

## Board Operating Policy PD-21

**POLICY:** PD-21 Board of Directors

**OBJECTIVE:**

The East Central Energy Board of Directors is responsible for the governance and regulatory oversight of the cooperative. This policy aims to provide direction for board members as they face the challenge of representing ECE members while responsibly conducting Cooperative affairs and determining the organization's strategic direction.

Although PD-21 is specific to the primary responsibilities of the Board of Directors, board members understand that all policies set forth herein are intended to be followed by them, as well as by management and employees.

**RESPONSIBILITY:**

The Board of Directors will be responsible for the administration of this policy while recognizing that the responsibility may be delegated.

**STANDARDS ADOPTED BY THE BOARD TO IMPLEMENT THIS POLICY:**

**Director qualifications**

Article 4 of the Articles of Incorporation and Bylaws of ECE outlines the qualifications for a member to be nominated or elected to be a director. Directors are to be elected by and from the members.

**Lines of authority**

Establishing an effective board-management relationship is critical to the proper functioning of a cooperative. The board understands it has only one employee, the president/CEO, and that they must be delegated sufficient authority to manage the operations of the Cooperative on a day-to-day basis. The Board is responsible for the employment and annual appraisal of the president/CEO's performance, professional growth, and effective business improvements are encouraged. In addition, the cooperative legal counsel and auditor are directly responsible to the Board of Directors.

1. All decisions, whether taken by the Board or the president/CEO, must be made with a view to increasing the value of the Cooperative to its members.
2. A board member is required to act with due diligence in dealing with the Cooperative's business.
3. Each board member will strive to represent the Cooperative in its entirety, and not just the members from their district.
4. A board member, as an individual, does not have the power to commit or bind the Cooperative or the Board of Directors to any obligation without the approval of the entire Board at a duly called meeting.

5. It is the Board's responsibility to establish policies, approve the strategic plan, appraise results achieved, and delegate authority to the president/CEO to execute and carry out said plans and policies, except those conferred upon or reserved to the board by law.
6. Directors shall assist and contribute to formulating policies under which the business affairs of the Cooperative and, when appropriate, its affiliated businesses shall be managed.
7. In no way shall the Board of Directors, or any individual director, exercise any power reserved or conferred upon the membership.

### **Board responsibility**

The Board serves on behalf of the membership to provide oversight and strategic governance. The director job description will be reviewed and updated when PD-21 is reviewed. Exhibit A

### **Board officer responsibilities**

Officer responsibilities are outlined in Article 5 of ECE's Articles of Incorporation and Bylaws and the director's job description.

### **President/CEO responsibility**

The CEO is responsible for all day-to-day operations and implementing policies as approved by the Board of Directors. The president/CEO job description will be reviewed and updated as needed.

### **Interim President/CEO duties**

The ECE Board of Directors establishes the following conditions for ensuring the Cooperative is managed by an individual possessing the competencies necessary to carry out the smooth functioning of the Cooperative.

1. Acting president/CEO assignment
  - a. When the president/CEO is unable to perform their job duties, they will designate a qualified executive staff member to serve as acting president/CEO. The president/CEO will communicate this temporary assignment to the Board of Directors.
2. Long-term president/CEO assignment
  - a. If the president/CEO is expected to be incapacitated for an extended period, the Board of Directors will designate an acting president/CEO. This temporary responsibility would normally be assigned to an executive staff member.
  - b. The Board of Directors may provide a salary differential to compensate a staff member given this temporary assignment.
3. Due to vacancy
  - a. The Board may request the services of NRECA or another qualified placement service to provide names of competent individuals who can manage the Cooperative on a temporary basis while the Board considers conducting a search.

- b. The Board may consider entering into a management agreement with a neighboring cooperative.
- c. If the majority of the Board agrees the vacancy should be filled; a search shall be conducted to identify appropriate candidates. The Board will establish clearly defined qualifications and communicate those position requirements to interested parties.
- d. The Board will consider using the NRECA executive search services or some other search professional to assist with recruiting candidates and handling the logistics of conducting the search.

**Board communication**

This Cooperative's expectations of communication between Board members and the Cooperative's employees are based on their different complementary roles and responsibilities. The Board primarily concerns itself with the Cooperative's strategic direction and delegates operations (day-to-day management) issues to the president/CEO and the employees. The Cooperative's employees are not directly accountable to the Board but report to and are responsible to the president/CEO. The president/CEO is the connecting link between the Board of Directors and the employees. Except in exceptional circumstances, directors will communicate directly with the president/CEO on any questions or comments regarding Cooperative business. The president/CEO will work with Cooperative staff to answer questions or comments and respond to the Director. Directors shall refrain from asking questions of staff, requesting information from staff, or commenting on cooperative business to staff. The only exceptions are the Director's communication with the Executive Administrator to make conference arrangements and general board meeting questions and with IT to resolve technology issues.

I, Jerry Tvedt, secretary-treasurer of East Central Energy, do hereby certify this policy was adopted by the ECE Board of Directors on September 20, 2002, and revised on March 28, 2024.

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Jerry Tvedt, secretary-treasurer

Adopted:	9/20/02
Revised:	9/23/04; 6/23/05, 12/7/07, 6/25/10, 12/16/11, 12/21/12, 12/19/14, 01/19/18, 3/19/21, 3/28/24

**Exhibit A**  
**East Central Energy Director Job Description**

The East Central Energy board serves on behalf of the membership to provide oversight and strategic governance. While day-to-day operations are led by the East Central Energy president/CEO, the board-CEO relationship relies upon appropriate oversight and strategic guidance by the board.

<b>Expectations of the board as a whole</b> <i>The Board is responsible for:</i>	<b>Expectations of each board member</b> <i>Each board member is:</i>
<p><b>Governance Structures and Practices</b></p> <ul style="list-style-type: none"> <li>• Guide the cooperative in fulfillment of its mission, vision, and governing policies.</li> <li>• Adhere to sound governance practices and procedures.</li> <li>• Assure the cooperative has a succession plan for the CEO and board.</li> <li>• Encourage director diversity by supporting a board that reflects the diversity of the cooperative’s membership. Recognizing the practical limitations of obtaining a diverse board, the board seeks to solicit diverse individuals to seek election and consider diversity when filling vacant director positions.</li> <li>• Coordinate with state and national cooperative organizations to determine a political action strategy that advocates for the co-op.</li> <li>• Review electric energy rates and approve any change in said rates.</li> </ul> <p><b>Cooperative Outlook</b></p> <ul style="list-style-type: none"> <li>• Encourage future cooperative success by cultivating member knowledge of and interest in the cooperative and board membership.</li> </ul>	<p><b>Governance Structures and Practices</b></p> <ul style="list-style-type: none"> <li>• Expected to understand and fulfill the fiduciary duties of a board member.</li> <li>• Act and respond within the established hierarchy and procedures of the cooperative.</li> <li>• Expected to approach each board decision and vote with the best interests of the entire cooperative in mind.</li> <li>• Expected to demonstrate behaviors that support a diverse, inclusive, and equitable environment where all board members, staff, and members feel respected and valued regardless of gender, age, race, ethnicity, national origin, sexual orientation or identity, disability, or education.</li> <li>• Encouraged to advocate on behalf of the cooperative and engage in the political process in a way that aligns with board consensus and encourages employees and members of the cooperative to do the same.</li> </ul> <p><b>Cooperative Outlook</b></p> <ul style="list-style-type: none"> <li>• Promote the value of the cooperative within the community.</li> <li>• Understand and provide effective oversight of the cooperative’s risk management efforts.</li> <li>• Stay informed about board and committee matters.</li> <li>• Serve as a conduit for information about community and members’ interests and concerns.</li> </ul>

***Vision and Strategic Oversight - Expectations of the Board as a whole***

- Adopt policies to facilitate compliance with law, prepare accurate financial statements, adopt and comply with appropriate internal controls, and assess significant risks.
- Collaborate with staff on the cooperative's strategic plan.
- Oversee the approval and allocation of the cooperative's budget and capital credits.
- Hire (and fire if needed) and oversee the performance of the President/CEO.
- Retain and oversee the work of the audit firm.
- Oversee the engagement of the cooperative's legal counsel.
- Hire outside consultants when necessary to inform the board.
- Provide strategic guidance and feedback to the CEO.
- Challenge, support, evaluate, and compensate the CEO as warranted.

***Personal Effectiveness - Expectations of each board member***

- Attend and participate in board meetings and, when designated by board action, attend local, state, and national events.
- Know, understand, and promote the cooperative's mission, vision, and strategic objectives; Be familiar with the cooperative's organizational structure, business lines, financial information, key risks, and risk management strategy; Solicit and relay cooperative member comments, suggestions, and questions; Communicate positions of cooperative members, but vote in the cooperative's best interests; When voting, be adequately informed, exercise independent judgment, and avoid or address conflicts of interest; read cooperative and board communications.
- Think systematically, conceptually, and analytically to determine effective solutions.
- Participate in training and education to increase knowledge and understanding of industry and governance issues.
- Understand the cooperative's operations and finances.
- Come to meetings prepared, reviewing materials, and formulating questions to clarify issues.
- Receive Credentialed Cooperative Director Certification within the first four-year term.
- Actively participate in board discussions, periodic evaluations, and planning efforts.
- Build a productive working relationship with other directors that contributes to moving the cooperative forward.
- Serve on committees, affiliated boards of directors, or work groups as assigned.
- Comfortably use essential technologies, including a PC or tablet, email, and other applications or technologies used by the cooperative and the board to communicate and conduct business.
- Recognize that unless authorized by the board of directors, a director may not speak on the board's behalf, direct, instruct, supervise cooperative employees or agents, or disclose confidential information or documents.
- Be physically and mentally capable of performing all duties as assigned and reasonably expected in the capacity of a director elected to represent the cooperative membership.

<p><b>Expectations of board officers:</b>          Officer responsibilities are outlined in Article 5 of ECE's Articles of Incorporation and Bylaws.</p>	
<p><b>Board chair</b></p> <ul style="list-style-type: none"> <li>• <b>Lead Meetings:</b> The chair will lead all member, board, and executive committee meetings.</li> <li>• <b>Authority:</b> The chair has the typical powers of a corporate chair, following the Roberts Rules of Order.</li> <li>• <b>Vote in Ties:</b> The chair can vote to either create or break a tie during votes.</li> <li>• <b>Leadership:</b> The chair shall be responsible for making sure each board member is aware of his/her responsibility as a board member and for addressing any violation of policy or action that could negatively impact the Cooperative. The chair shall be responsible for ensuring that the performance of the president/CEO is annually appraised. The entire Board of Directors may be involved in this process, or a committee may be elected to conduct the appraisal and prepare a report of the results that will be discussed with the president/CEO.</li> </ul>	<p><b>Vice-chair</b></p> <p>The Vice-Chair, in the absence or disability of the board chair or at the request of the chair, will perform the duties of the Chair.</p>
<p><b>Secretary-treasurer</b></p> <ul style="list-style-type: none"> <li>• <b>Record Keeping:</b> Ensure all meeting minutes for members, the board, and the executive committee are accurately recorded and kept.</li> <li>• <b>Communication:</b> Ensure all notices required by law and those outlined in the bylaws are shared.</li> <li>• <b>Additional Duties:</b> Carry out any other tasks assigned by the board.</li> </ul>	<p><b>Assistant Secretary-treasurer</b></p> <p>The assistant secretary-treasurer, in the absence or disability of the secretary-treasurer or at the request of the secretary-treasurer, will perform the duties of the secretary-treasurer.</p>

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 Director signature

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 Date