



Policy No: 5.01
Title: Functions of the Board of
Directors
Date Re-adopted: August 26, 2014

SUBJECT: FUNCTIONS OF THE BOARD OF DIRECTORS

I. OBJECTIVE:

- A. To clarify and/or elaborate on the powers and duties of the Board of Directors as set forth in the Articles of Incorporation and Bylaws of San Miguel Power Association (hereinafter SMPA).
- B. To provide uniform guidance and continuity in more detail regarding the legal entity, trusteeship, planning, operating requirements, and control functions of individual members of the Board of Directors.
- C. To provide guidance to member-owners who elect board members to act as trustees of SMPA. To set forth a standard of performance and to guide board members regarding their responsibility and authority as directors.

II. REPORTING RELATIONSHIPS OF DIRECTORS:

- A. Report to
 - 1. Members and consumers
 - 2. President (as the chairman)
- B. Direct
 - 1. Board Appointed Committees
 - 2. The General Manager/CEO
- C. The Board of Directors acts in the singular sense as a Board and not as individuals in corporate matters.

III. RESPONSIBILITIES AND AUTHORITIES OF THE BOARD OF DIRECTORS: Within the limits of the Articles of Incorporation, Bylaws and other legal or contractual obligations, the Board of Directors shall exercise the following executive and administrative duties as Directors of SMPA.

A. To Constitute and Maintain a Legal Entity with Respect to:

1. Assuring that the legal requirements as set forth by the Articles of Incorporation, Bylaws, other regulations and contractual obligations as they apply to SMPA are complied with including but not limited to the following:
 - a. All Federal, State and Local statutes, ordinances and regulations
 - b. USDA Rural Utilities Service (RUS)
 - c. Federal and State Tax Regulatory Bodies
 - d. National Rural Utilities Cooperative Finance Corporations (CFC)
2. Executing legal contracts such as loan agreements, engineering service agreements and contracts, and wholesale power contracts. Certain execution responsibilities can be delegated to the General Manager/CEO.

B. To Act as Trustees of Members' Interest with Respect to:

1. Holding and protecting the assets of SMPA.
2. Being familiar with and complying with the Articles, Bylaws and policies of SMPA as amended, revised or corrected from time to time.
3. Insuring that a continuous member and consumer public relations and communication program is carried on to inform and gain public acceptance of SMPA's goals, objectives, policies, plans, and programs.
4. Encouraging attendance by Directors at programs and seminars for training to increase their knowledge by requiring successful completion of the Credential Cooperative Director (CCD) curriculum within three years of appointment, And, the attendance by Directors at at least one Board Leadership or other advanced training course annually, unless excused from this requirement by Board action.
5. Participate in community and political activities that will help SMPA achieve its goals and objectives. Be aware of, and take appropriate action on, legislative issues that may affect the utility industry.
6. Ensure that accurate minutes of Board and membership meetings are recorded and maintained.
7. Allocation of Capital Credits to the members and consumers annually and to determine the timing and amount of capital credits to be returned to members and consumers.

C. To Consider and Adopt Plans with Respect to:

1. Developing strategic objectives and goals for SMPA within the parameters set forth in the Articles, Bylaws and policies.
2. Developing, in consultation with the General Manager/CEO, the financial plans and policies essential to maintaining a sound financial structure.
3. Developing policies and authorizing programs to maintain good member-owner relations, public relations and the education of members and consumers on the efficient and productive use of electricity and other matters of importance to SMPA.
4. Develop plans for effective and informative Board of Director meetings.
5. Develop methods to encourage member participation in programs where membership involvement would aid SMPA in carrying out its goals and objectives.

D. To Provide Operating Requirements with Respect to:

1. Authorizing monies needed for facilities and equipment necessary to carry out the goals and objectives of SMPA and maintain excellent system reliability.
2. Selecting and employing a competent General Manager/CEO.
3. Approving the selection of Auditing and Legal Consultants, including SMPA's attorney, and approving a functional statement of duties.
4. Advising the General Manager/CEO, upon the General Manager/CEO's request, in regard to specific managerial decisions previously delegated to the General Manager/CEO.
 - a. The Board of Directors shall avoid leaving the impression it is making decisions or giving instructions to the General Manager/CEO when only advice is intended or inferred.
 - b. The Board of Directors shall accept the responsibility for the end results of any action involved in a decision should it direct the General Manager/CEO to make specific managerial decisions.

C. To Establish Measures and Controls which can be used in Appraising the Effectiveness of the Operations to be accomplished by:

1. Reviewing periodic reports from the General Manager/CEO and checking conformity to the approved Strategic goals, objectives, plans and programs of SMPA.
2. Reviewing the annual financial audit and insuring that remedial action is taken as necessary.
3. Reviewing the results of membership meetings for results relative to SMPA's goals and objectives.

IV. SUPPORTIVE RELATIONSHIPS: As members of the Board of Directors, each member of the Board recognizes and develops the following supportive relationships for the purpose of effective Board functions, effective relations with the operating management, and effective communications with SMPA's members.

A. Internal

1. President

- a. To inform the President of matters to be included on the agenda for regular or special meetings.
- b. To assist the President in his or her role as chairman, contribute ideas and information germane to the affairs of SMPA, and participate in the meeting, respecting the rules of procedure adopted by the Board.

2. Other Directors

- a. To assist in maintaining effective discussion of issues and encourage effective appraisals of Board functions in light of SMPA's goals and objectives.
- b. To accept responsibility of committee work and special assignments.

3. General Manager/CEO

- a. To inform and advise on matters concerning the interests of the membership that may be brought to the attention of the Directors.
- b. To recognize as the operating official through whom all complaints, problems and other matters should be communicated when it is the concern of SMPA or its employees.

B. External

1. Members

- a. To enlist the continuing support and understanding on all problems affecting member interest as consumers and owners.
- b. To accept information which should be relayed to the Board or the General Manager/CEO.
- c. To support decisions made by the Board of Directors to the membership, keeping in mind that the Board, to be effective, must act as a body and not as individual members in providing trusteeship for SMPA.

2. General Public

To work at all times to help maintain the favorable image of SMPA as a member owned-member concerned organization that has as one of its major objectives to be a good citizen and leader in the economic well being of its service area and the State of Colorado.

3. An individual Board Member (Director) shall not act as spokesperson for SMPA. Normally, this will be a function of the management, but for matters of Board concepts, the President shall be the spokesperson.

IV. RESPONSIBILITY: It shall be the responsibility of the President and Board of Directors to administer this policy and address any issues that may come up.