

LA PLATA ELECTRIC ASSOCIATION, INC.  
DURANGO, COLORADO

**Board of Directors Policy**

Subject: <b>Board of Directors-Chief Executive Officer Relationship</b>			Policy No: <b>104</b>
Original Issue: 3/17/93	Last Revised: 7/20/16	Last Reviewed: 7/20/16	Page 1 of 3

I. OBJECTIVE

To establish the policy governing the basic relationship between the Board of Directors, who are elected by the members of La Plata Electric Association, Inc. (Cooperative) and the Chief Executive Officer (CEO), who is employed by the Board of Directors.

II. POLICY

- A. The Board of Directors recognizes that efficient management of the Cooperative can exist only through mutual understanding and cooperation between the Board of Directors and the CEO. The CEO is expected to produce results and give an account to the Board of Directors for his/her stewardship.
- B. The Board of Directors reserves its authority to establish policy, approve plans and programs and delegate authority to its CEO, except those that are by law, the Articles of Incorporation and Bylaws of the Cooperative conferred upon or reserved to its members.
- C. All policies of the Board of Directors shall be promulgated at regular and special meetings of the Board of Directors.
- D. The CEO shall be given complete authority for managing the operations of the Cooperative in accordance with the objectives and policies set forth by the Board, including the authority to hire capable personnel within the approved wage and salary plan and policy, to train, supervise and replace them if necessary.
- E. The CEO shall be accountable to the Board for providing complete reports regarding strategic areas of operations in a manner that will allow full opportunity for the Board to measure results of management and operations. The CEO may use, at CEO's discretion, individual members of the general staff to present special reports for him/her to the Board of Directors.
- F. In addition to the establishment of policies, the Board shall be responsible for approval of the overall plans involving major operations and construction, and basic requirements such as financial forecasts, budgets, other resources, facilities, investments and the control reports necessary to measure results. The Board may also direct the CEO to take corrective action to conform to Board objectives, policies and plans.

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- G. Directors shall act collectively, as the Board of Directors, under an approved order of business. Each director shall recognize that he/she has no authority outside of the Board meeting, except and unless specifically authorized or assigned a project with authority to act or speak for the Board. No director may individually make commitments for either the Board of Directors or the Cooperative.
- H. The CEO shall take direction from the Board of Directors as a whole and will not be required to take direction from individual members of the Board.
- I. Directors of the Board shall not, as individuals, discuss management problems with the employees of the Cooperative. Such matters will be heard by the Board of Directors at regular or special meetings of the Board.
- J. It shall be distinctly understood that the “flow” of authority for the management of the Cooperative shall pass through the CEO and the CEO shall be the connecting link between the Board of Directors and the Cooperative’s employees. The Board of Directors shall require full and complete information from the CEO concerning all matters in connection with the management of the Cooperative as set forth in Board policies.
- K. No employee shall at any time receive or be required to take instructions from any member of the Board of Directors.
- L. Employees who have a complaint or suggestion which remains unresolved by the CEO may make a written request to the Board of Directors in accordance with applicable policies and directives. The CEO shall establish adequate employee policies and management directives to provide employees a path to bring complaints and suggestions to the Board for official action. It shall be clearly understood that the Board, as the governing body of the organization, establishes and approves the general policies and should not handle individual personnel matters.
- M. When an individual Board member receives a complaint from the membership or the public, the Director shall refer the complaint to the CEO and may request a full report to the Board of the action taken. The CEO is expected to periodically inform the Board of Directors regarding evidence of members’ satisfaction and the type and number of complaints.

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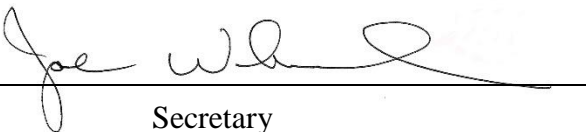
- N. The CEO will provide leadership in the overall Board and management function and to advise and assist the Board with regard to goals, objectives, policies, plans, and programs.
- O. The Board of Directors recognizes its responsibility for the employment of a CEO, and further the additional responsibility for a systematic appraisal of the CEO's performance in order that growth, development and effective improvements are encouraged.
  - 1. The Board of Directors will, on an annual basis, appraise and review the CEO's performance against his/her goals for the previous year, reach a consensus on the CEO's performance appraisal, and meet with the CEO to discuss goals for the coming year.
  - 2. As part of the CEO's annual review, the CEO will provide a report to the Board on goals accomplished in the previous year.
  - 3. The CEO's terms of employment, including salary and bonuses shall be set forth in a separate employment contract. The Board will consider the NRECA salary survey in setting the wage.

III. RESPONSIBILITY

The President of the Board of Directors shall be responsible for the administration of this policy.

7/20/2016

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Date

  
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Secretary