

LA PLATA ELECTRIC ASSOCIATION, INC.

DURANGO, COLORADO

**Board of Directors Policy**

Subject: <b>Delegations of Authority from the Board of Directors to the Chief Executive Officer</b>			Policy No: <b>103</b>
Original Issue: 3/17/93	Last Revised: 9/20/17	Last Reviewed: 9/20/17	Page 1 of 12

I. OBJECTIVE

To define the delegations of authority from the Board of Directors to the Chief Executive Officer (CEO) to enable the CEO to adequately direct the business of La Plata Electric Association, Inc. (Cooperative) and to report to the Board on the results achieved.

II. POLICY

It shall be the policy of the Cooperative to achieve the above objectives by delegating the following duties to the CEO:

A. Planning

1. Policies

To formulate, with the staff, the policies of the Cooperative and to recommend said policies to the Board of Directors for their consideration. Such policies shall be reviewed by the CEO as necessary and a recommendation made on any revisions required.

2. Objectives

To develop, with the staff and the Board, goals and objectives and plans and programs designed to meet those goals and objectives and to review annually these objectives and goals, as well as the results achieved, with the Board or a committee of the Board.

3. Long and Short Range Plans

To conduct studies with the staff and outside consultants, if necessary, and recommend to the Board short and long-range plans, including plans in such areas as system studies, engineering work plans, power requirements and load forecasts, financial forecasts, energy management, member and public relations, construction, facilities, marketing, and the like and to report to the Board on results compared to such plans.

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4. Membership Services

To develop, with the staff, plans for annual and other meetings of the Cooperative, establish a communications and community outreach plan, and to make appropriate recommendations to the Board, or a committee of the Board.

5. Work Plans and Budgets

To formulate, with the staff, annual work plans and budgets for the Cooperative and to recommend such plans and budgets to the Board or a committee of the Board for their consideration, and to provide detailed reports on revenue, expenses, and other results compared to such plans.

6. Legislation

To analyze and determine, with the staff and in coordination with organizations such as the National Rural Electric Cooperative Association (NRECA), Colorado Rural Electric Association (CREA), state and federal legislative and regulatory matters to be proposed, supported, or opposed consistent with established Board policy.

7. Retail Rates and Service Rules and Regulations

To periodically study and analyze the Cooperative's rates and service rules and regulations to make sure they meet current operating requirements and to make appropriate recommendations to the Board.

B. Organization

1. Organization Structure

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

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b. To determine, with staff as appropriate, the need for additional positions, 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.

2. Selection of Personnel

a. To develop or approve standards and qualifications for use in recruitment, transfer, and promotion of personnel. Such standards and qualifications will meet all federal and state legal requirements.

b. To select, appoint, transfer, promote, and terminate personnel.

3. Training

a. To ensure that the staff members are trained in accordance with the qualifications and requirements of their positions.

b. To initiate and promote, through appropriate staff, training programs for all personnel within limitations of the approved budget, including sending personnel to training programs outside the organization.

4. Performance Appraisals

a. To appraise, at least annually, the performance of management staff members and to counsel with them and assist them to develop and improve.

b. To ensure that a performance appraisal program is established and carried out for all personnel and that adjustments, for those outside the bargaining unit, are based on merit.

5. Position Descriptions

To ensure that written position descriptions and job specifications are prepared and reviewed as necessary for all personnel and are in compliance with all applicable federal and state laws and regulations.

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6. Fringe Benefits

To administer and to approve activities and actions with respect to vacations, holidays, sick leave, and other fringe benefit programs for the personnel within established policies and within the limitations of the budget.

7. Wage and Salary Administration

- a. To ensure that a wage and salary plan is updated annually.
- b. To determine all salary adjustments, except the CEO's, in accordance with a wage and salary plan and within the limitations of the budget, including merit and incentive bonuses.
- c. To evaluate new positions and reevaluate existing positions, if their responsibilities and authorities substantially change, and, as a result of such evaluations or reevaluations, to include these positions in a wage and salary plan.

8. Labor Relations

- a. To negotiate and enter into, with consulting assistance, labor contracts based on input from the Board.
- b. To administer the approved labor contract and see that the appropriate supervisors understand the provisions of the contract and its administration.

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C. Operations

1. Overall Administration

- a. To direct the day-to-day operations and activities of the Cooperative except as specified otherwise by the bylaws or the Board; to delegate authority to immediate staff; to authorize further delegation of authority to any level of management with full recognition that the CEO cannot be relieved of overall responsibility or accountability to the Board of Directors.
- b. To execute and deliver on behalf of the Cooperative any nondisclosure agreements (NDA), as may be a necessary part of doing business with third parties. The Board specifically authorizes the CEO to enter into NDAs on behalf of the Cooperative to bind the Board and all personnel. The CEO shall notify the Board of Directors and staff, either at the next regularly scheduled meeting or through special notice if necessary, of any NDAs executed on behalf of the Cooperative, and provide a copy of the executed document upon request.
- c. To manage operations of the Cooperative in accordance with policies and procedures of the Board and in accordance with policies and procedures of applicable lending institutions; as well as applicable federal, state, and local laws.
- d. To designate an appropriate person to serve as acting CEO in the absence, without contact, of the CEO. In case the CEO becomes incapacitated, the Board president in consultation with the Executive Committee shall appoint an acting CEO to serve temporarily until the Board of Directors takes appropriate action, at a meeting to be convened as soon as possible.
- e. To ensure that staff advice and assistance is provided to the Board and its committees, and to participate in the deliberation of these committees as requested or required.

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- f. To select and appoint specialized consultants, other than the firm performing the independent financial audit and the regular Cooperative attorney, for services including but not limited to legal services which the Cooperative attorney is unable to provide, engineering services, accounting services, management consultants, cost of service and rate consultants, and information technology consultants. The CEO shall provide for consulting services in the annual operating budget.
- g. 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 Cooperative within the limitations of Board policy and the approved budget. Participation by the CEO in such activities which requires considerable time over a sustained period shall require the approval of the Board.
- h. To serve as the authorized spokesperson for the Cooperative on national, regional, state, and local matters and to keep the Board up to date and well informed on such matters.

2. Membership Services

- a. To direct membership services in such areas as, but not necessarily confined to, public and member relations, load management, economic development, marketing, communications, and research and approve of all communication by the Cooperative to its members.
- b. To arrange for member satisfaction surveys and other techniques to measure members' satisfaction and needs assessments to determine member interest in additional products or services that might be offered by the Cooperative.

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3. Legislation

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

4. Financial

- a. To make expenditures in accordance with the approved budget.
- b. To make expenditures for non-budgeted items up to a cumulative amount of \$100,000 per fiscal year. The CEO may make expenditures for non-budgeted items exceeding \$100,000 which, in the judgment of the CEO, are vital to effect unanticipated emergency maintenance or repairs and are reported to the Board at their next meeting. Non-budgeted items exceeding \$50,000 which are not items vital to effect unanticipated emergency maintenance or repairs, must be presented to the Board for approval prior to expenditure.
- c. To invest or reinvest funds, cash investments when due, and cash government bonds, when and if necessary to protect the Cooperative's program, consistent with Board policy.
- d. To authorize and approve the travel expenses of personnel, except the CEO, on company business within the limitations of the budget and within established policy. Such expenses shall be supported by itemized expense accounts with receipts attached as appropriate. Expenses of the CEO will be reviewed by the Executive Committee and approved by the President of the Board.

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- e. To approve accounting systems, procedures, statistics, and types of reports necessary for sound financial management and to meet the requirements of lending and regulatory agencies and for necessary control information required by the Board.
- f. To independently assess the adequacy, effectiveness, and efficiency of the systems of control within the Cooperative and the quality of ongoing operations against policies and procedures established by management and/or the Board, and rules of applicable lending institutions; as well as applicable federal, state, and local laws.
- g. To purchase or lease all equipment, vehicles, hardware, furniture, materials, and supplies within the guidelines of the budget. All 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 applicable. Purchases should obtain the “best overall value” to the Cooperative, considering price, reliability of product or service, customer service, availability, energy efficiencies, and vendor reputation. Whenever possible and practical, preference should be given to companies located within the Cooperative’s service territory or companies with a cooperative relationship, unless a cost difference exists, the item is not available, or the product cannot be obtained in a timely manner. Capitalized purchases will be reported to the Board quarterly.
- h. To negotiate contracts for construction, with all contracts in excess of \$250,000 to be submitted to the Board for approval.
- i. To execute and deliver purchase orders or contracts for projects previously approved by the Board.
- j. To approve and sign changes under contracts previously approved by the Board if less than \$100,000. All such changes are to be reported to the Board at the next Board meeting.



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- k. To determine the amount of and establish proper control of all physical inventories to minimize investment in inventories needed to meet operating and construction needs; and to ensure that a system is established to accurately account for all materials used.
- l. To determine insurance coverage required for effective risk management and to negotiate purchase of such coverage.
- m. To execute and deliver on behalf of the Cooperative agreements essential to the management of the Cooperative, such as affidavits, agreements, to acquire by purchase or lease all easements and substation sites, and right-of-way transactions.
- n. To negotiate franchises and execute all petitions and documents subject to Board approval, deliver, and accept all documents relating thereto.
- o. To execute and deliver on behalf of the Cooperative agreements between the Cooperative and its subsidiaries that assist in the effective management of both entities or provide services valuable to the entities, such as easements and right-of-way transactions, provided that, in the CEO's opinion, the granting of the easement will not impair the use of the Cooperative's property.
- p. To execute and deliver all environmental studies and reports; to make application for all permits relating to the operations of the Cooperative; to design, route, and determine the site for all facilities.
- q. To perform all acts necessary or incidental to the management of the operations of the Cooperative, unless such acts are specifically reserved to the Board pursuant to law, the Articles of Incorporation, the bylaws, or policies.

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5. Reporting Requirements

a. Operations

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

b. Finances

To submit monthly financials and quarterly and annual financial reports and special financial reports as needed to the Board to keep them informed of the Cooperative's financial position and conformance to financial plans and forecasts, and to see that all persons having access to cash or responsible for purchasing of materials are properly bonded in accordance with all requirements of the applicable lending agencies.

c. Budgets

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

e. Member Complaints

To submit quarterly to the Board an analysis of member opportunities and to take any corrective action required.

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f. Member Meetings

To report to the Board an analysis, by the CEO and staff, of effectiveness of annual and other member meetings with recommendations on any improvements which can be made.

g. Reliability of Service

To submit quarterly service reliability reports to the Board and any remedial action taken.

h. Bylaws

To report to the Board, or a committee of the Board, on periodic review with the general counsel of the bylaws and to recommend any revisions required.

i. Availability of Power Supply

To report periodically to the Board of load growth compared to the power requirements studies and to recommend plans to meet anticipated growth to ensure an adequate and reliable supply.

j. Rates

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

k. Consultants

To report to the Board at least quarterly on services provided and the fees received by principal consultants.

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I. Construction

To review construction practices with appropriate staff to make sure projects are being constructed in accordance with applicable construction standards.

m. Benefits

To report to the Board annually on employee benefit programs.

III. OTHER ORGANIZATIONS

- A. Serve on the Board of Directors or represent the Cooperative at other organizations as may be assigned by the Board.
- B. Provide leadership where necessary at Cooperative Finance Corporation, CoBank, Federated, NRECA, CREA, Tri-State Generation and Transmission Association, Inc., and other organizations which may directly or indirectly affect the Cooperative.

IV. RESPONSIBILITY

- A. The CEO shall report to the Board periodically on how these delegations are being carried out. The CEO may make further delegations to his staff as required.
- B. The Board is responsible for approving any changes in the delegations to the CEO.

9/20/2017  
Date

  
Secretary