

Policy: #1020 – Duties and Responsibilities of the Board of Directors

SCOPE OF POLICY: Board of Directors

RESPONSIBILITY: Board of Directors

I. Policy

The Board of Directors exists to direct the affairs of Elkhorn Rural Public Power District (District). All of the powers of the District are held solely by the Board of Directors, except such powers that have been conferred upon management through their by-laws. Ordinarily the board may exercise its powers only by acting in a duly convened meeting. The board may delegate certain but not all of its powers to the General Manager. Ultimate responsibility for the District resides in the board, and certain decisions and actions cannot be delegated.

II. Procedure

In fulfillment of these duties and responsibilities, the Board of Directors shall:

A. Establish and maintain a legal entity by:

1. Ensuring that all legal requirements, as set forth in Nebraska law, the Petition for Creation, as amended, the by-laws, or other regulations, rules, or contracts applying to District are complied with.
2. Selecting and appointing the general counsel.
3. Studying and approving (or recommending) revisions and other changes in the by-laws.
4. Reviewing and approving major contracts including, but not limited to loan agreements, wholesale power contracts, and construction contracts, as well as all sales and purchases of real estate.
5. Ensuring that accurate minutes of board, committee, and membership meetings are prepared, maintained, and approved.
6. Authorizing eminent domain proceedings as required.

B. Promote and develop interest in the District customers by:

1. Holding board meetings monthly, or more often if required, in accordance with the Open Meeting Act of the State of Nebraska. The preliminary agenda for such meetings shall be developed by the

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General Manager on consultation with the president, and agenda will be mailed in advance of the meeting with appropriate supporting information. The agenda and all meetings shall comply with Nebraska law.

2. Ensuring that customers of the District are informed by conducting meetings as may be necessary to hear their views, and to promote understanding of the District's objective, policies, and programs and through periodic newsletters and other publications, annual reports, and meetings.
3. Keeping informed about changing customer needs.
4. Assisting new board members to understand their responsibilities and duties. An orientation will be arranged for new board members.
5. Selecting an independent financial auditor.
6. Establishing investment policies and approving depositories for funds of the District and designating those authorized to sign checks, drafts, notes, contracts, deeds, mortgages, and other instruments on behalf of the District.
7. Establishing policies governing the payment of travel, out-of-pocket, and other expenses of directors.
8. Filling vacancies on the board for any unexpired term of office in accordance with the bylaws.
9. Keeping informed about changes in the electric utility industry.

C. Plan for the long-term health and survival of the District by:

1. Working with the General Manager to develop the mission and plans of the District.
2. Working with the General Manager to ensure an adequate, reliable, competitively priced supply of electric energy.
3. Reviewing and adopting proposed policies or policy revisions.

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D. Provide operating requirements by:

1. Interviewing candidates (with the advice and assistance of a professional consultant) and selecting and employing a competent General Manager.
2. Adopting financial plans and policies essential to maintaining a sound financial structure for the District
3. Authorizing the monies and expenditures of such monies through the adoption of budgets necessary to carry out the objectives of the District.
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 Board of Directors to determine if any revisions should be made.
5. Determining major state, regional, or national organizations in which the District shall become a member.
6. Authorizing the construction of major facilities necessary for the efficient operation of the District.

E. Establish controls to appraise the effectiveness of operations by:

1. Reviewing periodic reports from the General Manager 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. Review the annual financial and audit report, with the auditor present or by conference call and ensuring that any necessary action is taken. The audit report shall be sent to the directors prior to the meeting when they are to review it.
3. Reviewing any independent management audit if such an audit is undertaken and ensuring that board-approved recommendations are

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carried out by receiving and reviewing regular progress reports from the General Manager.

4. Conducting an annual performance appraisal of the General Manager and determining his or her compensation.