

**Policy Number: B-1**

**Subject: Board of Director and Chief Executive Officer Relationships**

**Review Requirement: 3 years**

**Original Issue Date: June 12, 2014**

**Date of Last Review: March 13, 2025**

**Date of Last Revision: March 13, 2025**

**Previous Revisions: 11/21/2019, 02/20/2022**

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**I. OBJECTIVE**

- A. To establish the basic relationships between the Board of Directors and the Chief Executive Officer so that accepted management principles and practices can be observed.
- B. To define the delegations from the Board of Directors to the Chief Executive Officer so that the business of (the “Cooperative”) may be conducted expeditiously as possible.
- C. To clarify the responsibilities and authorities of the Chief Executive Officer so that the Board members and employees may understand the proper procedures for the operations of the Cooperative’s business.

**II. POLICY**

The Bylaws of the Cooperative state that the “Chief Executive Officer 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 to use the following outline for the management of the Cooperative.

**A. Relationships:**

- 1. The Board recognizes its responsibility for the employment of a Chief Executive Officer whose management, skill, and judgment will ensure the continued successful operation of the Cooperative.
- 2. The Board further recognizes that the responsibility of day-to-day operations be delegated to the Chief Executive Officer, with the Board’s management role being reserved for making policy decisions, the review of operational activities for conformity to policy, and for strategic planning for the future.
- 3. It shall be understood that the authority for the management of the Cooperative shall pass through the Chief Executive Officer and the Chief

Executive Officer 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 the Cooperative can exist only through mutual understanding and cooperation between the Board and the Chief Executive Officer. The Chief Executive Officer 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 Chief Executive Officer'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 the Chief Executive Officer shall furnish.
6. The Board may appoint the Chief Executive Officer to represent the Cooperative in any member organization or association as the Board may from time to time direct.

### III. **RESPONSIBILITY**

The Board of Directors and Chief Executive Officer will be responsible for the implementation of this Policy.

### IV. **THE BOARD – CHIEF EXECUTIVE OFFICER TEAM**

#### Functions of the Chief Executive Officer

The Chief Executive Officer is empowered and required to institute such actions as are necessary to manage the overall operations of the Cooperative 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. Formulates, with the staff, 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 Chief Financial Officer, for Board approval.

5. Develops and implements with staff and the Board, the Strategic Plan of the Cooperative.
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 and presents to the Board for approval, a compensation plan which includes classifications and salary ranges for each position and 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 Chief Executive Officer salary), within the approved compensation plan and the limitations of the budget.
5. Conducts research 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.
7. Ensures that written position descriptions are prepared for all personnel.

8. Ensures the administration and approval of activities and actions with respect to vacations, holidays, sick leave and other fringe benefit programs for the personnel within established policies.
9. Contracts with outside consultants within the approved budget to provide advice and assistance as needed for the business of the Cooperative. Ensures that all contracts awarded comply with applicable policies and regulations as set forth by lenders or other governing bodies.

#### C. Directing

1. Directs the day-to-day operations and activities of the Cooperative in accordance with all applicable laws and regulations.
2. Designates an employee to serve as Acting Chief Executive Officer in the absence of the Chief Executive Officer.
3. Communicates with staff information on changes to policy, organization, or any new decision affecting them.
4. The Chief Executive Officer may delegate to other employees any authority granted to the Chief Executive Officer by the Board; however, the Chief Executive Officer shall be held responsible by the Board for decisions made by said employees.

#### D. Coordinating

1. Coordinates with organizations such as Guzman Energy, CREA, 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 Cooperative's 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 or other emergency situations.
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 the 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. Ensures adherence to policies and procedures governing the negotiation of contracts for construction and bid procedures.
8. 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.
9. Submits monthly reports to the Board and oversees the preparation of the Board agenda and detailed board packet.
10. Signs any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments that do not otherwise require Board officer signature.

#### Functions of the Board

##### 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. Reviewing in consultation with the Chief Executive Officer all Board policies to accomplish the objectives of the Cooperative.

5. Develops and implements, in collaboration with Chief Executive Officer, a comprehensive strategic plan.

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

1. Compliance with all legal requirements.
2. Selection of attorney pursuant to Board Policy A-6.
3. Studying, considering, and adopting changes in the Bylaws, and keeping membership informed of such changes and the reasons therefore.
4. 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 the Cooperative.
5. Ensuring that a continuous program of member and public engagement 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 Chief Executive Officer 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 Chief Executive Officer; delegating to the Chief Executive Officer 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 Chief Executive Officer 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.

The Board of Directors grants to the Chief Executive Officer all of the authority necessary to operate the Cooperative in accordance with its decisions and policies. The Board of Directors does hold the Chief Executive Officer accountable to them for all actions taken by the Chief Executive Officer or employees.

**APPROVED BY THE BOARD OF DIRECTORS ON MARCH 13, 2025**