

VALLEY ELECTRIC ASSOCIATION, INC.

Board Policy #101

Subject: FUNCTIONS OF THE BOARD OF DIRECTORS

Dated: July 25, 2014

Supersedes Date: March 30, 2012

Former Corporate Policy #: 112

I. PURPOSE

- A. To clarify and interpret the authority of the Board of Directors.
- B. To provide guidance to individual Directors in the performance of their duties and responsibilities.

II. POLICY

The Board of Directors derives its authority from, and is directly accountable to, the members of the Association. As such, the Board of Directors are the elected representatives of the members of the Association. The Board of Directors shall institute such actions as are necessary to attain the objectives of the Association by the protection of its rights, interests, and assets, except such actions which by law, the Articles of Incorporation, or the Bylaws are conferred upon or reserved to the members. Therefore, it shall be the policy of the Board of Directors to use the following outline of relationships and responsibilities as guidelines for action and behavior as individual and collective members of the Board of Directors in fulfilling its responsibilities and obligations to the members of the Association.

III. PROVISIONS

The following provisions apply to this policy:

- A. Relationships
 - 1. The Board of Directors reports to:
 - a. As a Board – the elected officers; and
 - b. As individuals – the President as the chief presiding officer, or, in his/her absence, the Vice-President.
 - 2. The Board of Directors directs the Chief Executive Officer.

B. Responsibilities

The Board of Directors shall fulfill the following responsibilities:

1. Maintain the legal entity of the Association by:
 - a. Complying with the provisions of the Articles of Incorporation, Bylaws, and regulatory and contractual requirements placed upon the Association by, but not limited to, federal, state, and local statutes and ordinances, and the regulations of federal, state, and local commissions and agencies;
 - b. Recommending Bylaw revisions to the membership; and
 - c. Executing, or having executed, all necessary contracts or agreements on behalf of the Association.
2. Act as trustee for the members by:
 - a. Protecting the assets and interests of the Association;
 - b. Complying fully with the provisions of the Bylaws and policies;
 - c. Assisting new members of the Board of Directors to become oriented in their responsibilities;
 - d. Maintaining or having maintained full and accurate minutes of official Board of Directors and membership meetings;
 - e. Informing or having the members informed of the objectives, plans, and programs of the Association;
 - f. Participating in activities which enhance the prestige of the Association and help to fulfill its corporate obligation to the area it serves; and
 - g. Keeping informed and improving their knowledge and skills as members of the Board of Directors, and using their knowledge and skills to contribute to the effective management of the Association.
3. Provide organization and operational direction by:
 - a. Formulating, approving, and periodically reviewing policies for the operation of the Association; and

- b. Selecting a Chief Executive Officer and delegating to him/her the responsibility and authority for the operation of the Association within the limits of the general policies established by the Board of Directors.
- 4. Consider and adopt or approve in consultation with the Chief Executive Officer:
 - a. Retail rates and classifications;
 - b. Terms and conditions governing the provisions of electrical service to members;
 - c. Basic organization structure and wage and salary plans;
 - d. Employee benefit program(s);
 - e. Selection of legal, accounting, engineering, management, and other consultants;
 - f. Long and short range financial and engineering plans as required and necessary for the maintenance of the economic feasibility of the Association; and
 - g. Annual work plans and operating budget(s).
- 5. Provide for the operating and capital requirements of the Association by:
 - a. Directing the Chief Executive Officer to conduct studies and make recommendations as necessary;
 - b. Adopting rate changes and financial practices necessary to provide for the operating requirements to maintain the financial stability of the Association; and
 - c. Acquiring capital to provide for the orderly expansion of the Association's facilities.
- 6. Establish and periodically review measures and controls as recommended by the Chief Executive Officer to:
 - a. Prevent unauthorized action;
 - b. Determine progress in major areas and attainment of goals;

- c. Evaluate electric utility industry trends including rates, energy needs, transmission and distribution requirements;
- d. Determine where changes should be made;
- e. Measure performance in relation to goals, plans, and budget; and
- f. Measure the Board of Directors' attainment of the stated objectives of the Association.

IV. RESPONSIBILITY

The Board of Directors is responsible for the administration of this policy.