MOUNTAIN PARKS ELECTRIC, INC.
BUSINESS FUNCTIONS POLICIES AND PROCEDURES

SUBJECT: BOARD OF DIRECTOR AND GENERAL MANAGER RELATIONSHIPS	POLICY NO. B-1
EFFECTIVE DATE: JUNE 12, 2014	PAGE 1 OF 7
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I. OBJECTIVE

A. To establish the basic relationships between the Board of Directors and the General Manager so that accepted management principles and practices can be observed.

B. To define the delegations from the Board of Directors to the General Manager so that the business of the Mountain Parks Electric, Inc. (MPEI) may be conducted expeditiously as possible.

C. To clarify the responsibilities and authorities of the General Manager so that the Board members and employees may understand the proper procedures for the operation of MPEI's business.

II. POLICY

The Bylaws of MPEI state that the "General Manager shall perform such duties and exercise such authority as the Board may from time to time vest in that person.

In accordance with this provision, it shall be the policy of the Board of Directors of MPEI to use the following outline for the management of MPEI.

A. Relationships:

1. The Board recognizes its responsibility for the employment of a General Manager whose management skill and judgment will ensure the continued successful operation of MPEI.

2. The Board further recognizes that the responsibility of day-to-day operations be delegated to the General Manager, with the Board's management role being reserved for making policy decisions, the review of operational activities for conformity to policy, and for the strategic planning for the future.

3. It shall be understood that the authority for the management of MPEI shall pass through the General Manager and the General Manager shall be the communications link between the Board of Directors and the employed personnel.

4. The Board of Directors believes that the efficient management of MPEI can exist only through mutual understanding and cooperation between the Board and the General Manager. The General Manager is expected to produce results and to provide the Board with an accounting of stewardship of cooperative assets.

5. The Board of Directors shall provide periodic review and critique of the General Manager's performance. Said reviews shall be at six month intervals during the first year of employment, and annually thereafter. The performance review shall be in written form, utilizing the forms that General Manager shall furnish for that purpose.

6. The Board may appoint the General Manager to represent the Association in any member organization or association as the Board may from time to time direct.

III. RESPONSIBILITY

The Board of Directors and the General Manager shall be responsible for implementation of this policy.

IV. THE BOARD – GENERAL MANAGER TEAM

Functions of the General Manager

The General Manager is empowered and required to institute such actions as are necessary to manage the overall operations of MPEI in the most effective manner possible, and consistent with all applicable laws and regulations.

A. PLANNING

1. Develops Board policies for consideration and approval by the Board.

2. Develops detailed operating procedures within the framework provided by the Board policies.

3. Formulates, with the staff, annual capital and O&M budgets and recommends them to the Board for their consideration.

4. Develops a retail rate structure, in consultation with outside assistance, and the Manager of Finance, for Board approval.

5. Develops with staff and the Board, the Strategic Plan of MPEI, on an annual basis.

6. Reviews power supply requirements periodically, and makes appropriate recommendations to the Board.

7. Analyzes effectiveness of each annual meeting; reports to the Board.

8. Recommends Bylaw revisions to the Board and the reasons therefore, in consultation with the Attorney.

9. Reviews with staff and determines the use of existing facilities, equipment, and physical arrangements.

10. Maintains, within Board approved policy, a systematic wage and salary program of classifications and salary ranges for each position; assures competitive compensation, in conjunction with a systematic program of appraisal and review.

B. ORGANIZING

1. Determines the organization structure best suited to accomplishing the Cooperative's objectives.

2. Determines the need for additional positions or transfer, reassignment or elimination of positions, and makes needed changes, within the limitations of personnel costs in the budget.

3. Selects, appoints, transfers, and, if necessary, releases employees. Reviews all terminations of employment by the Cooperative.

4. Reviews and approves salary adjustments for employees, (except the General Manager salary), within the approved wage and salary plan and the limitations of the budget.

5. Conducts labor surveys, to determine salaries paid for comparable jobs in the area in which the Cooperative recruits personnel.

6. Ensures that a performance appraisal program is established and carried out for all employees and reviews all appraisals.

7. Ensures that written position descriptions are prepared for all personnel.

8. Administers or approves activities and actions with respect to vacations, holidays, sick leave and other fringe benefit programs for the personnel within established policies.

9. Recommends to the Board the employment of principal consultants including contracts and agreements for their services. The awarding of all contracts with consultants shall comply with RUS policies and procedures.

10. Recommends to the Board outside specialized consultants to provide advice and assistance on internal operations or in an emergency, and negotiates contracts or agreements for services of such specialized consultants.

C. DIRECTING

1. Directs the day-to-day operations and activities of MPEI in accordance with all applicable laws and regulations.

2. Designates an employee to serve as Assistant General Manager in absence of the General Manager.

3. Ensures that a program of community and economic development is developed and implemented.

4. Communicates with staff information on changes to policy, organization, or any new decision affecting them.

5. The General Manager may delegate to other employees any authority granted to him by the Board; however, the General Manager shall be held responsible by the Board for decisions made by said employees.

D. COORDINATING

1. Coordinates with organizations such as CREA TSG&T, WUE and NRECA, within Board policy, to develop programs furthering the cooperative's objectives and policies.

2. Coordinates with local groups to foster their understanding and support of the Cooperatives objectives and programs.

E. CONTROLLING

1. Submits periodic and special reports to the Board on conformity of operations to policies and programs; remedial actions if necessary.

2. Administers the approved capital budget, including approval of non-budgeted items up to $50,000 or all non-budgeted items which are vital to affect unanticipated emergency maintenance or repairs.

3. Administers the approved operating & maintenance budget, including approval of non-budgeted expense categories up to $150,000 or all non-budgeted expense categories which are vital to affect unanticipated emergency maintenance or repairs.

4. Submits periodic and special reports to the Board as to receipts, disbursements, and cash balances to keep the Board informed of the financial position of the Cooperative and any deviation from financial plan.

5. Determines the amount of, and establishes the control of physical inventories, including disposing of surplus or obsolete supplies.

6. Submits periodic analyses of members' complaints, and quality of service to the Board, together with a report on corrective actions taken.

7. Oversees the negotiation of contracts for construction in accordance with RUS procedures and approves those contracts with labor only costs of less than or equal to $50,000.

8. Oversees the approval of change orders on contracts previously approved if cumulatively less than 15% of the original contracts value. The Board will be provided with summary data on the status of all change orders on contracts for informational purposes.

9. Authorizes individual and cooperative memberships in civic clubs and local organizations which membership would be beneficial and to authorize payment of dues by the Cooperative.

10. Submits monthly reports to the Board of Directors and oversees the preparation of the Board agenda and detailed board packet.

<u>Functions of the Board</u>

A. PLANNING FUNCTION – CONSIDERS AND ADOPTS SHORT AND LONG RANGE PLANS WITH RESPECT TO:

1. Determining policies, objectives, and results desired.

2. Reviewing and approving the capital and operating budgets.

3. Reviewing and adopting, the long-range financial plans and policies essential to maintaining a sound financial structure.

4. Review in consultation with the General Manager, broad personnel policies to accomplish the objectives of the Cooperative.

5. Determining, in consultation with the General Manager, communications policies for maintaining a well-informed membership.

B. LEGAL ENTITY FUNCTION – ESTABLISHES AND MAINTAINS LEGAL ENTITY WITH RESPECT TO:

1. Compliance with all legal requirements.

2. Selection of attorney, upon recommendations of the General Manager.

3. Studying, considering, and adopting changes in the Bylaws, and keeping membership informed of such changes and the reasons therefore.

4. Executing legal contracts, such as loan agreements, engineering service agreements and contracts, and wholesale power contracts.

5. Conducting all Board meetings and membership meetings in a manner meeting all legal requirements, properly recorded and officially approved.

C. TRUSTEESHIP FUNCTION – ACTS AS TRUSTEE OF OWNER INTERESTS WITH RESPECT TO:

1. Conducting well planned membership meetings so as to adequately report to members on the affairs of their business.

2. Keeping informed and developing their own skills and understanding as individual Board members.

3. Assisting new Board members to develop understanding and acceptance of their functions as members of the Board-management team.

4. Participating, as a Board and as individual members of the Board, in such outside activities as are deemed advantageous to enhance the prestige of the Cooperative.

5. Seeing that a continuous program of member and public information, and effective relations in both areas, is carried out.

D. RESOURCES FUNCTION – PROVIDES OPERATING REQUIREMENTS WITH RESPECT TO:

1. Authorizing the funding, facilities and equipment necessary to carry out the objectives of the Cooperative. The Board delegates to the General Manager all purchasing within the limitations of the budget and the established Board policies.

2. Appointing committees, when necessary, and receiving reports and recommendations from special or ad hoc committees.

3. Selecting and employing a competent General Manager; delegating to the General Manager the complete responsibility and authority to select the employees, and direct and terminate their employment.

E. CONTROLLING FUNCTION – ESTABLISHES CONTROLS WHICH IT USES IN APPRAISING THE EFFECTIVENESS OF THE OPERATIONS BY:

1. Reviewing periodic reports from the General Manager for conformity to the adopted objectives, policies and major goals.

2. Selecting the independent audit firm, reviewing the annual financial audit and seeing that remedial action, if needed, is taken.

Directors grant to the General Manager all of the authority necessary to operate the Cooperative in accordance with its decisions, and policies. The Board of Directors does hold the General Manager accountable to them for all actions taken by the General Manager or employees.