

MORA-SAN MIGUEL ELECTRIC COOPERATIVE, INC.
CODE OF ETHICS
POLICY NO. 105
Supersedes Policy No. 39

SUBJECT: Activities by Members of the Board in Relation to Their Duties, Access to Cooperative Information and Data, Communications with Employees and Ethics of Conduct.

OBJECTIVE: To establish the standards, rules and procedures whereby the board members shall perform their activities as stated in the subject.

PREAMBLE

All of the powers of the Cooperative are conferred upon and may be exercised by the Board except as reserved to or conferred upon; the members by law, the Articles of Incorporation or the Bylaws. It is the purpose of this Policy to establish certain standards whereby such powers will be exercised in the best interests of the Cooperative.

POLICY:

A. General Conduct of Board Members

(1). Board members should conduct themselves, personally and professionally as well as in their representative capacity for the Cooperative, in accordance with the highest of moral and ethical standards, and so as to avoid the appearance of any conduct inconsistent with such standards.

(2). No Trustee has any authority to act on behalf of the Cooperative except in a legally constituted meeting of the Cooperative, unless he or she is assigned a specific task under the direction of the Board as a whole.

B. Conduct with Respect to Fellow Board Members

Regardless of the personal relations and differences of the Board members, they should respect each other in the following ways:

(1) Each Board member should allow ample opportunity for every other Board member to be heard on any matter being considered by the Board, and listen carefully to their views as well as the factual observations of the other Board members.

(2) Unless because in his own judgment he feels he must do so because of some compelling and overriding concern for the best interest of the Cooperative, no Board member should, to persons other than other Board members and/or the Manager, reveal the fact of differences of positions among Board members on matters considered and acted upon by the Board. This standard should apply to informal as well as formal communications.

(3). The President of the Board is the official spokesman as to all matters relating to policy matters of the Cooperative.

C. Executive Sessions of the Board

Executive sessions of the Board are at times required for specific reasons. Generally executive sessions are held to allow freedom of expression by the Board members without the presence of the party or parties affected. A great deal of care should be exercised when executive sessions are held without the presence of the Manager, the Cooperative's Attorney, RUS representatives, or other consultants affected by or knowledgeable on the subject under discussion. Executive sessions can be dangerous to the harmony and welfare of the Cooperative.

D. Board Member Access to Cooperative Data and Information

Any Board member is entitled to have access to any data or information of the Cooperative, at reasonable times during business hours and for a proper purpose that is germane to his standing as a Board member. This principle is subject to and will be honored in accordance with the following standards:

(1) All requests for such information or data (unless an actual or potential criminal activity of the Manager is involved, in which case the requesting director shall first consult with Cooperative counsel for advice and guidance as to how best to proceed) should, if at all practicable, be made to and through the Manager. Generally, (unless after consultation with and being advised otherwise by the Cooperative's attorney because an actual or potential criminal activity of the Manager is involved) information or data should not be sought by a Board member through other employees, agents, or independent contractors.

(2) In any instance in which a Board member has sought access to information or data not generally or ordinarily made available or reported to the Board, and which the Manager feels would benefit the other Board members, the Manager shall report such information in detail at the next succeeding meeting of the

Board.

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(3) Information or data received by a Board member pursuant this policy shall not be revealed by him to any other persons (the remaining Board members and Manager excepted) unless he is sincerely convinced that to do so is compelled by law or the overriding best interests of the Cooperative.

(4) In no case should a Board member reveal to others information and data he receives because of his inside position in the Cooperative if the actual or potential effect of such revelation is to damage the Cooperative, including its image.

D. Loyalty to the Cooperative

It is a fundamental of corporate law that a Board member owes his duty to the Cooperative; that he should, therefore, except in the most unusual circumstances, abide, both actually and in spirit, by the decisions made by the Board; and that he should not, in fact or in attitude, oppose the implementation of or cause doubt upon those decisions by reporting and criticizing them to others outside the Board room. "Unusual circumstances" means circumstances in which such Board member holds the position that the action of the Board is so inimical to the best interests of the Cooperative that must do one or both of the following: (1) report the same to other Cooperative members and launch a formal membership resistance to such action; and (2) institute an action in court to restrain implementation of Board proposed or approved action.

E. Good Faith and Fair Play

It is also a fundamental of corporate law, and this policy hereby requires, that every Board member shall deal in good faith and fair play with every other Board member and the Manager in expressing his or her views, questions, concerns, positions and activities relating to Cooperative policies, rates, charges, programs, etc. in the conduct of its business.

Good faith and fair play require (1) that Board members reveal all information or interests which they may have and may bear upon action being considered by the Board or the Manager; (2) that Board members, neither in Board or Board committee meetings nor outside meetings, will so pursue a position, inquiry, recommendation or motion as to unduly harass or annoy other Board members or the Manager; and (3) that Board members' communications with Cooperative employees, other than the Manager, if made at all, shall be casual and conducted on a friendly and courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his Cooperative related activities, or concerning such activities or the

employment positions of other Cooperative employees.

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F. Board Member Records

The Manager shall maintain records for each member of the Board which shall include:

1. Affirmation Certificate Form in compliance with Board Policy No. 103
2. Records relating to acceptance or rejection of Cooperative Insurance coverage;
3. A list of all meetings and training seminars attended on behalf of the Cooperative;
4. Membership Certificate;
5. Copy of all reimbursement claim forms for attendance at all seminars and out of state meetings.
6. Any other item requested by the Board Member.

G. IMPLEMENTATION

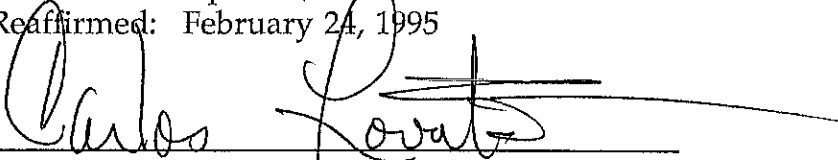
Implementation of this Policy shall be the responsibility of the Board, except as otherwise provided for herein by the Manager or the cooperative's attorney.

The Board shall be responsible for the enforcement of this Policy.

Approved: April 13, 1993

Effective: April 13, 1993

Reaffirmed: February 24, 1995



Board Secretary