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| Policy Type: | Board Policy |
| Policy No: | 104 |
| Title: | Board of Directors - General Manager Relationship |
| Date Reviewed: | July 23, 2019 |
| Date Revised: | July 23, 2019 |

SUBJECT: BOARD OF DIRECTORS – GENERAL MANAGER RELATIONSHIP

- I. OBJECTIVE: To establish the policy governing the basic relationship between the Board of Directors and the General Manager, and including the principles involving the delegation of authority.

- II. POLICY: The Board of Directors of San Miguel Power Association, Inc. has adopted Policy 5.01 “Functions of the Board of Directors” and Policy 5.02 “Delegations from the Board of Directors to the General Manager,” and in this policy, statement recognizes, establishes, and maintains the following guidelines in its relationship with the General Manager:
 - A. It is recognized that good management is the most important factor for the success of SMPA. In exercising this management function, the Board of Directors reserves its responsibility to establish financial, Board, and member policies, approve plans and programs, and delegate authority to its General Manager, except where prohibited by law, the Articles of Incorporation, or Bylaws.
 - B. The General Manager shall, among other things, have the authority to hire capable personnel within established wage scales, train and supervise, and, when necessary, replace them.
 - C. All policies of the Board of Directors shall be promulgated at regular and special meetings acting collectively as a Board. The Board recognizes that, should any Director undertake in private conversation with others to make commitments for the Board of Directors, the Director becomes involved in a serious breach of policy which might disrupt the entire organization. The Board member may be subject to rebuke from his or her fellow Board members should he or she attempt to make commitments unofficially for the Board. Therefore, the Board of Directors shall adhere to the external communications policy that its executive office, the President, or in their absence, the Vice President, shall be the spokesman for the Board, except in cases previously authorized by the Board.
 - D. It shall be the policy of the Board of Directors to refrain, as individuals, from discussing managerial issues with the personnel of SMPA, except in cases where the Board of Directors may deem it necessary to confer with personnel at regular or special meetings of the Board. This policy remains in effect in the case that an employee of SMPA, other than the General Manager, attempts to discuss work-related issues directly with a Board member. In this case, the Board member shall direct the employee to the General Manager or in the case that the employee is not comfortable taking the issue to the General Manager, to take the issue to SMPA’s General Counsel.
 - E. It shall be distinctly understood that the “flow” of authority for the management of SMPA shall pass through the General Manager, and the General Manager shall be the connecting link between the Board of Directors and the personnel. The Board of Directors may require full and complete information from

the General Manager concerning all matters in connection with the management of SMPA as set forth in Board policies.

- F. The purpose of this policy is to define the relationship that shall exist between the Board of Directors, who are elected representatives of SMPA members, and the General Manager, who is employed by the Board of Directors. The Board of Directors recognizes that efficient management for SMPA can exist only through mutual understanding and complete cooperation between the Board of Directors and the General Manager. The General Manager is expected to produce results and give an account to the Board of Directors for his/her stewardship. His/her performance cannot be of the best unless he/she is given latitude to exercise independent judgment in executing policies of the Board of Directors. The Board of Directors acknowledges that obligation and gives the General Manager that latitude of judgment and discretion and expects faithful performance in carrying out all of the policies of SMPA.

III. RESPONSIBILITY: The President of the Board of Directors shall be responsible for discussions with any violating Board member and, if necessary, bringing to the attention of the Board of Directors any non-adherence to this policy.