



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

BOARD POLICY No. 103

RESPECTIVE AUTHORITIES AND RESPONSIBILITIES OF CEO AND BOARD

PURPOSE OF POLICY:

To describe the authorities and responsibilities of the CEO and board.

POLICY CONTENT:

The board of directors and the CEO form a team united to serve the best interests of the Valley Electric Association, Inc. (Valley Electric) membership. The need to work effectively and efficiently together is critical to the success of the cooperative.

OBJECTIVE:

To define the delegation of authority from the board of directors to the CEO to enable him/her to adequately direct the operations of Valley Electric. By this policy, the board specifies the duties so vested and further specifies certain duties and responsibilities of the board secretary and the board treasurer, which are hereby delegated to the CEO. The CEO will utilize the help of staff, employees and other resources necessary to accomplish his/her delegated duties.

AREAS OF RESPONSIBILITY

	Board	CEO
1	Accountable to members	Accountable to board
2	Makes idea decisions	Makes action decisions
3	Makes long-term decisions	Makes short-term decisions
4	Determines overall goals	Decides how to carry out board-established goals
5	Establishes policies	Proposes policies and manages within board-approved policies
6	Plans CEO succession	Plans staff succession
7	Determines job responsibilities for directors and CEO	Determines responsibilities for personnel
8	Sets standards of performance for directors and CEO	Sets standards of performance for personnel
9	Appraises organizational performance	Appraises operational results
10	Approves budgets	Manages activities within approved budget limits



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

The preceding information can be summarized by stating that the board of directors is responsible for hiring the CEO, developing long-term goals and objectives for the cooperative and for developing the necessary policies to attain those goals and objectives. Furthermore, the board of directors is responsible for measuring the performance of the organization (comparisons between planned and achieved results).

The CEO is authorized and responsible for hiring and training a competent personnel. The CEO is authorized and responsible for developing the necessary procedures to comply with board policy, and achieve established goals and objectives. The CEO is also responsible for the activities of the organization and for developing and using reporting systems to keep the board informed of the results of the organization's activities.

The following information more fully describes in detail the delegations of duties and responsibilities from the board to the CEO.

POLICY

1. Planning:

- a. Formulate and review the policies of Valley Electric for recommendation to the board of directors.
- b. Develop, with the board, the mission statement and long-range objectives of Valley Electric by periodically identifying key issues and assessing changes in the system's external environment.
- c. Develop action plans to meet Valley Electric's long-range objectives. Action plans will be supported by load forecasts, financial plans, member surveys and engineering plans.
- d. Plan member meetings of Valley Electric and make appropriate recommendations.
- e. Formulate annual work plans and budgets. Provide detailed monthly reports on revenue, expenses and other results compared to such plans.
- f. Analyze and report to the board on state and federal legislative and regulatory matters to be proposed, supported or opposed consistent with established board policy.
- g. Review the system's rates and service rules and regulations to ensure they meet current operating requirements.
- h. Develop marketing and conservation programs ensuring that adequate generation and transmission are in place to meet the members' needs.

ORGANIZATION

1. Organization Structure:

- a. Review activities and determine the organizational structure best suited to carry out the overall objectives within the limitations of the budget.



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

- b. Determine the need for additional positions and the transfer, reassignment or elimination of present positions. Implement such changes within the limitations of the personnel costs of the approved budget.
2. Selection of Personnel:
 - a. Develop standards and qualifications for use in recruitment, transfer and promotion of personnel meeting federal and state requirements.
 - b. Select, appoint, transfer, promote and terminate personnel.
3. Training:
 - a. Ensure staff members are trained in the proper administration of cooperative policy.
 - b. Initiate and promote personnel training programs for career development.
4. Performance Appraisals:
 - a. Establish and carry out a performance appraisal program for all personnel.
 - b. Appraise, at least annually, the performance of immediate staff members.
5. Position Descriptions and Job Specifications:
 - a. Prepare and review written position descriptions and job specifications for all personnel.
6. Benefit Programs:
 - a. Administer activities and actions with respect to paid time off, vacations, holidays, sick leave and other benefit programs for personnel.
7. Payroll Overtime:
 - a. Annually report to the board the overtime, as a percent of payroll, compared to previous years and the results of efforts to manage that expense.
8. Consultants:
 - a. Administer contracts and agreements with consultants in compliance with established policies.
 - b. Report to the board on services provided and the fees paid to all consultants.
9. Wage and Salary Administration:
 - a. Develop a systematic wage and salary plan and present it to the board for review and approval. Determine salary adjustments, except for the CEO, within board-approved wage and salary plan, policy and budget.
10. Labor Relations:
 - a. Negotiate labor contract and provide recommendations to the board.
 - b. Administer the approved labor contract and ensure managers and supervisors understand the provisions of the contract and its administration.



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

11. Employee Satisfaction:

- a. Conduct employee surveys as appropriate to gauge employee satisfaction levels.

OPERATIONS

1. Overall Administration:

- a. Direct the day-to-day operations and activities of Valley Electric. Delegate authority to personnel to ensure quality member service, reliable operations and competitive rates. The CEO cannot be relieved of overall responsibility or any portion of accountability.
- b. Manage operations of the system in accordance with the policies of the board of directors, the policies and procedures of lending institutions, applicable federal, state and local laws and sound business practices.
- c. Negotiate and execute documents in relation to the acquisition of real property, including easements and substation sites by purchase or lease. Exercise the power of eminent domain to acquire property that the system has been unable to obtain by negotiation. Execute environmental studies and reports. Make application for permits relating to the operations of the system. Design, route and determine the site for facilities.
- d. Designate an acting CEO in an extended absence. In case the CEO becomes incapacitated, an interim acting CEO will be appointed at the board's discretion.
- e. Participate in national, regional, state and local meetings that further the best interest of Valley Electric. The CEO shall report to the board activities associated with service on the board of other organizations.
- f. Serve as the authorized spokesperson for Valley Electric on major issues and keep the board of directors informed.

2. Member Services:

- a. Direct member services in such areas as, but not limited to, public and member relations, load management, energy conservation, marketing, communications and research.

3. Legislation:

- a. Develop and execute, in coordination with industry organizations, a legislative program furthering the cooperative's objectives and policies to include research, preparation and presentation of testimony before committees and state and federal agencies.

4. Financial:

- a. Annually formulate and propose a budget to the board for approval.
- b. Administer the approved budget, including approval of budget items or non-budgeted items that are vital to resolve unanticipated emergency maintenance or repairs. The CEO is authorized to approve any single purchase less than \$50,000 that was not previously included in the annual work plan and budget or separately approved by the board of Directors.

Board Policy No. 103



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

- c. Invest or re-invest funds, cash investments and cash government bonds to protect the system's cash position and carry out an effective cash management program. Investments will generally be made in Cooperative Finance Corporation (CFC) securities, in federally insured or guaranteed securities or in other securities approved by lending agencies.
- d. Authorize and approve personnel travel expenses. Such expenses shall be supported by itemized expense accounts with receipts attached. Expenses of the CEO will be submitted monthly for board review.
- e. Approve accounting systems, procedures, statistics and reports necessary for sound financial management. Maintain compliance with the requirements of lending and regulatory agencies.
- f. Approve change orders on contracts over \$10,000 previously approved by the board if cumulatively the change orders are less than 10 percent of the original contract value. Individual change orders exceeding five percent of the original contract value will be brought to the board for approval. The board will be provided with summary data on the status of all change orders on each contract for informational purposes.
- g. Seek the least cost financing option when borrowing money for day-to-day operations and capital improvements. All loan or bond documents will be taken to the board for approval.
- h. Determine insurance coverage required for effective risk management and negotiate purchase of such coverage.

5. Controls:

- a. Submit reports to the board on conformity of operations.
- b. Submit regular financial reports to the board.
- c. Report, at least quarterly, to the board on revenues and expenditures compared to budget. Recommend any revisions required and direct necessary remedial action.
- d. Participate with the board, and the independent auditor, in the review of the annual financial audit and management letter, direct any remedial action required, and ensure that the management letter, along with the audit report, is sent to the board prior to the meeting at which they are to be discussed.
- e. Ensure proper control of physical inventories to minimize investment to adequately meet operation and construction needs. Ensure that a system is established to accurately account for all materials used.
- f. Annually submit a report to the board on service reliability and any remedial action taken to improve.
- g. Review the bylaws and recommend required revisions to the board of directors.
- h. Report to the board on load growth compared to the power requirements studies. Recommend plans to meet anticipated growth to ensure an adequate and reliable power supply for the members at the lowest possible cost.
- i. Recommend to the board any changes in retail electric rates necessary to maintain financial strength and stability to meet requirements of lending and regulatory agencies.



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

- j. Review construction practices to ensure projects are being constructed in accordance with approved policies and procedures.
- k. Establish an internal auditing or control function to independently assess the adequacy, effectiveness and efficiency of the systems of control within the organization.
- l. Administer a loss control program to minimize and control losses due to accidents, environmental hazards and other risks.

DELEGATION OF SPECIFIC BOARD DUTIES

1. Board Secretary's Duties:
 - a. Record the minutes of the board or member meetings.
 - b. Give notice of board or member meetings.
 - c. Serve as custodian of the cooperative's records.
 - d. Have general charge of the cooperative's books in which a record of the members is kept.
 - e. Keep file copies of the cooperative's articles of incorporation and bylaws.
2. Board Treasurer's Duties:
 - a. Be responsible for, and have custody of, all funds and securities of the cooperative.
 - b. Receive, receipt, deposit and invest the monies of the cooperative.
3. Other Board Duties:
 - a. Unless the board otherwise specifies, the CEO shall execute, in the name or behalf of the cooperative, all legal documents which are not otherwise conferred upon or delegated or reserved exclusively to one or more of the board-elected or board-appointed officers. The documents include, but are not limited to, the following: deeds, deeds of trust, mortgages, bills of sale, conditional sales agreements, chattel mortgages or leases (as lessor or lessee); local, state and federal property listings or filings, income tax withholding and other related forms and tax returns; and applications, proxies, stock certificates and documents relating to financial transactions including deposits, withdrawals, investments, checks and similar documents.
 - b. The CEO shall otherwise serve as an officer in performing any other acts ordinarily performed by other board-elected officers when specifically so instructed by the board; except he/she shall not be authorized to serve as chairman of any meeting of the members.
 - c. The duties and authorities herein delegated are not exclusive and are not in lieu of, nor in conflict with, the performance and exercise of such by the board-elected or board-appointed officers. Such other officers may perform and exercise their respective duties except when, as a matter of convenience and practicality, they generally or specifically authorize, or do not object to, their performance and exercise by the CEO as herein provided.



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

RESPONSIBILITY FOR IMPLEMENTATION

The board of directors and CEO are responsible for implementing this policy.

POLICY APPROVAL DATE 8/22/2019

POLICY EFFECTIVE DATE 8/22/2019



Dave Hall, President
Board of Directors