

# Randolph Electric Membership Corporation

## Board Policy No. 402

SUBJECT: Functions of the Board of Directors

### I. OBJECTIVE:

- A. To establish, clarify, and interpret the responsibilities and authorities of the Board of Directors as set forth by law, the Articles of Incorporation, the Bylaws, and accepted business principles.
- B. To provide guidance to individual Directors in the performance of their duties and responsibilities.

### II. POLICY:

The Board of Directors derives its authority from, and is directly accountable to, the member-owners of the Cooperative. The Board of Directors is empowered by them and required by law to institute such actions as are necessary to attain the objectives of the Cooperative by the protection of its rights, interests, and assets, except such actions which by law, the Articles of Incorporation, or the Bylaws are conferred upon or reserved to the members. Therefore, it shall be the policy of the Board of Directors of the Cooperative to use the following outline of relationships and responsibilities as guidelines for action and behavior as individual and collective members of the Board of Directors in fulfilling its responsibilities and obligations to the member-owners of the Cooperative.

The following provisions apply to this policy:

- A. Relationships
  - 1. The Board of Directors reports to:
    - a. As a Board -- the member-owners through the elected officers and others; and
    - b. As individuals -- the President as the chief presiding officer or in his/her absence, the Vice President.

2. The Board of Directors directs:
  - a. All committees of the Board of Directors; and
  - b. The Chief Executive Officer.

B. Responsibilities

The Board of Directors is expected to fulfill the following responsibilities:

1. To maintain the legal entity of the Cooperative by:
  - a. Complying with the provisions of the Articles of Incorporation, Bylaws, and regulatory and contractual requirements placed upon the Cooperative by, but not limited to, federal, state, and local statutes and ordinances, and the regulations of federal, state, and local commissions and agencies;
  - b. Revising the Cooperative's Bylaws as necessary or required; and
  - c. Executing, or having executed, all necessary legal contracts.
2. To act as guardian for the member interests by:
  - a. Protecting the assets and interests of the Cooperative;
  - b. Complying fully with the provisions of the Bylaws and policies;
  - c. Assisting new members of the Board of Directors to become oriented in their responsibilities;
  - d. Maintaining or having maintained full and accurate minutes of official Board of Directors and membership meetings;
  - e. Informing or having the members informed of the objectives, plans, and programs of the Cooperative;
  - f. Participating in activities which enhance the prestige of the Cooperative and helping to fulfill its corporate obligation to the area it serves; and
  - g. Keeping informed and improving their knowledge and skills as members of the Board of Directors and using their knowledge and skills to contribute to the effective management of the Cooperative.

3. To provide organization and operational direction by:
  - a. Formulating, approving, and periodically reviewing general policies for the operation of the Cooperative; and
  - b. Selecting an Chief Executive Officer and delegating to him/her the responsibility and authority for the operation of the Cooperative within the limits of the general policies established by the Board of Directors; and
  - c. Selecting and appointing the General Counsel.
4. To consider and adopt or approve in consultation with the Chief Executive Officer:
  - a. Retail rates and classifications;
  - b. Terms and conditions governing the provision of electrical service to members;
  - c. Plans for meetings of members;
  - d. Basic organization structure and wage and salary plan;
  - e. Employee benefit plans;
  - f. Selection of accounting, engineering, management, and other consultants;
  - g. Long and short range financial and engineering plans as required and necessary for the maintenance of the economic feasibility of the Cooperative;
  - h. Annual work plans and operating and capital budgets; and
  - i. Plans for investment decisions or partnering in joint ventures with others to provide other products and services.
5. To provide the continuing operating and capital requirements of the Cooperative by:
  - a. Considering the results of studies and recommendations prepared by the Chief Executive Officer;
  - b. Adopting rate changes and financial practices necessary to meet operating requirements; and
  - c. Initiating loan applications.

6. Board Self-Appraisal. To establish and periodically implement self-appraisal measures and controls to:
  - a. Prevent unauthorized action;
  - b. Determine progress in major areas;
  - c. Predict trends;
  - d. Determine where changes should be made;
  - e. Measure performance in relation to goals, plans, and budget;  
and
  - f. Measure the Board of Directors' attainment of the stated objectives of the Cooperative.

III. RESPONSIBILITY:

The Board of Directors is responsible for the administration of this policy.

EFFECTIVE DATE: March 23, 1998

REVISED EFFECTIVE DATES: August 19, 2003  
April 25, 2024