

RANDOLPH ELECTRIC MEMBERSHIP CORPORATION

POLICY NO. 402

SUBJECT: DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

I. OBJECTIVE

To describe the duties and responsibilities of the Board of Directors

II. POLICY

The Board of Directors exists to direct the affairs of Randolph Electric Membership Corporation. All of the powers of this corporation are held solely by the Board of Directors, except such powers that have been conferred upon the member-owners by statute or by the corporation's charter or bylaws. The board may delegate certain but not all of its powers to the Chief Executive Officer.

III. PROVISIONS

Ultimate responsibility for the Cooperative resides in the board, and certain decisions and actions cannot be delegated. 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 CEO.

B. Establish and maintain a legal entity by:

1. Ensuring that all legal requirements, as set forth in the law, the articles of incorporation, the bylaws, or other regulations or contracts applying to Randolph Electric Membership Corporation are complied with.

2. Selecting and appointing the general counsel.
 3. Studying and approving (or recommending) revisions and other changes in the bylaws.
 4. Reviewing and approving major contracts such as loan agreements, wholesale power contracts, and construction contracts.
 5. Approving applications for membership in the Cooperative, accepting member resignations.
 6. Ensuring that accurate minutes of board, committee, and membership meetings are prepared, maintained, and approved.
 7. Authorizing eminent domain proceedings as required.
- C. Act as guardian of membership interests by:
1. Holding board meetings monthly, or more often if required. The Chief Executive Officer in consultation with the president shall develop the preliminary agenda for such meetings, and the agenda will be mailed in advance of the meeting with appropriate supporting information.
 2. Ensuring that members of the Cooperative are informed by conducting membership meetings to hear their views, and to promote understanding of the Cooperative's objectives, policies, and programs, and through periodic newsletters and other publications, annual reports, and meetings.
 3. Keeping informed about changing member needs.
 4. Assisting new board members to understand their responsibilities and duties. An orientation will be arranged for new board members. (See Policy 414.)
 5. Selecting an independent financial auditor.
 6. Establishing investment policies and 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.
 7. Establishing policies governing the payment of travel, out-of-pocket, and other expenses of directors.

8. Approving the appointment of the Cooperative's principal consultants, including contracts and agreements for their services.
 9. Approving purchase, transfer, lease and/or sales of real estate.
 10. Filling vacancies on the board for any unexpired term of office in accordance with the bylaws.
- D. Plan for the long-term health and survival of the Cooperative by:
1. Working with the CEO to develop the mission and plans of the Cooperative.
 2. Working with the CEO, to ensure an adequate, reliable, competitively priced supply of electric energy.
 3. Reviewing and adopting proposed policies or policy revisions.
- E. Provide organizational and operational direction by:
1. Interviewing candidates and selecting and employing a competent Chief Executive Officer ("CEO"). The CEO is delegated responsibility and authority to select personnel and terminate their employment, if such action becomes necessary, within the limitations of board policy. The CEO is also delegated complete responsibility to direct such employees.
 2. Adopting financial plans and policies essential to maintaining a sound financial structure for the Cooperative.
 3. Authorizing the monies and expenditures of such monies through the adoption of budgets necessary to carry out the objectives of the Cooperative.
 4. Establishing committees, when necessary, and receiving reports and recommendations from special or standing committees, and taking appropriate action as a result of such reports. The functions of such committees should be in writing and reviewed annually by the Bylaws, Policy and Service Rules Committee to determine if any revisions should be made.
 5. Determining major state, regional, or national organizations in which the Cooperative shall become a member.
 6. Authorizing the construction of major facilities necessary for the efficient operation of the Cooperative.

7. Review retail rates and classifications to provide terms and conditions governing the provisions of electric service to members (Service Rules and Regulations).
 8. To plan with the staff for meetings of members.
 9. To structure, through policy, the basic organization of wage and salary plans.
 10. To review, revise and adopt various employee benefit programs.
 11. To assist management and ultimately to approve selection of legal, accounting, engineering, management and other consultants.
 12. To review long and short range financial and engineering plans as required and necessary for the maintenance of economic feasibility of the Cooperative.
 13. To approve annual work plans, and operating and capital budgets.
 14. To plan investment decisions and partnering in joint ventures with others to provide other products and services.
- F. Establish controls to appraise the effectiveness of operations by:
1. Reviewing periodic reports from the CEO to either ensure conformity to approved plans and programs or to enable the board to have sufficient knowledge and understanding to make prudent decisions regarding future plans and programs.
 2. Reviewing the annual financial audit and the management letter, with the auditor present, and ensuring that any necessary action is taken. The audit and the management letter shall be sent or delivered to the directors prior to the meeting when they are to review it. Meet with auditor independent of staff.
 3. Reviewing any independent management audit if such an audit is undertaken, and ensuring that board-approved recommendations are carried out by receiving and reviewing regular progress reports from the CEO.
 4. Conducting an annual performance appraisal of the CEO and determining his or her compensation. May be performed by Board committee.
 5. Conducting periodically, a self-appraisal of the Board of Directors, with or without outside consulting assistance, to review and improve its effectiveness in fulfilling its duties.

IV. RESPONSIBILITY

It shall be the responsibility of the Board President to see that these duties are carried out.

EFFECTIVE DATE: March 23, 1998

REVISED EFFECTIVE DATES: August 19, 2003
August 27, 2012