POLICY NO. 10-050

REVISION DATE: August 24, 2004

SUBJECT: AUTHORITY AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

I. PURPOSE

This policy describes the authority and responsibility of the Board of Directors; and also the authority and responsibility of individual directors and officers.

II. POLICY CONTENT

Authority and responsibility of Board of Directors:

The Board of Directors shall manage the business and affairs of the Cooperative. They shall exercise all of the powers of the Cooperative, except such as are by law, or by the Articles of Incorporation, or by the By-Laws conferred upon or reserved to the members. Generally the Board is concerned with the broad courses of action to be followed by the Cooperative, rather than the means used to carry out the courses of action. The Board is also a symbol of strength and leadership motivating people toward achieving the Cooperative's goals.

Specific areas of responsibility include:

A) Establish and maintain operating policies and guidelines for the Cooperative, including:
    1) Develop/maintain the Articles of Incorporation.
    2) Develop/maintain the By-Laws and refer suggested changes to the membership for their approval.
    3) Develop/maintain policies for operating the Cooperative in the best interests of the members and in compliance with all applicable rules; including the Articles of Incorporation, By-Laws, contracts, and applicable laws.

B) Develop plans for perpetuation of the Cooperative in the best interests of the members; including proper planning of elections, new director orientation, continuing director training, and board performance reviews.

C) Promote good member relations. Includes conducting well-planned membership meetings to adequately inform the members. Developing other methods to keep membership informed on Cooperative activities and other important issues. Developing policies and procedures to make sure members concerns are addressed promptly and fairly.
D) Approve annual operating budgets, construction work plans, and capital expenditure budgets.
E) Develop plans for a long-term source of reliable energy at a reasonable cost.
F) Develop plans for a long-term source of operating capital.
G) Approve plans for management of member equity.
H) Approve all changes in rates charged by the Cooperative.
I) Recruit and select a General Manager for the Cooperative, assigning responsibility, and regularly appraise his/her performance.
J) Select the Cooperative's Attorney.
K) Select the Cooperative's Auditor and engage them for the annual financial audit.
L) Execute contracts where execution is not delegated to the General Manager.
M) Determine, in consultation with the General Manager, short and long range plans for the Cooperative including:
    1) Plans to maintain a sound financial structure.
    2) Operating plans for providing quality service to members and for maintaining good member and public relations.
N) Work with General Manager to develop reporting systems to measure performance of Cooperative, compliance with established policies, and compliance with established internal controls.
O) Develop and maintain positive image and relations with affiliated organizations, other Cooperative organizations, and local communities.
P) Other duties including:
    1) Approve applications for membership.
    2) Approve write-offs of uncollectible balances due to the Cooperative.
    3) See that accurate minutes of board and membership meetings are prepared and maintained.
    4) Authorize individuals to execute various financial transactions. (Includes signing checks and borrowing funds)

Authority and responsibility of individual Directors and Officers:

President - The President is the principal executive officer of the Cooperative and shall preside over all board meetings and membership meetings. The President is one of the primary officers

authorized to sign deeds, mortgages, agreements, contracts, etc. (once authorized by the board or members)

Vice-President - The Vice-President shall perform the duties of the president in his/her absence.

Secretary/Treasurer - The Secretary is generally responsible for the books and records of the Cooperative. Specific areas of responsibility include:

1) Responsibility for maintaining accurate minutes of board and membership meetings.
2) Custodian for all corporate records in conformity with the By-Laws.
3) Signs other documents as are authorized by the Board or membership.

The Treasurer is generally responsible for the funds, securities, and assets of the Cooperative. Responsibility also includes making sure Cooperative receipts and expenditures are handled in conformity with the By-Laws.

All directors within an official board meeting have the authority to decide how the Cooperative is to be run as described more fully in this policy book and the By-Laws. Additionally, each director is responsible for maintaining an understanding of the Articles of Incorporation, By-Laws, board policies, and other rules and guidelines for the Cooperative. They should also maintain an understanding of the needs of the membership, and an understanding of the major economic and political issues affecting the Cooperative.

III. RESPONSIBILITY

The Board and/or officers are generally responsible for implementing this policy. However, specific areas are or can be delegated to the General Manager.

ATTESTING:

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President Secretary

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Date