

BOARD POLICY

102

FUNCTIONS OF THE BOARD OF DIRECTORS

I. OBJECTIVE

To describe the major functions of the Board of Directors of HomeWorks Tri-County Electric Cooperative.

II. POLICY

- A. To establish and maintain a legal entity with respect to:
 - 1. Ensuring that the legal requirements, as set forth in the Articles of Incorporation, the By-Laws, and other regulations applying to the Cooperative, are complied with regularly, including but not necessarily limited to:
 - a. All federal, state and local statutes and ordinances.
 - b. Rural Utilities Service (RUS), CFC, and other lending agencies.
 - c. Federal and state tax and regulatory agencies and commissions.
- B. To set rates, charges, accounting standards, billing practices, and terms and conditions of service as necessary or required, in order to provide a reasonable rate of return to keep the cooperative financially stable and to reasonably reflect the cost of providing electric service to each member.
- C. To select and appoint the Legal Counsel and Auditor.
- D. To study, consider, and approve revisions and other changes in the By-Laws and/or Articles of Incorporation as necessary or required.
- E. To review and approve major contracts such as loan agreements, power contracts and construction contracts.
- F. To ensure that complete and accurate minutes of the Board, Board Committees, and the District and Annual Membership Meetings are prepared, maintained and approved.
- G. To act as trustees of membership interests with respect to:
 - 1. Seeing that well-planned membership meetings are held to adequately

inform its members, obtain their ideas and suggestions, and to promote understanding of the Cooperative's objectives, goals, policies, plans and programs.

2. Keeping well informed about changing member needs and how the Cooperative might assist in meeting these needs.
3. Ensuring that the members are informed of the results of the operations through periodic newsletters and other publications, reports and membership meetings.
4. Complying with Board policies and the By-Laws.
5. Keeping informed and growing in their own skills and understanding as Board members.
6. Arranging periodically for an appraisal of Board performance and for a systematic program to keep the Board growing in its abilities.
7. Assisting new board members to develop a greater understanding of the Cooperative and their basic responsibilities and authorities.
8. Ensuring that a continuous program of member, public and governmental relations is carried out to obtain understanding and support for the Cooperative's objectives, policies, plans and programs.
9. Seeing that members are fully informed of problems faced by the Cooperative which require their support. Every reasonable effort shall be made to keep the members advised of the long-range outlook on power costs, and as far in advance as possible on the need for adjustments in retail electric rates.
10. Protecting the assets of the Cooperative through appropriate insurance policies and coverage and by making sure the cooperative complies with the policies, regulations, and mortgages of all lending agencies.
11. Approving depositories for funds of the Cooperative, and designating those authorized to sign checks, drafts, notes, contracts, deeds, mortgages, and other instruments on behalf of the Cooperative.
12. Holding well-planned and effectively conducted Board Meetings monthly or more often if required.
13. Establishing policies governing the investment of funds of the Cooperative.

14. Establishing policies governing the compensation and benefits for the Directors.
 15. Approving the appointment of the Cooperative's principal consultants and agreements for their services; i.e., financial, engineering and legal.
 16. Approving purchase, transfer, lease and/or sales of all real estate.
 17. Ensuring that environmental stewardship is considered a priority when creating or approving plans, policies or programs for operating the Cooperative.
 18. Filling vacancies on the Board for any unexpired term of office in accordance with the By-Laws.
- H. To consider and adopt short and long range plans with respect to:
1. Ensuring an adequate and reliable supply of power at the most reasonable cost for the members consistent with sound economic and business practice.
 2. Reviewing and approving the Strategic Plan of the Cooperative.
 3. Reviewing proposed policies as recommended by board committees and adopting such policies as appropriate, and ensuring that these policies are reviewed periodically.
 4. Reviewing and approving overall operating programs, services and activities developed and recommended by the General Manager and taking into account the feasibility of such recommendations, and the financial ability of the Cooperative to provide these programs and services.
 5. Reviewing and approving the annual work plans and budgets tied to the Strategic Plan in terms of achieving the desired end results in the operation of the Cooperative.
 6. Considering and adopting broad personnel and wage and salary policies essential to provide opportunities for growth and development of employees as recommended by the General Manager.
 7. Considering and approving the labor contract as recommended by the General Manager and negotiating team.
 8. Considering and adopting financial plans and policies essential to maintaining a sound financial structure for the Cooperative.

- I. To provide operating requirements with respect to:
 1. Authorizing the monies and expenditures of such monies through the adoption of the revenue, expense, and capital budgets necessary to carry out the Strategic Plan of the Cooperative.
 2. Establishing committees, when necessary, and receiving reports and recommendations for special or standing committees, and taking appropriate action as a result of such reports.
 3. Interviewing candidates, selecting and employing a competent General Manager.
 4. Delegating to the General Manager the authorities and responsibilities as described in Policy No. 110 or by appropriate resolution.
 5. Advising the General Manager, upon request, in regard to specific managerial decisions which are his/her delegated responsibility to make and for which results he/she is to be held responsible.
 6. Determining major state, regional or national organizations in which the Cooperative shall become a member based on Board and General Manager recommendations.
 7. Authorizing the construction of major facilities necessary for the efficient operations of the Cooperative.

- J. To ensure that controls are established which can be used in appraising the effectiveness of the operations by:
 1. Reviewing periodic reports from the General Manager to ensure conformity to the Board's approved objectives, policies, major goals, plans and programs. These reports should be of sufficient scope to enable the Board of Directors to:
 - a. Prevent unauthorized action.
 - b. Predict trends and forecast results.
 - c. Determine where remedial or corrective action may be required.
 - d. Measure results against work plans and budgets.
 - e. Measure performance against plans and policies.

2. Reviewing the annual financial audit, approval of IRS 990, the management letter and the correcting entries as recommended by auditors and ensuring that any necessary action is taken. The audit, management letter and correcting entries shall be sent to the directors prior to the meeting in which they are to review it.
 3. Seeing that, annually, a performance appraisal of the General Manager is carried out, with or without outside consulting assistance, and counseling with him/her on his/her growth and development.
- K. All other functions as may be required by law or by the operations of the Cooperative.

III. RESPONSIBILITIES

A. CHAIRMAN

It shall be the responsibility of the Chairman to see that the foregoing functions are carried out and that this policy is annually reviewed by the Board.

B. BOARD OF DIRECTORS

The Board of Directors may delegate any or all of these responsibilities to a Committee of the Board or General Manager, as long as such action is consistent with the By-Laws or other legal requirements.

Dated: October 24, 2016

Past Reviews/Revisions:

October 26, 2015
September 22, 2014
September 23, 2013
September 27, 2012
September 26, 2011
September 28, 2009
April 23, 2007
May 19, 2003
July 23, 2001
December 20, 1993