



FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

GENERAL POLICY NO. 204
SUBJECT: BOARD OF DIRECTORS – CEO/GENERAL MANAGER
RELATIONSHIPS

I. PURPOSE:

- A. To establish the basic relationships between the Board of Directors and the CEO/General Manager so that accepted management principles and practices can be observed.
- B. To clarify the responsibilities and authorities of the CEO/General Manager so that he/she may operate the business of the Cooperative as expeditiously as possible.

II. POLICY STATEMENT:

The Bylaws of the Cooperative provide that the Board of Directors may appoint a Chief Executive Officer and General Manager (CEO/General Manager) who shall exercise such authority as the Board of Directors may from time to time vest in him/her.

In accordance with this provision, it will be the policy of the Board of Directors of the Cooperative to use the following outline of Relationships, Delegations, and Responsibilities as guidelines for the management of the Cooperative.

A. Relationships:

- 1. The Board recognizes its responsibility for the employment of a CEO/General Manager whose management skill and judgment will ensure the continued successful operation of the Cooperative.
- 2. The Board further recognizes it is necessary that the responsibility of day-to-day operations should be delegated to the CEO/General Manager with the Board's management role being reserved for

broad policy decisions, the review of operational activities for conformity to policy, approval of annual budgets and workplans and for the consideration of concerns for the future.

3. In accordance with General Policy No. 101, all policies and other action of the Board of Directors shall be promulgated at regular or special meetings of the Board by an affirmative vote of a majority of the Board. It shall be considered a breach of board etiquette for any Director to make a commitment in the name of the Cooperative, unless that right has been previously approved by the Board of Directors.
4. It shall be understood that the "flow" of authority for the management of the Cooperative shall pass through the CEO/General Manager, and the CEO/General Manager shall be the connecting link between the Board of Directors and the employed personnel. Accordingly, members of the Board of Directors shall refrain, as individuals, from discussing management problems with Cooperative personnel, other than the CEO/General Manager. However, the Board collectively may confer with personnel at any regular or special meeting.
5. The Board of Directors believes that the efficient management of the Cooperative can exist only through mutual understanding and complete cooperation between the Board and the CEO/General Manager. The CEO/General Manager is expected to produce results and to provide the Board with an accounting of his/her stewardship. To accomplish these things, he/she must be given latitude to exercise independent judgment in executing Board policies. The Board acknowledges the necessity for granting this latitude, which it does through its delegations to the CEO/General Manager.

6. The Board of Directors shall give the CEO/General Manager a periodic review and critique of his/her performance as CEO/General Manager. Said reviews shall not be less than annually, and shall be in written form, utilizing the forms that the Cooperative or CEO/General Manager shall furnish for that purpose.
7. The Board may appoint the CEO/General Manager to represent the Cooperative in any member organization, association, or group as the Board may from time to time direct.

B. Delegation:

The CEO/General Manager is empowered and required to institute such actions as are necessary to manage the overall operations of the Cooperative in the most effective manner possible, except he/she may not engage in those actions which are by state or federal law, the Articles of Incorporation, the Bylaws, or specific General Policy conferred upon or reserved to the members of the Board of Directors.

These delegated responsibilities shall include, but are not necessarily limited to, the following:

1. Decisions pertaining to the day-by-day operation of the business activities of the Cooperative.
2. The development of long and short-range plans, work programs, and budgets for consideration and approval by the Board of Directors.
3. The determination of organizational personnel needs and the recommendation to the Board of changes in the organizational format necessary to meet changing needs.
4. The development and administration of the wage and salary plan for Cooperative personnel which has been adopted by the Board of Directors.

5. The administration of the various personnel functions of the Cooperative, including: the recruitment, selection, employment, training and development, promotion, demotion, and termination of employees.
6. The development of benefit programs for Cooperative employees and the recommendation to the Board of changes to be considered.
7. The development of control techniques by which management and the Board of Directors can better analyze the operation of the Cooperative, so that more effective decisions for the future can be made.
8. The periodic review of insurance and bonding requirements of the Cooperative, and the recommendation to the Board of changes to be made.
9. The purchase of equipment, materials, and supplies within the limitations of the budget, board policies, and accepted business practices.
10. The preparation of loan applications and other documents requiring Board approval.
11. The development of programs which will:
 - a. Stimulate the use of electricity and the various Cooperative services to the member-consumer.
 - b. Inform the member-owners of the plans, programs, and activities of the Cooperative.
 - c. Promote the favorable image of the Cooperative.
 - d. Encourage and promote the development of economic resources and opportunities in the Cooperative's service area.

The CEO/General Manager may delegate to other Cooperative personnel

portions of the above responsibilities as he/she deems necessary so that the Cooperative may benefit from the most effective utilization of the skills, knowledge, and experience of its personnel.

C. Responsibility and Authority:

In conformity with accepted management practice, the Board of Directors recognizes that the above delegations place great responsibility upon the CEO/General Manager. It also recognizes that this responsibility cannot be fulfilled unless sufficient authority is granted to make it possible for the CEO/General Manager to make the decisions necessary to operate the business of the Cooperative properly. Accordingly, the Board of Directors grants to the CEO/General Manager all of the authority necessary to operate the Cooperative in accordance with its decisions, dictates, and policies.

However, the Board of Directors does hold the CEO/General Manager accountable to them for all actions taken by him/her or employed Cooperative personnel in the name of the Cooperative, and the Board requires that the CEO/General Manager give them periodic reports on the activities of the Cooperative, and its personnel and of its affairs of the Cooperative.

III. INCAPACITATION OF THE CEO/GENERAL MANAGER:

In the event the CEO/General Manager becomes incapacitated, the Engineering Manager will assume the responsibilities of the CEO/General Manager until the Board of Directors meet and determine the process for selecting a CEO/General Manager and appoint an Interim General Manager. In the event that the Engineering Manager becomes incapacitated or is unavailable, the CFO will assume the responsibilities of the CEO/General Manager until the Board of Directors meet and determine the process for selecting a CEO/General Manager and appoint an Interim General Manager.

IV. RESPONSIBILITY:

The Board of Directors and the CEO/General Manager.

V. PRIMACY OF POLICY:

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

DIRECTORS

APPROVED BY THE BOARD OF



Doug Schmier, President

DATE APPROVED: April 18, 1988

DATE REVISED: April 24, 2000

DATE REVIEWED: July 25, 2011

October 23, 2017

June 22, 2020