

VALLEY ELECTRIC ASSOCIATION, INC.

Corporate Policy #101

DELEGATION OF AUTHORITY FROM THE BOARD OF DIRECTORS TO THE CHIEF EXECUTIVE OFFICER

Dated: December 21, 2018
Supersedes: Policy Cor 101 dated June 1965 and
June 26, 2009
Policy Cor 113 dated 01/26/2001

I. OBJECTIVE

To delegate to the Chief Executive Officer the authority to direct the operations of the Association and the responsibility to report to the Board of Directors the results achieved.

II. POLICY

The Board of Directors shall appoint a Chief Executive Officer to perform such duties and exercise such authority as the Board of Directors may vest in him/her as outlined in this policy.

III. PROVISIONS

The Board of Directors shall grant to the Chief Executive Officer the authority to do the following:

A. Planning

1. Policies

To formulate, with the staff, as appropriate, the policies of the Association to be recommended to the Board of Directors for its consideration.

2. Strategic Planning

To develop, with the staff and the Board of Directors, the mission and long range objectives of the Association, by periodically assessing changes in the system's external environment, by identifying key issues, and by adopting strategies to effectively address those issues.

3. Long Range Operational Planning

To conduct studies and market research, utilizing staff and outside consultants, and, based on such studies and research, to develop action plans

and reports for the Board of Directors in such areas as load forecasts and future power requirements, financial forecasts, energy management and marketing, and long range system engineering requirements.

4. Membership Meetings

To develop, with the staff, plans for annual, district, and other member meetings of the Association and to make appropriate recommendations to the Board of Directors.

5. Work Plans and Budgets

To formulate, with the staff, annual work plans and budgets for the Association and recommend them to the Board of Directors for its consideration and to provide to the Board of Directors detailed monthly reports and forecasts on revenue, expenses, and other operating information and compares them to such plans and budgets.

6. Legislation

To analyze and determine, with the staff and in coordination with organizations such as the National Rural Electric Cooperative Association (NRECA), state and federal legislative and regulatory matters to be proposed, supported, or opposed consistent with established Board policy and to report to the Board of Directors on the results and make recommendations for Board consideration regarding political donations, statements, or endorsements.

7. Retail Rates and Service Rules and Regulations

To periodically study and analyze the Association's rates and service rules and regulations to make sure they meet current and long-term operation requirements and to make appropriate recommendations to the Board of Directors.

8. Marketing

To develop with the Association's staff a strategic marketing plan which meets the goals of the Association and the members.

B. Organization

1. Organization Structure

a. To periodically review activities of the Association and to determine, with the staff as appropriate, the organization structure best suited to carry out the overall objectives of the Association within the limitations of its budget.

- b. To determine, with the appropriate staff members, the need for additional positions or the transfer, reassignment, or elimination of present positions and to effect such changes, provided they are within the limitations of the personnel costs of the approved budget and/or authorized by the Board of Directors.

2. Recruitment and Retention of Personnel

- a. To develop or approve standards and qualifications for use in the recruitment, hire, transfer, and promotion of personnel. Such standards and qualifications must meet all federal and state legal requirements.
- b. To select, hire, transfer, promote, demote, and terminate personnel, provided that, the Board of Directors shall be informed and consulted prior to termination of any executive-level employee or officer of the corporation, and in the case of suspension or other discipline short of termination of such executive-level employee or officer, the President of the Board of Directors shall be immediately notified of all circumstances relevant to the disciplinary action.

3. Training

- a. To ensure that employees are trained to meet the requirements of their positions.
- b. To initiate and promote, through staff and within the limitations of the approved budget and Board of Directors policy, appropriate management, supervisory, professional, technical, and information training programs for all personnel which may include training programs outside the organization.

4. Performance Appraisals

- a. To appraise, at least annually, the performance of immediate staff members, and to counsel and assist them so they may develop and improve in their performance of their responsibilities.
- b. To ensure that a performance appraisal program is established and carried out for all personnel and that wage adjustments are based on merit and job performance.

5. Position Descriptions

To ensure that written position descriptions and job specifications for all employees, except for the Chief Executive Officer, are prepared and reviewed as necessary.

6. Fringe Benefits

Within established policies and the limitations of the budget, to administer or approve vacations, holidays, sick leave, and other fringe benefit programs for personnel.

7. Overtime

To ensure that hourly-paid employee overtime is controlled and to report annually to the Board of Directors on overtime as a percentage of payroll.

8. Consultants

- a. To recommend to the Board of Directors for review and approval the employment of principal consultants (other than the firm performing the independent financial audit) and contracts and agreements for their services.
- b. To select and appoint other specialized consultants to provide advice and assistance on internal operations, to negotiate contracts or agreements for the services of such consultants within the limitations of the work plan and budget, and to advise the Board of Directors of actions taken in regard to the hiring of consultants.
- c. To periodically report to the Board of Directors on services provided and the fees received by all consultants.

9. Wage and Salary Administration

- a. To develop a systematic wage and salary plan and present it to the Board of Directors for review and approval.
- b. Within the limitations of the budget, to determine all salary adjustments, except the Chief Executive Officer's salary, consistent with the Board approved wage and salary plan and Association policy. Salary adjustments for the Chief Executive Officer shall be approved by the Board of Directors annually.
- c. To evaluate new positions and re-evaluate existing positions if their responsibilities and authorities substantially change and, as a result of such evaluation or re-evaluation, place or alter these positions in the Board approved wage and salary plan.
- d. To conduct wage surveys, as necessary, to determine wage and salaries paid for comparable jobs in the area in which the Association recruits personnel and to make recommendations to the Board of Directors on any revisions required in the wage and salary plan, taking into account the financial condition of the Association.

10. Employee Relations

To ensure that two-way communication between employees and management is fostered, providing opportunities for feedback and employee involvement and participation as appropriate.

C. Operations

1. Overall Administration

- a. To direct the day-to-day operations of the Association authorized by the Board of Directors, to delegate authority to immediate staff, and to authorize further delegation of authority to any level of management with full recognition that the Chief Executive Officer cannot be relieved of his/her overall responsibility or any portion of accountability.
- b. To manage operations of the Association in accordance with the policies of the Board of Directors and applicable federal, state, and local laws.
- c. To designate an appropriate person to serve as Acting Chief Executive Officer in the event of an extended absence of the Chief Executive Officer.
- d. To ensure that adequate staff advice and assistance is provided to the Board of Directors and to participate in the deliberation of the Board of Directors as requested or required.
- e. Within the limitations of Board of Directors policy and the approved budget, to accept invitations to participate in, or designate other staff members to participate in, national, regional, state, and local meetings which further the best interests of the Association. Participation by the Chief Executive Officer in activities which require considerable time over a sustained period requires the approval of the Board of Directors. In addition, the Chief Executive Officer shall not accept a position with any other organization without Board of Directors approval.
- f. To determine and meet the transportation needs of the Association in the most economical and practical way possible. The number of Association-owned or leased cars individually assigned to employees will be minimized. Association-owned or leased cars shall be used only for trips which are primarily for official business.
- g. To serve as the spokesperson for the Association and to keep the Board of Directors up-to-date and well informed.

2. Membership Services

- a. To direct membership services in such areas as public and member relations, load management, energy conservation, marketing, communications, and research.
- b. To see that a program of community and economic development is developed and implemented which includes the attraction of new commercial and industrial loads and the retention and expansion of existing business. Such a program shall be included in the Association's strategic plan and recommended to the Board of Directors as part of the annual budget.

3. Legislation

- a. Within Board policy to develop and carry out, in coordination with organizations such as NRECA, a legislative program furthering the Association's objectives and policies. Such a program will include, but not be limited to, research, preparation, and presentation of testimony before appropriate legislative committees and consultation with members of Congress, state legislatures, state and federal administrative and regulatory agencies, county commissions, and town boards.
- b. To participate with allied groups to obtain their increased understanding and support of the Association's legislative and regulatory objectives and programs.

4. Financial

- a. To administer the approved budget, including approval of nonbudgeted items up to \$100,000 and all nonbudgeted items which, in his/her judgment, are vital to affect unanticipated emergency maintenance or repairs. Nonbudgeted items exceeding \$100,000 which are not vital to affect unanticipated emergency maintenance or repairs must be presented to the Board of Directors for approval.
- b. To invest or re-invest funds, cash investments when due, and cash government bonds when and if necessary, to protect the Association's cash position and to carry out an effective cash management program. Investments will generally be made in federal government insured or guaranteed securities or in other securities approved by the lending agencies. In addition, investments will be made in compliance with state and federal law.
- c. Within the limitations of the budget and established policy to authorize and approve the travel expenses of personnel, except the Chief Executive Officer's for Association business. Such expenses

shall be supported by itemized expense accounts with receipts attached, as appropriate.

- d. To approve accounting systems, procedures, statistics, and types of reports necessary (1) for sound financial management, (2) to meet the requirements of lending and regulatory agencies, and (3) for control information required by the Board of Directors.
- e. To purchase or lease equipment, vehicles, hardware, furniture, materials, and supplies within the limitations of the budget and Board policy. Purchases of major equipment or large quantities of materials for transmission or distribution lines, substations, and associated facilities shall be done with competitive bids when appropriate.
- f. To negotiate contracts in accordance with adopted procedures, with such contracts to be submitted to the Board of Directors for approval.
- g. To execute and sign purchase orders or contracts for projects previously approved by the Board of Directors.
- h. To approve change orders on contracts previously approved by the Board of Directors, if cumulatively less than 30 percent or \$100,000 of the original contract value. Change orders exceeding 30 percent or \$100,000 of the original contract value will be brought to the Board of Directors for approval. The Board of Directors will be provided with summary data on the status of all change orders on each contract for informational purposes. All change orders will comply with construction requirements.
- i. To determine insurance coverage required for effective risk management and to negotiate purchase of such coverage within the limitations of the budget and Board policy.
- j. To authorize individual membership in civic clubs and organizations and Association memberships in local organizations in which he/she thinks membership of the Chief Executive Officer or staff members would be beneficial, and to authorize payment of dues by the Association, within the limitations of the budget and established Board policy. Professional registration fees will only be paid for registration in the state of Nevada, if such registration is desirable or required.
- k. To negotiate and execute all documents related to the acquisition by purchase or lease of real property, including easements, and to deliver and accept all documents relating thereto; to exercise the power of eminent domain to acquire, for projects described in an approved budget, property that the system has been unable to obtain by

negotiation; to execute and deliver all environmental studies and reports; to make application for all permits relating to the operations of the system; and to design, route, and determine the site for all facilities, within the limitations of Board policy and the budget.

1. To perform all acts necessary or incidental to the management of the operations of the Association, unless such acts are specifically reserved to the Board of Directors or officers pursuant to law, the Articles of Incorporation, the Bylaws, or Board policies.

5. Controls

a. Operations

To submit periodic and special reports to the Board of Directors on conformity of operations with approved policies and programs, to recommend any revisions requiring approval from the Board of Directors, and to direct any remedial action required.

b. Finances

To see that all persons having access to cash or responsibility for the purchase of materials are properly bonded in accordance with any and all requirements of lending agencies or Board policy.

c. Budgets

To report monthly to the Board of Directors on revenues and expenditures compared to budget, to recommend any revisions required, and to direct any necessary remedial action.

d. Annual Financial Audit

To participate with the Board of Directors in the review, with the auditor present, of the annual financial audit and management letter, to direct any remedial action required, and to ensure that the management letter and audit report are sent to each Board member prior to the meeting at which they are to be discussed.

e. Materials Management

i. To maintain accurate inventories to minimize investment in materials needed for operations and construction.

ii. To ensure that a system is established to accurately account for all materials used.

f. Member Complaints

To submit periodically to the Board of Directors a report regarding member complaints.

g. Membership Meetings

To report to the Board of Directors on the effectiveness of annual and other member meetings with recommendations on any improvements or changes which should be made.

h. Reliability of Service

To submit annually to the Board of Directors a report on service reliability and any remedial action taken.

i. Bylaws

To review the Bylaws annually, with the Association's attorney, and to report to the Board of Directors any recommended revisions.

j. Availability of Power Supply

To compare load growth to power requirement studies and to periodically report to the Board of Directors about such comparison along with recommendations to meet anticipated growth.

k. Rates

To continually study power and other costs compared to projections, to recommend to the Board of Directors, as far in advance as possible, any changes in retail electric rates necessary to maintain financial strength and stability and to meet all requirements of lending and regulatory agencies.

l. Construction

To review construction practices with appropriate staff to make sure projects are being constructed in accordance with policies and procedures.

m. Internal Auditing.

To ensure that an internal auditing staff assesses (1) the adequacy, effectiveness, and efficiency of the systems of control within the organization; (2) the quality of ongoing operations; and (3) compliance with the policies and procedures established by

management and/or the Board of Directors, regulations and requirements of CFC and other lending institutions, and applicable federal, state, and local laws.

n. Loss Control

To ensure that a loss control program is carried out to minimize and control losses due to accidents, environmental hazards, and other risks.

IV. RESPONSIBILITY

- A. The Chief Executive Officer shall report to the Board of Directors periodically on the delegation of duties. The Chief Executive Officer may delegate to his/her staff duties as required. However, the Chief Executive Officer shall continue to be responsible for any duties delegated.
- B. The Board of Directors is responsible for approving any changes to the duties delegated to the Chief Executive Officer.
- C. The Board of Directors shall be responsible for seeing that the performance of the Chief Executive Officer is appraised each year. The appraisal shall include a recommendation on a salary adjustment when appropriate. The results of the appraisal will be discussed with the Chief Executive Officer.