



POLICY NO. 113

SUBJECT: DELEGATION OF AUTHORITY FROM THE BOARD OF TRUSTEES TO THE GENERAL MANAGER

I. PURPOSE

To delegate to the General Manager the authority to direct the operations of the Cooperative and the responsibility to report to the Board of Trustees the results achieved.

II. POLICY CONTENT

The Board of Trustees appoints a General Manager to perform such duties and exercise such authority as the Board of Trustees may vest in him/her as outlined in this policy.

III. PROVISIONS

The General Manager shall have the authority to do the following:

A. Planning

1. Policies

To formulate, with the staff, as appropriate, the policies of the Cooperative to be recommended by the General Manager to the Board of Trustees or appropriate Board committee for their consideration.

2. Strategic Planning

To develop, with the staff and the Board of Trustees, the mission and long-range objectives of the Cooperative, 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 Trustees in such areas as load forecasts and future power requirements, financial forecasts, energy management and marketing, long-range system engineering requirements, and possible future deregulation of the electric power industry.

4. Membership Meetings

To develop, with the staff, plans for annual and other member meetings of the Cooperative and to make appropriate recommendations to the Board of Trustees or a committee of the Board of Trustees.

5. Work Plans and Budgets

To formulate, with the staff, annual work plans and budgets for the Cooperative and recommend them to the Board of Trustees or a committee of the Board of Trustees for their consideration and to provide to the Board of Trustees detailed monthly reports on revenue, expenses, and other results compared 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) and the [state organization], any federal legislative and regulatory matters to be proposed, supported, or opposed consistent with established Board policy and to report to the Board of Trustees on the results.

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 of Trustees.

8. Marketing

To develop, with the Cooperative's staff, a strategic marketing plan which improves load factor, utilizes excess capacity, enables the members to efficiently utilize electric energy, and, through the use of integrated or least cost planning, ensures that additional generation will be built only if it is needed and can be built on a cost-effective basis.

9. Related Services

To analyze and determine, with the staff, the opportunities for related services that can be offered to, or on behalf of, the members of the Cooperative, within the Cooperative's existing structure, through subsidiary corporations, or by partnering with other cooperatives, businesses, or individuals, within the framework of existing law.

B. Organization

1. Organization Structure

- a. To periodically review activities of the Cooperative and to determine, with the staff as appropriate, the organization structure best suited to carry out the overall objectives of the Cooperative 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 Trustees.

2. Selection 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.

3. Training

- a. To ensure that staff members are trained in accordance with the requirements of their positions.
- b. To initiate and promote, through staff and within the limitations of the approved budget and Board policy, appropriate management, supervisory, professional, technical, and information training programs for all personnel including sending personnel to 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.
- b. To ensure that a performance appraisal program is established and carried out for all personnel and that wage adjustments are based on merit.

5. Position Descriptions

To ensure that written position descriptions and job specifications for all employees, except for the General Manager, are prepared and reviewed as necessary. Position descriptions and job specifications do not require approval from the Board of Trustees.

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 non-exempt employee overtime is controlled.

8. Consultants

a. To recommend to the Board of Trustees, or the appropriate Board committee for review and recommendation to the Board of Trustees, 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 Trustees of actions taken in regard to the hiring of consultants.

c. To periodically report to the Board of Trustees 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 Trustees or appropriate Board committee for review and recommendation to the Board of Trustees.

b. Within the limitations of the budget, to determine economic adjustments to the plan. Salary adjustments for the General Manager shall be approved separately on an annual basis. A report is to be provided to the Board of Trustees annually on the administration of the wage and salary plan.

- 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 labor surveys, as necessary, to determine wages and salaries paid for comparable jobs in the area in which the Cooperative recruits personnel and to make recommendations to the Board of Trustees (or a committee of the Board of Trustees) on any revisions required in the wage and salary plan, taking into account the financial condition of the Cooperative.

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 Cooperative except as specified otherwise by the Bylaws or the Board of Trustees, to delegate authority to immediate staff, and to authorize further delegation of authority to any level of management with full recognition that the General Manager cannot be relieved of his/her overall responsibility or any portion of accountability.
- b. To manage operations of the Cooperative in accordance with the policies of the Board of Trustees and in accordance with the policies and procedures of RUS, CFC, and other lending institutions and applicable federal, state, and local laws.
- c. To designate an appropriate person to serve as Acting General Manager in the event of an extended absence of the General Manager, subject to the approval of the Board of Trustees.
- d. To ensure that staff advice and assistance is provided to the Board of Trustees and its committees and to participate in the deliberation of the Board of Trustees or any of its committees as requested or required.

- e. Within the limitations of Board 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 Cooperative. Participation by the General Manager in activities which require considerable time over a sustained period requires the approval of the Board of Trustees. In addition, the General Manager shall report to the Board of Trustees if he/she obtains a Board position with any other organization.
- f. To determine and meet the transportation needs of the Cooperative in the most economical and practical way possible. The number of Cooperative-owned or leased cars individually assigned to employees will be minimized.
- g. To serve as the spokesperson for the Cooperative on major issues and to keep the Board of Trustees up-to-date and well informed on such issues.

2. Membership Services

To direct membership services in such areas as public and member relations, load management, energy conservation, marketing, communications, and research.

3. Legislation

- a. Within Board policy to develop and carry out, in coordination with organizations such as NRECA, 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 legislative committees and consultation with members of Congress, state legislatures, 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 administer the approved budget, including approval of non-budgeted items up to \$25,000¹ and all non-budgeted items which, in his/her judgment, are vital to effect unanticipated emergency maintenance or repairs. Non-budgeted items exceeding \$25,000 which are not vital to effect unanticipated emergency maintenance or repairs must be presented to the Board of Trustees for approval.
- b. To invest or re-invest funds, cash investments when due, and cash government bonds when and if necessary, to protect the Cooperative's cash position and to carry out an effective cash management program. Investments will generally be made in CFC securities, 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. Expenses of the General Manager will be reviewed by the Finance Committee.
- 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 Trustees.
- e. To purchase or lease all equipment, vehicles, hardware, furniture, materials, and supplies within the limitations of the budget and Board policy. All purchases shall comply with applicable RUS directives or procedures. 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 appropriate.
- f. To negotiate contracts for construction in accordance with RUS procedures, with such contracts to be submitted to the Board of Trustees for approval. Once approved, the contracts will be awarded in accordance with RUS procedures so completed construction can be reimbursed from loan funds without delay.
- g. To execute and sign (or supervise same) purchase orders or contracts for projects previously approved by the Board of Trustees.

¹ Or an amount you deem appropriate.

- h. To approve change orders on contracts previously approved by the Board of Trustees and RUS, if cumulatively less than 20 percent of the original contract value. Change orders exceeding 20 percent of the original contract value will be brought to the Board of Trustees for approval. The Board of Trustees 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 RUS 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 Cooperative memberships in local organizations in which he/she thinks membership of the General Manager or staff members would be beneficial, and to authorize payment of dues by the Cooperative, within the limitations of the budget and established Board policy. Professional registration fees will only be paid for registration in the state of North Carolina, if such registration is desirable or required.
- k. To negotiate and execute all documents related to the acquisition by purchase or lease of all real property, including easements and substation sites, 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.
- l. 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 of Trustees 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 Trustees on conformity of operations with approved policies and programs, to recommend any revisions requiring approval from the Board of Trustees, 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 Trustees 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 Trustees 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 Trustees a report regarding significant member complaints, to take any corrective action required, and to recommend appropriate revisions in Board policy.

g. Member Meetings

To report to the Board of Trustees 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 Trustees a report on service reliability and any substantial remedial action taken.

i. Bylaws

To review the Bylaws annually, with the Cooperative's attorney, and to report to the Board of Trustees, or a committee of the Board, any recommended revisions.

j. Availability of Power Supply

To compare load growth to power requirement studies and to periodically report to the Board of Trustees 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 Trustees, 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 RUS policies and procedures so that reimbursement for completed construction and awarded contracts can be obtained promptly.

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 Trustees, regulations and requirements of RUS 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 General Manager shall report to the Board of Trustees periodically on the delegation of duties. The General Manager may delegate to his/her staff duties as required. However, the General Manager shall continue to be responsible for any duties delegated.

Except and unless restricted by the Board of Trustees, the General Manager may delegate any of the foregoing duties to the Acting General Manager, and the Acting General Manager may act in any or all of these responsibility areas in the absence of, and when designated to act for, the General Manager.

- B. The Board of Trustees is responsible for approving any changes to the duties delegated to the General Manager.
- C. The Board of Trustees, or an appropriate committee thereof which shall report to the Board of Trustees, shall be responsible for seeing that the performance of the General Manager 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 General Manager.

APPROVED BY THE BOARD OF TRUSTEES

PRESIDENT

EFFECTIVE DATE: _____

REVISED DATE: _____