. The Cooperative will use, disclose or request only the minimum amount of PHI necessary in all situations.
- F. The Cooperative may disclose de-identified health information, which is health information that does not, or cannot, identify an individual
- G. The Cooperative will not disclose PHI to a business associate and will not allow a business associate to disclose PHI on behalf of the Cooperative unless there is a written Business Associate Contract in effect.
- H. The Cooperative will provide or acquire training for all employees who are authorized and responsible for safeguarding PHI. Employees with access to PHI will be trained on the HIPAA policies and procedures that the Cooperative has adopted.
- I. The Cooperative will keep the following records for six years from the date of the creation of such records:
 - 1. Privacy policies and procedures
 - 2. Authorizations and revocations
 - 3. Training records
 - 4. Designation of Privacy Officer
 - 5. Complaints and related investigations and sanctions
 - 6. Requests for restrictions on uses and disclosures
 - 7. Uses and disclosures of PHI subject to an accounting.
- J. The Cooperative will make every effort to minimize or correct any harm caused by the improper use or disclosure of PHI in violation of our Policy. The Privacy Officer is responsible for enforcing the Cooperative mitigation.
- K. All participants in health plans sponsored by the Cooperative have the right to obtain and inspect copies of PHI that the Cooperative maintains on behalf of each participant. Such information includes information regarding enrollment, payments, claims and adjudication, case or medical management records and any other records used in whole or in part by the Cooperative and which are used to make decisions about the individual. Requests for information should be specific and made in writing to the Privacy Officer. The Cooperative will deny such requests when permitted by the Act and Regulations.
- L. Participants in the Cooperative sponsored health plans have the right to request that their PHI be amended in certain circumstances. Requests for an amendment should be specific and made in writing to the Privacy Officer.
- M. Participants in the Cooperative sponsored health plans have the right to request a statement of all disclosures of their PHI in the six years prior to the request. Requests should be specific and made in writing to the Privacy Officer.
- N. Participants in the Cooperative sponsored health plans have the right to make complaints about the Cooperative's compliance with HIPAA policies and procedures. Complaints should be specific and made in writing to the Privacy Officer or General Manager.
- O. An employee of the Cooperative who knowingly violates this policy may be subject to termination. If an employee violates the policy accidentally, the employee may



BELLEVILLE

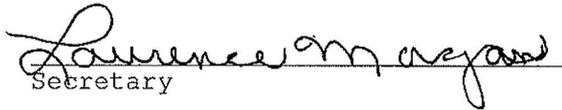
MANKATO

ELLSWORTH

receive disciplinary action and may be required to attend HIPAA training designed to specifically avoid said violation in the future.

P. The Board of Trustees is responsible for the approval and periodic review of this policy.

Q. The General Manager is responsible for the administration of this policy and for recommending to the Board of Trustees any changes or additions to this policy.


Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: March 30, 2004



BELLEVILLE

ELLSWORTH

POLICY NO. 1-25

SUBJECT: CONFLICT OF INTEREST

I. OBJECTIVE

This policy describes the situations and conditions that can create a conflict of interest so that Directors and General Manager can recognize potential conflicts of interest, seek to avoid them, and, when unavoidable, understand their obligation to and the procedure for disclosing the potential conflict.

II. POLICY

Members of the Board of Directors and the General Manager of Rolling Hills Electric Cooperative, Inc., are expected to uphold the highest ethical standards in performing their duties to the Cooperative. When a Director or the General Manager has a private, financial or personal interest that may be at odds with the best interest of the Cooperative, it is a conflict of interest. Such a conflict may also be expressed as a division of loyalties, which makes it difficult for the Director or General Manager to be completely objective about a decision. Directors and the General Manager should avoid any private interest that influences their ability to act in the best interests of the Cooperative or that creates the appearance of conflict of interest.

III. EXPECTATIONS

A. Service on Other Boards

1. Board members and the General Manager of Rolling Hills Electric Cooperative, Inc., may from time to time serve on a Board of Directors of a generation and transmission cooperative, (G&T), a statewide electric cooperative organization or a national organization (statewide) as a representative of Rolling Hills Electric Cooperative, Inc. Further, Board members and the General Manager of Rolling Hills Electric Cooperative, Inc., may also be sought after to serve on other boards, including, without limitation, other corporations, local civic organizations, hospitals, charities, and business leagues. Each Director and the General Manager must be aware of the potential for a conflict of interest arising when simultaneously serving on the boards of two or more organizations.
2. In the case of service on a G&T or statewide board, it is understood that the nature of our federated system of cooperatives creates a situation where the distribution Cooperative will be conducting business with the G&T and/or statewide. This business relationship creates an inherent conflict of interest that is unavoidable. However, it is the responsibility of the Director and General Manager to fulfill his-her fiduciary duty to the entity that he/she is presently serving. Stated simply, when a Director or the General Manager of Rolling Hills Electric Cooperative, Inc., is sitting in the board room for the G&T or statewide, the Director's and General Manager's fiduciary duty is to act in the best interests of the G&T or statewide, even if such interests are at odds with the best interests of Rolling Hills Electric Cooperative, Inc., and vice versa. However, when a specific business issue arises between the G&T or statewide and Rolling Hills Electric Cooperative, Inc., including any dispute about rates, money owed, etc., the Director and General Manager of Rolling Hills Electric Cooperative, Inc., must ensure that he/she does not request or insist on any treatment for the Cooperative that is different from the other members of the G&T or statewide.



BELLEVILLE

ELLSWORTH

3. In the case of service on a board other than a statewide, G&T, the Directors and General Manager of Rolling Hills Electric Cooperative, Inc., must consider whether they have sufficient time and energy necessary to fulfill their duties and responsibilities to multiple organizations. If a Director or the General Manager believes that he/she can fulfill multiple roles and no inherent conflict exists in terms of such other entity doing business or competing with Rolling Hills, then the Director or General Manager, as the case may be, shall disclose to the board his/her intention to serve the other entity prior to election or appointment to the other board. If a Director or General Manager is not certain that he/she can fully serve Rolling Hills Electric Cooperative, Inc., and fulfill his/her duties to the other organization, then the Director or General Manager, as the case may be, should decline to serve the other entity.

B. Confidentiality of Cooperative Information

The complete confidentiality of business information must be respected at all times. Directors are prohibited from knowingly disclosing such information to those who do not have the need to know, or whose interest may be adverse to Rolling Hills Electric Cooperative, Inc., both inside or outside of the organization; or in any way using such information for personal gain or advancement; or to the detriment of Rolling Hills Electric Cooperative, Inc.; or to individually conduct negotiations to make contacts or inquiries on behalf of Rolling Hills Electric Cooperative, Inc., unless officially designated to do so.

C. Avoid Conflicts of Interest

Every Director of Rolling Hills Electric Cooperative, Inc., is expected to avoid situations which might be construed as conflicts of interest, since it is not feasible in a policy statement such as this to describe all of the circumstances and conditions that might be or have the potential of being considered conflicts of interest.

D. Disclosure of a Conflict of Potential Conflict

Every Director of Rolling Hills Electric Cooperative, Inc., is expected to disclose any situation which, does, or might reasonably be expected to violate or appear to violate this policy or its intent. If a question or concern exist as to whether or not this policy may be violated, the question or concern shall be brought to the attention of the full Board for consideration. If after consideration of the disclosed conflict, the Board determines that a prohibited conflict does exist, then in the event that the Board must decide on whether to pursue a particular transaction, the conflict did Director shall: (1) recuse him/herself from the portion of the meeting in which the transaction is being discussed, and (2) recuse him/herself from voting on the transaction.

E. Board Adherence to the Cooperative's Code of Ethics

In order to maintain the highest ethical standards in the conduct of Cooperative affairs and in its relationship with consumers, suppliers, employees, advisors, and the communities in which we serve, the Board of Directors shall as a body and as individuals adhere to the corporate Code of Ethics.



BELLEVILLE

ELLSWORTH

IV. LIMITATIONS

A. Gifts and Other Payments or Offers

Directors and the General Manager are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, or financial houses, which obligate or induce them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts, solely in the best interests of Rolling Hills Electric Cooperative, Inc. This does not prohibit receiving gifts or favors of nominal value or casual entertainment that meet all standards of ethical business conduct, and involve no element of concealment.

B. Investment or Participation in other Cooperatives or Corporations

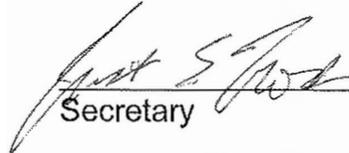
Directors and the General Manager are prohibited from acquiring or having financial interest in any property which Rolling Hills Electric Cooperative, Inc., acquires or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which Rolling Hills Electric Cooperative, Inc., does business. 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 Rolling Hills Electric Cooperative, Inc., and such a publicly owned company. Any other interest in or relationship with an outside organization or individual having business dealings with Rolling Hills Electric Cooperative, Inc., is prohibited if this interest or relationship might tend to impair the ability of a Director or the General Manager to serve the best interest of Rolling Hills Electric Cooperative, Inc.

V. RESPONSIBILITY

A. The Board President shall ensure the enforcement of this policy.

B. Each Director shall sign the form appended to this policy on an annual basis, stating that he/she has read the policy, understands it, and affirms that he/she has no undisclosed conflicts of interest.

C. Actions considered inconsistent with these policies are to be reported to the entire Board. Any such report shall be discussed at the next scheduled board meeting, where all sides of the issue will be heard. If a question remains, the cooperative attorney shall investigate the matter and report back to the Board of Directors.


Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: October 27, 2008

Revised: March 7, 2017



BELLEVILLE

ELLSWORTH

Addendum to Policy I-25
Conflict of Interest Certification and Disclosure Form

The undersigned member of the Board of Directors of Rolling Hills Electric Cooperative, Inc.:

1. Affirms that he/she has received, read, and understands the most current version of Rolling Hills Electric Cooperative, Inc.'s Conflict of Interest Policy ("Policy").
2. Agrees to comply with the Policy.
3. Based upon a good faith belief, to the best of the Director's knowledge, and except for the material facts disclosed below, certifies that the Director currently complies with the Policy.
4. Discloses the following material facts known to the Director regarding any actual or reasonably likely potential conflict of interest that could impact the Director's compliance with the Policy (if none, then so indicate):

5. Agrees to disclose to the Board as soon as reasonably possible any material facts that become known to the Director regarding any actual or likely potential conflict of interest that could impact the Director's compliance with the Policy.
6. Agrees that if, pursuant to the Policy, the Board determines that the director fails to comply with the Policy then, except as provided otherwise in the Policy, the Director may be removed from office in accordance with the Cooperatives Bylaws.

I, the undersigned, have received, read, understand, and support Rolling Hills Electric Cooperative, Inc.'s Board Policy on Conflict of Interest. By my signature below, I affirm that I do not have any undisclosed material conflicts of interest.

Signed: _____

Dated: _____



BELLEVILLE

ELLSWORTH

POLICY No. I-26

Identity Theft Prevention

PURPOSE:

To establish an Identity Theft Protection Program for the detection, prevention and mitigation of identity theft in connection with Rolling Hills Electric Cooperative's accounts.

OBJECTIVE:

- A. To protect the identity/financial data of our member owners and minimize the possibility of identify theft of consumer information.
- B. To provide a guide in complying with the Federal Trade Commission "Red Flags" Rule. The Federal Trade Commission defines "Red Flag" as: a pattern, practice or specific activity that indicates the possible existence of identity theft.

POLICY:

- A. As required by 16 CFR Part 1681, the Cooperative will have and maintain a written "Identity Theft Prevention Program" plan.
- B. The General Manager will be responsible for ongoing involvement in oversight, development, implementation and administration of the Identity Theft Prevention Program.
- C. Training for the employees will be provided as necessary.
- D. Oversight of third party providers will assure that they also comply with the program.
- E. Annually review the plan and update it periodically to reflect changes in risks to customers and to the safety and soundness of the Cooperative. An annual report will be made to the Board of Directors on compliance with the program and any incidents experienced for the year. The report will include:
 - a. The effectiveness of the policies and procedures in addressing the risk of identity theft.
 - b. Significant incidents that have occurred and managements' response.
 - c. Recommendations for changes to the program.
- F. As risk factors are discovered, such as identity theft, member information breach, etc., the policy will be revised to address any future risks.
- G. An investigation will be conducted when any of the following "Red Flags" are discovered.
 - a. Incidents of identity theft
 - b. Methods of identity theft that reflect identity theft risks
 - c. Alerts, notifications, or other warnings received from a consumer reporting agency or service provider.
 - d. The presentation of suspicious documents such as altered or forged.



MANKATO

BELLEVILLE

ELLSWORTH

- e. The presentation of suspicious personal identification information
 - f. The unusual use of an account.
 - g. Notice from consumers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft.
 - h. A fraud or active duty alert is included with a consumer report
 - i. A consumer reporting agency provides a notice of address discrepancy
 - j. Identification photo that does not match the person
 - k. Invalid social security number
 - l. Mail sent to a consumer is frequently returned.
- H. When signing up a new member or changing an address for an existing member, every effort should be made to verify the information given.
- I. Monitoring the security of consumer identity data must be an ongoing process. When a consumer's information has been jeopardized, the following procedure should be followed:
- a. Contact the consumer
 - b. Eliminate the breach of information (such as change passwords, etc.)
 - c. Notify law enforcement
 - d. Document event to be included in annual report.
- J. The General Manager will provide ongoing oversight of third party software providers and service providers that utilize consumer information to assure that consumer identity information is secure and utilized properly.
- K. Require all employees to sign an "Employee Confidentiality Certification" stating those employees will not disclose confidential information to any unauthorized persons.



Kevin Cromwell, Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: October 27, 2008



BELLEVILLE

ELLSWORTH

Rolling Hills Electric Cooperative, Inc.
Employee Confidentiality Certification

As an employee of Rolling Hills Electric Cooperative, Inc. (RHEC), I hereby certify that I understand I am likely to become privy to and/or gain access to certain confidential company, employee, and member information, included, but not limited to, disciplinary information, salaries, benefit information, social security numbers, etc. I covenant and agree, and promise to keep confidential and not to disclose any such confidential information to any unauthorized persons in the employ of RHEC. I further covenant and agree, and promise to keep confidential and not to disclose any such confidential information to any person not employed by RHEC unless required to by legal process or approved by my supervisor. Neither will I use any such confidential information in any manner outside my employment so long as I am employed by RHEC. I also understand that any violation of this confidentiality agreement may result in disciplinary action, up to and including termination of employment. I understand that I may be subjected to legal liability for such disclosure.

Signature

Date

Print Name



POLICY NO. I-27

BOARD POLICY ON OFFERS TO ACQUIRE ALL OR SUBSTANTIALLY ALL OF THE COOPERATIVE'S ASSETS

1. BOARD POLICIES AND PROCEDURES

- A. If an offer is received by the Cooperative and such offer is not a Qualifying Offer (as defined in Paragraph 1C. below), it shall be considered an "Inquiry." The recipient of any Inquiry shall notify the person, corporation, or other entity submitting the Inquiry, that, under the terms of this Policy, the Board of Trustees shall not consider an offer unless it qualifies as a Qualifying Offer, as defined in Paragraph 1 C.
- B. The Manager of the Cooperative shall notify the Board of any Inquiry or Qualifying Offer immediately upon notice thereof.
- C. The Board of Trustees shall consider only offers which meet all of the criteria listed in this Paragraph, in which case it shall be considered a Qualifying Offer. If at any time it is determined that an offer does not meet all of the criteria in this Paragraph, it shall be rejected by the Board, and the person, corporation, or other entity submitting the offer (the "Interested Party") shall be notified of the rejection. The Interested Party, however, shall be given an opportunity to submit additional information to meet these criteria within a reasonable period of time, not to exceed three (3) months.

- 1. A Qualifying Offer must be a written offer, containing the acquisition price and all other material terms, which is binding upon the Interested Party until a specified date or until rejected;
- 2. A Qualifying Offer must specify the date on which it will expire if not accepted by the Cooperative;
- 3. A Qualifying Offer must disclose the identity of the Interested Party and be executed by authorized representatives of the Interested Party;
- 4. A Qualifying Offer must contain the names, addresses, and telephone numbers of persons representing the Interested Party with whom the Board may communicate and from whom it may secure authoritative answers regarding the Qualifying Offer;
- 5. In light of the expense in responding to a Qualifying Offer, a Qualifying Offer must be accompanied with an Escrow Agreement acceptable to the Cooperative, which Agreement shall require the Interested Party to deposit an amount equal to at least 10% of Total Utility Plant in an escrow account. The terms of the Escrow Agreement shall provide that the principal amount of the deposit may be drawn on by the Cooperative to:
 - a. Pay for all costs (including accounting, engineering and legal) of studies, reviews, analyses and appraisals by and for the Cooperative in its evaluation of the Qualifying Offer; and
 - b. Pay costs incurred by the Cooperative in seeking regulatory approvals.

If the offer is withdrawn or rejected, any remaining balance in the escrow account shall be paid to the Interested Party when the Board certifies that all costs set forth in (a) and (b) of this section have been paid in full.

- 6. A Qualifying Offer must contain an agreement by the Interested Party not to issue press releases or discuss the Qualifying Offer with the media without prior written notification to the Cooperative, and to refrain from issuing misleading statements or advertising; and
- 7. A Qualifying Offer must contain an agreement to follow the provisions of K.S.A. 17-4626 and must not be in direct conflict with the terms of the Cooperative's Articles of Incorporation, Bylaws, this Policy, or any other applicable law or other policies.



- D. Upon a determination by the Board that it has received a Qualifying Offer, the Board shall:
1. Designate an individual from the Cooperative to receive all communications, including telephone calls and written communications, from the Interested Party, the members, and the media. This individual shall understand and follow this Policy, but not have authority to bind the Board or the Cooperative on any matter regarding the Qualifying Offer.
 2. Notify the Cooperative's members of the receipt of the Qualifying Offer. The Notice should include the following:
 - a. a summary of the Qualifying Offer;
 - b. a statement that the Board has taken the Qualifying Offer under advisement, as is required by the terms of this Board Policy;
 - c. a brief description of the procedures the Board shall follow in evaluating the Qualifying Offer;
 - d. a statement that the members may review a copy of the Qualifying Offer at the Cooperative's office during its regular business hours; and
 - e. the name of the person whom the members may contact with questions regarding the Qualifying Offer.
 3. Send a copy of the Qualifying Offer to its attorney.
 4. Send a copy of the Qualifying Offer to the G&T Cooperative of which it is a member and request a statement as to the effects of the Qualifying Offer upon the Cooperative's Wholesale Power Contract.
 5. Send a copy of the Qualifying Offer to such other persons, if any, required by the First Refusal Agreement dated as of _____ ("First Refusal Agreement") or by state law.
 6. Send a copy of the Qualifying Offer to the Rural Utilities Service ("RUS") and any other lenders and request a statement as to the effects of the Qualifying Offer upon the Cooperative's Mortgage and Loan Agreement or other instruments relating to the Cooperative's outstanding debt.
 7. Obtain at least two (2) independent appraisals concerning the value of the Cooperative and its assets. The appraisal should use commonly accepted valuation methods.
 8. Obtain a comparison of the Cooperative's and the Interested Party's present and reasonably foreseeable future rates fees and charges, including service extension requirements; other service rules and regulations; adequacy and reliability of service; and any other considerations relevant to the provision of electric service.
 9. Request detailed information from the Interested Party, such as annual reports, tax returns, and form 10-K filings dating back at least five (5) years; full copies of all relevant audits; internal planning documents, employee policy manuals and union contracts; a current stockholder list; a list of all pending court and administrative proceedings; and any relevant operations manuals, engineering studies, construction plans, and environmental impact statements.
 10. Request the Interested Party to submit an expert opinion on the potential tax liabilities of the transaction to the Cooperative and the members.
 11. Undertake any other investigations, studies, or comparisons which the Board considers relevant to its evaluation of the Qualifying Offer.
 12. Evaluate the Qualifying Offer in accordance with the terms of this Policy, considering the evaluation criteria set forth in Paragraph II, below, and any other criteria which the Board deems relevant.
- E. After evaluation, if the Board determines that the Qualifying Offer should be rejected, it shall notify the Interested Party and the Cooperative's members of the reasons for the rejection. The Board shall also notify its attorney, its G&T cooperative, the other parties to the First Refusal Agreement, RUS, and any other lenders of the Board's decision.



- F. If, after evaluation, a two-thirds (2/3) majority of the Board¹ determines that the sale, lease, merger, or other acquisition proposed by the Qualifying Offer is in the best interest of the Cooperative and its members, the Board shall notify the Interested Party of its intent to further pursue the transaction, subject to written agreement by the Interested Party to the following terms and conditions:
1. That the Cooperative is released from or otherwise satisfies its Wholesale Power Contract;
 2. That any adverse tax impacts upon the Cooperative as an entity and its present and former members will be minimized to the extent practicable;
 3. That all existing employees of the Cooperative are offered continued employment for at least three (3) years upon terms at least equal to those enjoyed by the Cooperative's employees at the time the Qualifying Offer was submitted to the Board. The terms to be considered shall include wages, salaries, severance benefits, insurance and pension benefits, fringe benefits, rank and job title, union membership, place of employment and residence;
 4. That the Interested Party will indemnify and hold harmless any employees, Trustees, officers, agents, servants, attorneys, accountants, consultants, representatives, affiliates, subsidiaries, and insurers of and all others acting in privity with the Cooperative for any actions taken in connection with the Qualifying Offer;
 5. That the total consideration for the acquisition will be paid directly to the Cooperative or its account; provided however, that a Qualifying Offer of merger may provide for acquisition of stock by the Cooperative's members in exchange for their capital credits and membership; and
 6. That the transaction will become void if all regulatory and contractual approvals are not obtained within a reasonable time after member approval under the provisions of K.S.A. 17-4626.
- G. After the Board has received the Interested Party's written agreement to the terms and conditions in Paragraph I(F), the Board shall submit a "Notice of Opportunity to Exercise Refusal" (as that term is defined in the First Refusal Agreement) to those parties having such rights thereunder. Once the Notice of Opportunity to Exercise Refusal has been submitted, the Board shall not permit the Interested Party to change any material terms in either its Qualifying Offer or its written agreement to the terms and conditions in Paragraph I(F).
- H. If a party to the First Refusal Agreement exercises its rights thereunder (the "First Refusal Offer"), the Board shall proceed with a vote of the members on the First Refusal Offer pursuant to Paragraphs I through K, below. The Board shall only proceed under Paragraphs I through K, below, on a Qualifying Offer if no party to the First Refusal Agreement has exercised its rights thereunder, or if the Cooperative's members have rejected the First Refusal Offer.
- I. Before submitting the Qualifying Offer or the First Refusal Offer to a vote of the members, the Board shall notify its attorney, its G&T cooperative, RUS, and any other lenders of the Board's intention to submit it to a vote of the members.
- J. Once the above procedures have been followed, the Board shall notify the members in writing of its intent to submit the Qualifying Offer or the First Refusal Offer to the membership for a vote. The notice shall include a summary of the final terms and conditions of the Qualifying Offer or the First Refusal Offer. A membership meeting shall be called for the purpose of voting on the Qualifying Offer or the First Refusal Offer. The meeting shall be called pursuant to the Cooperative's Articles of Incorporation, Bylaws, the provisions of K.S.A. 17-4626 and any other applicable laws and regulations.
- K. Any meeting of the members to vote to accept the Qualifying Offer or the First Refusal Offer shall be conducted according to Robert's Rules of Parliamentary Procedure, or any other generally accepted rules of parliamentary procedure, and the Board of Trustees shall designate a person with expertise in such matters to chair the meeting.
- L. If the members vote to accept the Qualifying Offer or the First Refusal Offer, the Board shall take all actions necessary to finalize the transaction and, if necessary, dissolve and wind up the business of the cooperative; provided, however, that it shall be the responsibility of the Interested Party to obtain all necessary regulatory and contractual approvals. Unless such approvals are obtained within a reasonable time, the transaction shall be deemed to be null and void.
- M. If at any time a Qualifying Offer is rejected, whether by the Board or by the members, or if a Qualifying Offer is withdrawn by the Interested Party, any further such Qualifying offer by the interested party or any of its

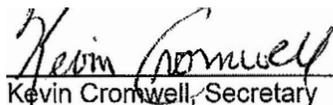


affiliates or subsidiaries within two (2) years after the date of rejection shall be rejected by the Board unless it materially differs from the withdrawn or rejected Qualifying Offer.

II. EVALUATION CRITERIA

As provided in Paragraph I (D)(12), above, the Board may consider any criteria which the Board deems relevant in its evaluation of a Qualifying offer. To the extent practicable, and so long as not inconsistent with the best interests of the members, the Board shall consider each of the following criteria:

- A. Whether the Qualifying Offer is in the best interest of the Cooperative's present and future members. In determining whether the Offer is in the members' best interest, the Board should consider both economic and non-economic matters, both at the present time and for the reasonably foreseeable future.
- B. The results of the independent appraisals concerning the fair value of the Cooperative. Although the Board shall consider all such information and opinions, it shall have the final responsibility to make the Cooperative's official determination of value and whether acceptance of the Qualifying Offer is in the best interests of the Cooperative and its members.
- C. Whether the Qualifying Offer is in compliance with all applicable laws, regulations, and requirements of the Cooperative's Articles of Incorporation, Bylaws, and policies.
- D. Whether the Qualifying offer complies with all requirements of the Cooperative's mortgage and loan documents.
- E. Whether the Qualifying Offer is in compliance, or would allow the Cooperative to comply, with all contractual obligations with other parties.
- F. Whether rates, fees, and other charges, and service rules and regulations of the Interested Party will be at least equivalent to, or better than, those of the Cooperative, both at the time of the Qualifying Offer and for the reasonably foreseeable future, for a minimum of five (5) years. In evaluating rates, the Cooperative's capital credit system shall be taken into account. In addition, the Board should consider how the members' rates may be impacted in the future by the cost of the acquisition.
- G. Whether the Interested Party's electric service would be at least as reliable as that provided by the Cooperative at the time of the Qualifying Offer and as projected into the reasonably foreseeable future.
- H. Whether other service functions affecting the members would be at least as good as those afforded by the Cooperative.
- I. Whether the Interested Party is financially able to consummate the Qualifying Offer. The Board should also consider the source and feasibility of the proposed financing.


Kevin Cromwell, Secretary

APPROVED BY THE BOARD OF TRUSTEES
Date: April 26, 2011

BOARD RESOLUTION

WHEREAS, Rolling Hills Electric Cooperative, Inc. (the "Cooperative") was created, and for more than 72 years has served, to bring electric service to homes, businesses, farms, and ranches in areas where service was not otherwise available;

WHEREAS, the Cooperative was organized to provide its members with adequate and reliable electric service, to assist its members in the efficient and economical use of energy;

WHEREAS, the Cooperative is also a vital part of the community which it serves, and as such, has concerns that include the interests of the community;

WHEREAS, the Cooperative is operated as a non-profit corporation, whereby all revenues in excess of the Cooperative's expenses are allocated to its members on a patronage basis as capital credited to the members accounts, and those capital credits are retired to the members in accordance with state law and the Articles of Incorporation and Bylaws of the Cooperative;

WHEREAS, the Cooperative is one of 19 distribution cooperative members of Kansas Electric Power Cooperative, Inc. (KEPCo), a generation and transmission electric cooperative (collectively, the "Affiliated Cooperatives"); and

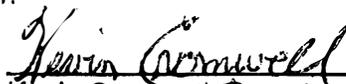
WHEREAS, the Cooperative is part of a closely related, interdependent cooperative system, and the effects of an action taken by one Affiliated Cooperative may materially affect the operations and viability of the other Affiliated Cooperatives.

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of this Cooperative, having reviewed the current status of the Cooperative and its benefits to its members, hereby determines that until the Board of Trustees determines otherwise, the Cooperative is not for sale; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby determines that until further notice, any employee of the cooperative who is presented with any inquiry regarding the sale, lease, merger, or other form of acquisition of the Cooperative shall immediately respond to the inquiry by stating that the Board of Trustees has determined that the Cooperative is presently not for sale, and that the employee shall promptly notify the General Manager who shall in turn notify the Board of Trustees of any such inquiry; and,

BE IT FURTHER RESOLVED, that the Board of Trustees shall treat any proposal under which a party other than an Affiliated Cooperative seeks to acquire all or substantially all of the Cooperative's property as a proposed disposition of property and any consideration by the membership proposed by the Board of Trustees shall be conducted under the provisions of K.S.A. 17-4626.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Rolling Hills Electric Cooperative, Inc. this 26th day of April, 2011.



Kevin Cromwell, Secretary

(SEAL)



BELLEVILLE

ELLSWORTH

Policy No. I-28

SUBJECT: EXECUTIVE SESSIONS

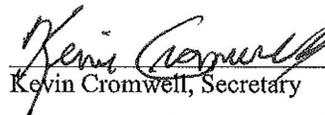
In accordance with Bylaw Section 2.03 the Board of Trustees recognizes that certain matters may require an executive session to protect the interest of the Cooperative and its personnel. The matters and reasons for which the Board may go into executive session include:

1. Personnel matters to protect the interest of an identifiable individual or individuals.
2. Consultation with an attorney to protect the attorney-client privilege and relationship.
3. Matters relating to employee salaries, benefits and employer-employee negotiations to protect the privacy interests of the employer, employee or both.
4. Confidential data relating to financial affairs or trade secrets of the Cooperative, an individual or entity.
5. Preliminary discussions relating to the acquisition or disposition of real estate to protect the Cooperatives interest in the negotiating process.
6. Preliminary discussions relating to contract negotiations, terms and discussions when, the Board determines, it is in the interest of the Cooperative that negotiations, terms, cost and other contract or preliminary matters should not be disclosed for the reason that they might affect the negotiations, price, a competitive bidding process or contract terms.
7. Matters relating to security measures, including, (1) security of the Cooperatives property; (2) systems, facilities or equipment used in the production, transmission or distribution of energy, and (3) the Cooperative computer, data base and information systems.
8. Matters which might be the basis of or for a liability claim against the Cooperative.
9. When the Board determines it is in the best interest of the Cooperative to discuss sensitive items or information in executive session; or the Board determines to meet for the good of the order and the Cooperative in executive session with only Board members present.

If the Board of Trustees desires to enter into an executive session, a motion to go into executive session must be made, seconded and passed by majority vote. A general statement of the reason for the executive session, sufficient to identify the purpose for the executive session will be contained in the motion. The motion must state when the open meeting will reconvene and may state who the Board desires to be in attendance. The Board, as it desires, may call other individuals or groups into the meeting.

No binding action will be taken while the Board is in executive session.

It is the desire of the Board to protect its interest in the privacy of the matters discussed in executive session. Specific items discussed in executive session will not be discussed outside of the executive session: except, (1) with those persons who were in attendance, and then only to the extent of the items discussed when those persons were in attendance, and (2) by court order or subpoena. The Board is encouraged to remember that executive sessions are generally for the benefit and protection of the Cooperative, its members and employees.


Kevin Cromwell, Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: ~~January 14, 2015~~
October 27, 2015



Policy No. I-29

Subject: Election of Trustees Pursuant to Bylaw 4.04

Purpose: To establish a policy interpreting Bylaw Section 4.04 with regard to Trustee term limits in the circumstances set forth in this policy.

Policy: 1. Bylaw Section 4.04 sets limits on successive terms that may be served by a Trustee of the Cooperative. The portion of the Bylaw subject to this policy reads:

A Trustee may serve no more than four (4) successive three-year terms, provided that he or she is duly nominated by the nominating committee, or otherwise placed on the ballot as permitted by the Bylaws of the organization, and re-elected by the Members at the conclusion of each successive term. Current Trustees who have exceeded these limits of service will not be eligible for re-election to the Board of Trustees after their current term expires.

Bylaw Section 4.04 does not place a limit on the total number of terms or years a Trustee may serve the Cooperative. Likewise, it does not prohibit a Trustee who is Timed Off from later running for election or being appointed to the Board of Trustees.

2. Definitions:

Break in Service, means not holding a Board of Trustee position with the Cooperative, after being Timed Off, to the date of the next Trustee election.

Successive, means consecutive, following in order, following one after another in a line or series.

Successive Term, for purposes of this Policy is defined as a three year term of service, as a member of the Board of Trustees that immediately follows in order and is consecutive to a Trustee's just completed board member term, for the Trustee member Position occupied by that Trustee.

Timed Off, means a Trustee has served four (4) or more successive three-year terms.

3. A Trustee who is Timed Off may not hold his or her former Trustee Position until the successive 3 year term for that position has expired.

Example – Election to Position 2. A Trustee who occupies Position 2 and is Timed Off, may not hold or be appointed to Trustee Position 2 until the successive 3 year term for Position 2 has expired. The Timed Off Trustee may however, run for election to Position 2 at the next election for that Position; or be appointed to Position 2, after the next election, since taking office in those circumstances would not constitute occupying Position 2 for a Successive Term.

4. A Trustee who is Timed Off, and then has a Break in Service, may run for and be elected or appointed to a different Trustee Position.

Example 1 – Election or Appointment to another Position. A Trustee who occupies Position 2 and is Timed Off, may after a Break in Service, run for election, or be appointed to a Trustee Position, other than Position 2.

5. In District 2, Trustee Position 1 and Position 4 are deemed to be concurrent, that is to run at the same time. Running for election, to Position 4 by a Trustee who is Timed Off from service in Position 1 or vice versa, is prohibited. The Timed Off Trustees' may however, run for election to Position 1 or 4 at the next election for those Positions; or be appointed to his or her former Position 1 or 4, after the next election, since taking office in those circumstances would not constitute occupying Position 1 or 4 for a Successive Term.



BELLEVILLE

ELLSWORTH

Example 1 – Election to Position 1 or 4. A Trustee who occupies Trustee Position 1 or 4 in District 2 and is Timed Off, may not be elected to either Trustee Position 1 or 4 until the successive 3 year term for Positions 1 and 2 has expired. The former Position 1 and 4 Trustees' may however, run for election to either Position at the next election since the 3 year term for that position is not successive to the term from which the former Trustee was Timed Off.

Example 2 – Election or Appointment to another Position. A Trustee who in District 2 occupies Position 1 or Position 4 and is Timed Off, may after a Break in Service run for election, or be appointed to a Trustee Position other than Position 1 or 4.

Responsibility: Board of Trustees with information from the Manager.



Kevin Cromwell, Secretary

APPROVED BY THE BOARD OF TRUSTEES
Date: October 27, 2015



BELLEVILLE

ELLSWORTH

POLICY NO. 1-30

SUBJECT: RECORDS MANAGEMENT

I. OBJECTIVE

The Board of Directors of Rolling Hills Electric Cooperative, Inc., has the responsibility to oversee the cooperative and ensure that it complies with applicable laws and regulations, including laws and regulations concerning records retention.

II. POLICY

The Board of Directors hereby requires the General Manager to oversee the development of a records retention policy for the Cooperative that provides for retention of all records created by or for the Cooperative, whether paper or electronic, that are necessary or advisable to retain for: business operations accounting, audit, tax, and financial purposes; compliance with applicable law; possible future use in litigation involving the Cooperative; and possible future use in an official proceeding or governmental investigation or other matter. Such policy shall also provide that other records that are not necessary to retain for these reasons shall be destroyed in accordance with the guidelines set forth in the Cooperative's operational records retention policy.

III. EXPECTATIONS

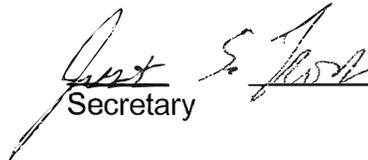
- A. The Board of Directors shall receive a report from the General Manager at such time as the record retention policy has been drafted, reviewed by legal counsel, and implemented.
- B. Thereafter, the Board of Directors shall receive regular reports on the application of the records retention policy of the cooperative.

IV. LIMITATIONS

There are no limitations on the Board's monitoring responsibilities with regard to this policy.

V. RESPONSIBILITY

The General Manager and President of the Board shall jointly ensure that this policy is implemented.


Secretary

APPROVED BY THE BOARD OF TRUSTEES
Date: March 7, 2017



POLICY NO. I-31

SUBJECT: Code of Ethics

Introduction

Since its creation in 2002, the employees and Directors of Rolling Hills Electric Cooperative have had a consistent history of fair, honest, and ethical conduct for all activities conducted on behalf of the Cooperative or in the community. This Code of Ethics is intended to be a constant reminder of that tradition, and a statement of how we will continue to conduct ourselves on a daily basis. It identifies our values and the procedures that will be followed to ensure that these values are upheld. All employees and Directors are expected to know and understand the standards and expectations that it expresses.

The Code of Conduct is not exhaustive. It provides guidance to employees and Directors in how they are expected to carry out their duties. Because the Code cannot address every possible situation, employees and Directors are expected to use good judgment and raise questions when in doubt. Employees should seek guidance from their supervisors or managers if they feel that any situation is not fully and clearly covered by the Code. In the event employees believe the guidance they received from their supervisor or manager is not proper then they should bring their concern to the President of the Board, and thereafter to the Board of Directors if the President's guidance is not believed to be proper. Directors are expected to consult with the President of the Board, or the entire Board, if in doubt about the standards that apply in any situation.

The Board and management of Rolling Hills Electric Cooperative, Inc., believe that ethical standards are achieved, not just through the publication and dissemination of this document, but through open and ongoing discussion about ethical issues related to the business and activities of the Cooperative. Further, this open-door climate is achieved only when employees and Directors understand that they can openly raise questions and concerns without fear of retaliation.

Standards of Conduct

Employees and Directors are expected to uphold the values of the Cooperative and are required to report any situation where the individual reasonably suspects that any activity may be in violation of the law, Board policies on standards of conduct, or this Code. Standards of conduct include:

- Employees and Directors are expected to deal honestly and fairly with consumers, suppliers, and others having dealings with the Cooperative.
- Employees and Directors are prohibited from offering bribes, kickbacks, or other forms of improper payments, direct or indirect, to any representative of government, a labor union, customer, or supplier to obtain a contract or other commercial benefit or government action.
- Employees and Directors are prohibited from giving or receiving bribes, kickbacks, or improper payments from anyone. They are prohibited from receiving gifts or favors of more than nominal value from consumers or suppliers. If in doubt, the party is expected to ask if the proposed gift or favor is of more than "nominal value" or decline acceptance of the gift or favor.
- Employees and Directors are expected to limit their reimbursable expenses to those that are necessary, prudent, and business related.



- Employees and Directors are prohibited from taking unfair advantage of consumers, supplies, or other third parties through manipulation, concealment, abuse of privileged information, or any other unfair-dealing practice.

Conflicts of Interest

A conflict of interest exists when any Director or employee is called upon to make or is involved in any decision where the employee or Director or any friend or relative of the employee or Director has any interest that would be affected by that decision.

- Employees and Directors must not seek any personal benefit through any arrangement with vendors, suppliers, or other parties that have a business relationship with the Cooperative.
- In any situation where it may be reasonably perceived that there is a conflict of interest, the employee is required to report that potential conflict of interest to the employee's supervisor and the General Manager and a Director to the President of the Board or the Board as a whole.
- Employees or Directors may not have a financial interest, such as significant stock ownership, in and entity with which the Cooperative does business which might create or give the appearance of a conflict of interest.
- In addition to these general standards on conflicts of interest, Directors shall follow the Board policy on dealing with potential conflicts of interest.

Confidentiality of Information

Employees and Directors are frequently entrusted with confidential information. This may include technical or financial information about current or future projects, business plans, personnel information, consumer lists, and other information that, if disclosed, might be of use to competitors or potentially harmful to suppliers, consumers, or employees. This information is the property of Rolling Hills Electric Cooperative, Inc.

Employees and Directors shall:

- Not discuss confidential information with or in the presence of unauthorized persons, including family members and friends.
- Use confidential information only for the Cooperative's legitimate business purposes, and not for personal gain.
- Not disclose confidential information to third parties unless such disclosure is necessary for business purposes, or is otherwise required, and only when appropriate safeguards are put in place.
- Not use Cooperative information or other property or resources for any personal gain or for the gain of anyone else.

Member Communications

Members own the Cooperative. In communicating with members, Rolling Hills Electric Cooperative, Inc., shall:

- Work to help members informed about their Cooperative.
- Provide information that is accurate and understandable.
- Not make false or misleading statements.



BELLEVILLE

MANKATO

ELLSWORTH

Financial Reporting and Record-Keeping

Rolling Hills Electric Cooperative, Inc., shall:

- Follow generally accepted accounting principles for Kansas Electric Cooperatives as recommended by its independent auditors.
- Maintain a system of internal accounting controls that will provide reasonable assurances that all transactions are properly recorded and that material information is available to management when required.
- Maintain books and records that accurately and fairly reflect the Cooperative's financial health.
- Maintain a system that ensures Cooperative records and documents are properly retained and secured.
- Conduct an annual financial audit to provide an independent, objective review of financial reports and identify any risks associated with the system of internal controls.

A handwritten signature in black ink, appearing to read "Miss C. [unclear]", is written over a horizontal line. Below the signature, the word "Secretary" is printed in a serif font.

APPROVED BY THE BOARD OF TRUSTEE

Date: March 7, 2017



POLICY NO. I-32

SUBJECT: WHISTLE-BLOWER POLICY

I. OBJECTIVE

To ensure that the Cooperative maintains an effective Whistleblower Policy that encourages and provides a procedure for employees to raise concerns regarding the possible commission of unlawful or unethical behavior within the Cooperative, and one that provides protection from retaliation against the whistleblower.

II. POLICY

The Rolling Hills Electric Cooperative, Inc., Code of Ethics ("Code") requires Directors and Employees to observe high standards of business and personal ethics in the conducts of their duties and responsibilities. Each employee and director has an obligation to report in accordance with this policy: (a) questionable or improper accounting or auditing matters, (b) suspected illegal conduct, and (c) violations and suspected violations of the Code (collectively "Concerns") so that prompt investigation and any appropriate actions can be taken.

III. EXPECTATIONS

C. No Retaliation

No Employee or Director who, in good faith, reports a Concern, shall be subject to retaliation or adverse reemployment consequences. Any employee who retaliates against someone who has made a good faith report about a Concern is subject to discipline up to and including termination of employment.

1. Handling of Reported Violations

In most cases, employees should first discuss their Concern with their immediate supervisor. If, after speaking with his or her supervisor, the individual continues to have reasonable grounds to believe the Concern is valid and the supervisor is not responsive, the individual should then report the Concern to the General Manager. If the individual is uncomfortable speaking with the General Manager for any reason, or the General Manager is a subject of the Concern, the individual should report his/her Concern directly to the President of the Board or the attorney for the Cooperative. The General Manager, President of the Board and the attorney for the Cooperative, shall report all Concerns to the Board as a whole in executive session for the Board's consideration.

IV. LIMITATIONS

A. Handling of Reported Violations/Investigation



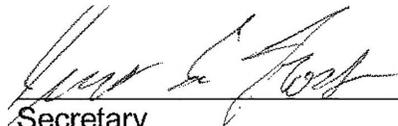
1. All Concerns will be dealt with promptly and treated confidentially to the extent possible, consistent with the Cooperative's need to adequately investigate the Concern. Following a preliminary assessment, if, in the opinion of the General Manager, or if the Concern is with the General Manager, then in the opinion of the President of the Board and/or the Cooperative's attorney the Concern warrants further investigation, the Cooperative attorney, or other individual designated by the Board, will be responsible for investigating the Concern and reporting the results of the investigation to the General Manager; or if the General Manager is the subject of Concern, then the report will be made to the Board President, and then to the Board as a whole in executive session.
2. If the investigation indicates that there has been or likely has been a violation of accounting standards, illegal activity, or violation of the Code, then appropriate corrective action will be taken. In addition, the action taken will include a conclusion and/or follow-up with the complainant for closure of the Concern.
3. All employees are obligated to cooperate in the investigation of Concerns, which may include the review of documents and personal interviews, and employees must not discuss such investigations with anyone.

B. Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing that the information disclosed indicates an improper accounting or auditing practice, illegal activity, or a violation of the Code. The act of making allegations maliciously or known to be false will be viewed as a serious disciplinary offense.

V. RESPONSIBILITY

4. The General Manager and President of the Board shall jointly ensure that this policy is implemented.


Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: March 7, 2017



POLICY NO. I-33

SUBJECT: WEBSITE POLICY

PURPOSE:

To establish a process to protect our member's information and general public information while using the Cooperative's website.

OBJECTIVE:

- A. To protect the identity/financial data of our member owners and minimize the possibility of identify theft of consumer information.
- B. To protect the general public that may use the Cooperative's website to seek information.

POLICY

Rolling Hills Electric Cooperative, Inc., does not collect personal information about you such as; your name, telephone number, e-mail address unless you voluntarily submit this information to us by e-mail or other means. Rolling Hills Electric Cooperative, Inc., treats all personal information submitted through our Website as confidential and does not sell or disclose such information to any third parties.

When you visit our Website, Rolling Hills Electric Cooperative, Inc., automatically collects non-identifying information such as; type of browser, IP address, computer operating system, the domain name of Website, which you linked to us. Rolling Hills Electric Cooperative, Inc., may store information on your hard drive as a "cookie", or similar type of file, which we may use internally to help us enhance the efficiency and usefulness of the Website. If you object to this, please consult your Browser documentation for information on erasing or blocking "cookies".

If you use the Rolling Hills Electric Cooperative, Inc., Website to send Rolling Hills Electric Cooperative, Inc., an e-mail, ask for information, subscribe to the newsletter, or if you provide personal information in any other way, Rolling Hills Electric Cooperative, Inc., may maintain the information you provide. Your information may be shared among Rolling Hills Electric Cooperative, Inc., support services as necessary to respond to your request. This information will be used in the same manner as though it was collected in other ways.

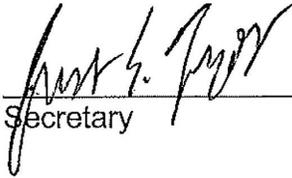
Rolling Hills Electric Cooperative, Inc. may interact with registered users of various social media platforms, including Facebook® and Twitter®. Please note that any content you post to such social media platforms (e.g., pictures, information or opinions), as well as any personal information that you otherwise make available to users (e.g., your profile), is subject to the applicable social media platform's terms of use and privacy policies. We recommend that you review this information carefully in order to better understand your rights and obligations with regard to such content.



Rolling Hills Electric Cooperative, Inc., makes use of sound security measures to protect the personal information you submit to us once it is received.

RESPONSIBILITY

The General Manager shall ensure that this policy is implemented.


Secretary

APPROVED BY THE BOARD OF TRUSTEES

Date: August 29, 2017



Policy I-34

SUBJECT: General Manager Search and Selection Policy

BACKGROUND

There are two types of General Manager transitions. Although they share some key elements, they differ in the challenges in how they are implemented and presented to the Rolling Hills Electric Board of Trustees. One is the planned transition in which the General Manager notifies the Board of their intent to leave enough in advance to allow the Board and the organization to prepare. The second is a sudden departure, whether by sudden change in circumstances, illness, death, or termination by the Board.

In either case, the Board has the responsibility to undertake a carefully planned search and selection process when the position of the General Manager is vacant. The responsibility of choosing the General Manager has the single greatest impact on the organization's development and effectiveness.

OBJECTIVE:

The purpose of this policy is to establish, in advance, a sound approach that the Board can follow in searching for and selecting the most qualified person available for the position of General Manager when a vacancy is anticipated and to ensure that this is done on a planned systematic basis. However, this policy does not guarantee or ensure the selection of a successful General Manager, this policy does try to mitigate potential risks.

POLICY

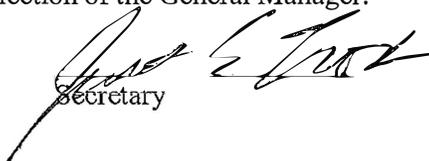
1. In the event that permanent change in the General Manager position is required, the President of the Board shall take responsibility for ensuring that all elements of the policy are followed.
2. The President will be responsible and seek the advice of Corporate Counsel for ensuring absolute confidentiality of all elements of the process, noting that every meeting, discussion, written document and observation are confidential and privileged information available only to the Board and those designated by the Board to be involved or have access to such information.
3. The Board shall review the Strategic Plan, General Manager Job Description, delegation of authority in Board policy, current and expected business and regulatory environment and any other pertinent documentation or information for the purpose of prioritizing critical skills or qualifications a candidate should possess to successfully fill the position of General Manager. Based upon this review, the Board shall develop and consider a Statement of Qualifications. The Statement of Qualifications will ensure agreement on the duties and qualities of the next General Manager.
4. The Board shall engage a professional consultant to advise and assist them in developing a detailed scope of work for the General Manager Search and selection team. This selection team will receive and screen all applications and provide assistance to the Board in their evaluation of applications and interviewing of applicants. All applications will be reviewed against the Statement of Qualifications and delegation of authority in Board policy.



5. The Board will establish the compensation range and benefits package to be communicated to potential candidates.
6. Persons currently employed by the Cooperative, whom meet the qualification guidelines, will be eligible to express interest in the position of General Manager. Such internal candidates shall be considered along with external candidates.
7. All applicants will be processed through the search consultant, as agreed upon by the Board through advertising and/or by the search consultant seeking out qualified individuals.
8. After the search consultant screens the applications against the Statement of Qualifications and policy, thoroughly checks references, work experiences, etc., the most qualified applicants will be referred to the Board.
9. The Board will meet with the search consultant to review the applications and after systematically evaluating the applications, determine those applicants to be interviewed.
10. The final candidate(s) shall then be interviewed by the full Board and a selection of the new General Manager shall be made.
11. Upon receiving Board approval of a specific candidate and any other necessary approval, the President shall formalize and extend an offer of employment to the selected candidate consistent with sound business practice and subject to any prior limitations established by the Board.
12. The President shall develop and coordinate any orientation deemed necessary for the new General Manager.

RESPONSIBILITY

- A. The President of the Board of Trustees shall see that this policy is followed.
- B. The Board is responsible for the final selection of the General Manager.


Secretary

APPROVED BY THE BOARD OF TRUSTEES
Date: April 23, 2018



GENERAL MANAGER SUCCESSION PLAN

The Board of Trustees of Rolling Hills Electric Cooperative recognizes that succession planning is critical to the future success of the organization and to provide for continuity of executive leadership and to avoid an extended leadership vacancy. The Board further recognizes its responsibility to adopt and utilize a plan that is objective rather than subjective as to how the Board will approach replacing the Cooperative's General Manager. This plan outlines action steps that the Board has previously decided on and will consistently use to recruit and/or develop a new General Manager in the event of a planned or unplanned vacancy of the current General Manager.

This plan is intended to compliment and fulfill the objectives and expectations contained in the Cooperative's *General Manager Search and Selection Policy*. The plan has been reviewed and adopted by the full Board of Directors.

Key actions and questions to be addressed in carrying out the Succession Planning Process:

- Review of the Cooperative's Bylaws, Vision, Purpose, Values, Mission Statement and Strategic Plan.
 - Identify the issues, priorities, and goals that a new General Manager will be expected to address.

- Identify competencies, skills, experience and compensation needed to lead the Cooperative.
 - What core competencies and skills are required over the next 10 years?
 - What are the values and needs that are unique to the Cooperative?
 - Is prior experience as a General Manager required? If so, what is the minimum number of years of experience preferred?
 - Is the current General Manager job description adequate?
 - Is the current salary and benefit package adequate and competitive?
 - Does the Cooperative currently have personnel developed and nurtured in key leadership positions who are capable and willing to fill the vacancy?

- Protocols and actions to be taken for planned and unplanned vacancy of the General Manager are as follows:

PLANNED VACANCY

- Determine the current General Manager's planned departure date.
- The full Board is charged with:
 - Implementing this plan, selecting an Executive Search Firm to help with identifying, soliciting, and screening potential General Manager candidates for interviews with the Board.
 - Overseeing the new General Manager recruitment, interview, selection and transition timeline process based on the current General Manager's planned departure date.
 - Determining the limited role, if any, the current General Manager will contribute to the process.
 - Determining the amount of resources that need to be budgeted for implementing the succession plan and search.

UNPLANNED VACANCY

- The Board will refer to and review the Cooperative's delegation of authority from and relationship between the Board of Trustees and the General Manager outlined in Board Policies.
- The Board President will convene a Special Board Meeting to take action to affirm the Acting General Manager named as a temporary action.
- The Board President will convene a meeting with all employees to report on the Board's action and plans for naming a permanent successor
- The Board President will cause communications from the Cooperative to be dispatched to all members and the media immediately after the "Special Board Meeting" and report on the Board's action confirming an "Acting General Manager": and the process and timeline for identifying a permanent new General Manager.
- The Board will retain the services of an Executive Search Firm. (Potential search firms used in the Cooperative family are NRECA Executive Search and Langley & Associates Executive Search, Inc.)

The Plan Fundamentals:

A. Planned Resignation/Retirement

Step 1. Within two years to 18 months of the anticipated departure of the current General Manager, the Board will defer to its adopted "plan" and review the following and update and/or revise if necessary to reflect the Cooperative's anticipated needs/changes in the next five years. This will include a review of:

- a. The Cooperative's Articles of Incorporation and Bylaws.
- b. The Cooperative's Vision, Purpose, Values, Mission Statement and Strategic Plan.
- c. The Policies on General Manager Search & Selection Policy and Policy delegation to the General Manager.
- d. The current job description for the General Manager
- e. The General Manager Competencies, Skills Requirements and Compensation Package.

Step 2. At least nine months prior to the planned departure of the General Manager, the Board, in consultation with its selected Executive Search Firm, will need to determine:

- a. The criteria (competencies, skills, qualities and experience requirements of candidates);
- b. The number of candidates to be interviewed (typically 2 to 5);
- c. The expenses that candidates will be reimbursed as part of the screening/interview process;
- d. Any relocation expenses that the Cooperative will provide the candidate selected for the position;
- e. The terms and conditions of employment (transition timeline, probation period, year-to-year or multi-year contract if any).

Note: The Executive Search Firm should:

- a. Determine, with input from the current General Manager, if the Cooperative has any internal individual(s) who has demonstrated the competencies, skills, and characteristics required for the General Manager position and is willing and capable to fill the position. Such determination should include information from a review “peer review” group from like-systems, including, but not limited to interviewing out-side references and conducting a background check.
- b. Compare any potential internal candidate(s) against a current listing of known external potential candidates seeking a position as General Manager from a cooperative of at least similar size to their co-op who has familiarity with assessing issues impacting the co-op’s future.
- c. Based on the Executive Search Firm’s review and analysis of the above, it will make a recommendation to the Board of Trustees as to whether or not to advance an internal candidate to be interviewed for the position of General Manager.

Step 3. At least three months in advance of the planned departure of the General Manager, the Board will interview candidates and shall determine via a vote of the Board on the candidate to be offered the position of General Manager. (NOTE: Such vote and offer should be maintained in confidence until the candidate confirms acceptance of the Board’s offer. In the event the candidate does not accept the offer, the Board may proceed to make the offer to other previously interviewed candidates.)

Step 4. The Executive Search Consultant, authorized by the Board President should communicate with the Board selected candidate immediately after the Board has made its decision and offer him/her the position (within 24 hours).

Step 5. Immediately upon the candidate’s agreeing to accept and assume the position of General Manager, the Executive Search Firm should communicate the Board’s decision to the other candidate(s) interviewed by the Board.

Step 6. Within 48 hours of the Board’s selection of the new General Manager and their acceptance of the Board’s offer of the position, the Board President, along with the current General Manager should:

- a. Meet with all Cooperative employees to announce and affirm the named General Manager designate and the date he/she will assume the position.
- b. Cause communications announcing the hiring of a new General Manager and the date he/she will assume the position to the membership, the media within the Cooperative’s service territory and to all others with which the Cooperative has business relationships.

Step 7. At least 30 days prior to the General Manager designate assuming the position, the Board President, along with the departing General Manager, shall:

- a. Provide for a Board orientation;
- b. Introduce the General Manager designate to Cooperative employees;
- c. Provide for a tour of the Cooperative facilities/territory;
- d. Involve the General Manager designate in the development of the agenda for the next Board of Trustees Meeting at which he/she will take part as the new General Manager;
- e. Prepare any documents that may be required to confirm the name of the new General Manager and the date on which he/she will assume the position and be authorized to act in the capacity of General Manager.

In the event that the newly selected General Manager is an internal candidate, then within 30 days before the retiring/resigning General Manager's departure, he/she, in collaboration with the new General Manager designate will collaborate on the recruitment and proceed with the interviewing and hiring of an individual to fill the Internal General Manager candidate's current job description. A qualified replacement should be hired and in place at least 30 days prior to the retiring/resigning General Manager's departure and the new General Manager designate assuming the General Manager position

ROLLING HILLS ELECTRIC COOPERATIVE, INC.

ORGANIZATION
CHART
4/1/2018

