

VALLEY ELECTRIC ASSOCIATION, INC.

Board Policy #103

Subject: RELATIONSHIP BETWEEN THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Dated: July 25, 2014

Supersedes Date: March 30, 2012

I. PURPOSE

To establish the policy governing the basic relationship between the Board of Directors and the Chief Executive Officer, including the principles involving the delegation of authority.

II. POLICY

It is recognized that good management is the most important factor to the success of the Association. In exercising such management, the Board of Directors shall establish policy, approve plans and programs, and delegate authority to the Chief Executive Officer to carry out such plans, programs, and policies, and to manage the day-to-day activities of the Association. The Chief Executive Officer is an agent of the Board of Directors.

III. PROVISIONS

The Board of Directors shall adopt and compile rules and regulations for the operation of the Association and for the benefit of the members and consumers. The Chief Executive Officer, through the various departments and employees of the Association, shall execute and apply these rules and regulations.

A. The Board of Directors recognizes its responsibility to establish policies, approve plans, and delegate authority to the Chief Executive Officer to execute and carry out its plans, programs, and policies. The Chief Executive Officer shall, among other things, have authority to hire capable personnel within the approved wage and salary plan, establish schedules, train and supervise employees, and when necessary, replace them.

B. It shall be distinctly understood that the "flow" of authority for the management of the Association shall pass through the Chief Executive Officer, and the Chief Executive Officer shall be the connecting link between the Board of Directors and the employees. The Board of Directors shall require full and complete information from the Chief Executive Officer concerning all matters in connection with the management of the Association, as set forth in Board policies.

- C. The Board of Directors recognizes that efficient management of the Association can exist only through mutual understanding and cooperation between the Board of Directors and the Chief Executive Officer. The Chief Executive Officer is expected to produce results and give an account to the Board of Directors for his/her stewardship. His/her performance cannot be optimized unless he/she is given latitude to exercise independent judgment in executing policies of the Board of Directors. The Board of Directors acknowledges that obligation and gives the Chief Executive Officer the latitude of judgment and discretion and expects faithful performance in carrying out all of the policies of the Board of Directors.
- D. The Board of Directors recognizes its responsibility for the employment of a Chief Executive Officer, and further recognizes the additional responsibility for a systematic appraisal of his/her performance in order that growth, development, and effective improvements are encouraged. The Board of Directors may, at its discretion, enter into a contract for the services of a Chief Executive Officer.

IV. RESPONSIBILITY

- A. The Directors are responsible for inviting the attention of other Board members to non-adherence to this policy.
- B. The Board of Directors is responsible for the systematic appraisal of the Chief Executive Officer's performance.
- C. The Board of Directors will be guided by the results of the most recent performance appraisal when evaluating the Chief Executive Officer's salary.