

VALLEY ELECTRIC ASSOCIATION, INC.

Board Policy #102

Subject: DUTIES OF THE BOARD OF DIRECTORS

Dated: July 25, 2014

Supersedes Date: March 30, 2012

I. PURPOSE

To explain the fiduciary duties of the Board of Directors, and to clarify the standards of conduct for which a Director will be held accountable when serving on the Board.

II. PREAMBLE

All of the powers of the corporation are conferred upon and may be exercised by the Board of Directors, except as reserved to or conferred upon the members by law, the Articles of Incorporation, or the Bylaws.

III. POLICY

A. Legal Duties

Directors are subject to legal standards of fiduciary responsibility. These include the duties of care and loyalty.

Under the duty of care, Directors are required to:

1. Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.
2. Have or acquire the minimum knowledge and skills necessary to direct the affairs of the Association.
3. Make every effort to attend all meetings of the Board and to study materials sent prior to each Board meeting.
4. Study and adhere to all obligations imposed by the Articles of Incorporation, the Bylaws, contractual agreements and Board policies.

Under the duty of loyalty, Directors are required to:

1. Act only in the best long-term interest of the Association and its members.
2. Place the interests of the Association over any personal interests.
3. Not have any financial interest in a directly competing business.
4. Represent and support the interests of the Association to elected and public officials.

5. Publicly support decisions of the Board, except in extraordinary circumstances where the Director believes that there is a clear and present threat to the survival of the Association.

B. Conduct with Respect to Fellow Directors

Regardless of any personal differences, Directors should:

1. Demonstrate mutual respect.
2. Allow opportunity for every other Director to be heard on any matter being considered by the Board.
3. Abstain from revealing to persons other than Directors, the Chief Executive Officer, or the Association's attorney(s) any differences of position among Directors on matters considered and acted upon by the Board. (This standard does not preclude fair and accurate publication of such differences to the Association's members in relation to contests for Director elections or other matters to be voted upon by the members.)

C. Director Access to the Association's Information

1. Except as provided for specifically by other Association policies, including without limitation Corporate Policy 102 (Legal Services), all requests for information shall be made to and through the Chief Executive Officer. In no case shall information be sought through other employees, agents or independent contractors (unless such involves information related to a legal matter pertaining specifically to the Chief Executive Officer.)
2. In any instance in which a Director has sought access to information not generally made available or reported to the Board, the Chief Executive Officer shall report on this at the next meeting of the Board.
3. Information received by a Director pursuant to this policy shall not be revealed by him or her to any other persons (the remaining Directors, Chief Executive Officer and the Association's attorney excepted) unless he or she is legally compelled to do so.
4. In no case should a Director reveal to others information and data he or she receives if the actual or potential effect of such revelation is to damage the Association, including its image, or to enable himself or herself and/or others to personally profit therefrom.

D. Good Faith

Every Director shall deal in good faith with every other Director and the Chief Executive Officer in expressing his/her views, questions and concerns relating to the Association's policies, rates and programs. Good faith requires:

1. Each Director shall and must provide to all other Directors any information that is or may be material to a decision being considered by the Association.

2. Those Directors will not so pursue a position, inquiry or motion as to unduly or intentionally harass other Directors, the Chief Executive Officer, employees or independent contractors.
3. That Director communications with employees other than the Chief Executive Officer shall be casual and conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning Association-related activities.

IV. POLICY IMPLEMENTATION AND RESPONSIBILITY

1. The Association's legal counsel shall review this policy with the Board on an annual basis and discuss any personal liability implications resulting from violations.
2. All policies of the Board of Directors shall be promulgated at regular and special meetings through Board action. The Association's President, or in his/her absence, the Vice President, shall be the spokesperson for the Board of Directors, except when otherwise authorized by the Board of Directors.
3. Directors shall not make unauthorized commitments for the Board or the Association.
4. The President shall ensure that this policy is followed.