

 Oakdale Electric Cooperative		Board Policy
Policy Name: Delegation of Authority from and Relationship Between the Board of Directors and the General Manager/CEO		Policy No: 1.07
Last Reviewed/Revised: 03-03-2025		Page 1 of 7

OBJECTIVE: To delegate authority to the General Manager/CEO and to express the Board's expectations regarding performance, including the expectations regarding the monitoring and reporting of the accomplishments of the GM/CEO to the Board, and to define the relationship between the Board and the GM/CEO.

POLICY: The GM/CEO is the chief executive officer of the Cooperative, capable of binding it legally to the extent authorized here or in specific delegations of authority by the Board and responsible for day-to-day operations. For Oakdale Electric Cooperative (OEC) to achieve its mission, the GM/CEO shall have the authority necessary to carry out those responsibilities and the expectations set forth in below. In addition, the principles and guidelines set out below shall set the boundaries of the Board/GM relationship.

EXPECTATIONS

- A. Under the Board's direction, guidance and oversight, the GM/CEO shall:
1. Implement the mission, objectives, and strategic priorities set by the OEC Board. Every three years engage the Board in a formal strategic planning process, with updates annually;
 2. Develop long-range financial plans, work plans, and budgets for recommendation to the Board;
 3. Implement plans and budgets as approved, and provide monthly reports on revenue, expenses, and other results compared to such plans and budgets;
 4. Procure real property, equipment, facilities, insurance coverage, services and any other necessary resources for operating the Cooperative, which have been approved by the Board (either in the budget or by specific authorization) or for which no Board approval is required by law, the Bylaws or these Board Policies, including change orders in connection with contracts for such resources;

5. Make unbudgeted purchases or commitments that in the GM/CEO's reasonable judgment either (a) are necessary to respond to an emergency or (b) are necessary or appropriate to implement approved plans and budgets, provided the Board is informed of the expenditures or commitments in a manner and at a time that in the judgment of the GM/CEO is appropriate to the nature and size of the expenditures or commitments;
6. Ensure prudent administrative policies, procedures, and guidelines are established and maintained, consistent with Governance Policies, for execution of enterprise-wide compliance, risk monitoring and measurement, safety controls, and other risk management activities;
7. Direct and promote an effective employee and public safety program, create and maintain a culture that motivates employees to engage in work practices that avoid accidents and injuries, and educate members regarding the safe use of electricity;
8. Coordinate with WECA and NRECA regarding state and federal legislative and regulatory matters and recommend to the Board whether OEC should adopt a position in regard to such matters;
9. Analyze at least annually the system's rates along with service rules and regulations to make sure they meet operating, financing, and any other requirements and make appropriate recommendations to the Board;
10. Organize, plan, and execute the annual and other member meetings as well as Board meetings as requested by the Board;
11. Direct all staffing of the Cooperative and related personnel policies;
12. Develop an employee compensation program for Board approval. Determine all salary adjustments, except the GM/CEO's, within the approved compensation program and within the limitations of the budget. Salary adjustments for the GM/CEO shall be decided by the Board.

13. Provide supporting documentation and analysis of power supply needs for power supply contracts. Solicit RFP's and negotiate with potential suppliers and/or agents, within boundaries set by Board.
14. Direct forecasting and the use of such information in planning for power supply and delivery requirements, energy management, risk management and related requirements;
15. Ensure that appropriate accounting and record keeping practices, risk management processes, cyber and physical security practices and internal controls are in place and working effectively;
16. Sign all checks, manually or electronically, that are drawn from any of the Cooperative accounts, authorize (or their designee that is approved by the directors), all transfer of funds from various accounts, sign (or their designee that is approved by the directors) on behalf of the Cooperative all requisitions requesting CFC and CoBank to make advances to the Cooperative pursuant to any loan contract between the two corporations.
17. Conduct a measurement of member needs and satisfaction with current and proposed service and/or product offerings, as appropriate;
18. Participate and support efforts that contribute to the economic and social development of the broad community that the Cooperative serves with the intent of enhancing members' quality of life;
19. Designate an appropriate person to serve as acting manager in an extended absence of the GM/CEO. In case the GM/CEO becomes incapacitated, this person shall serve temporarily as acting manager until the Board takes appropriate action;
20. Maintain an ongoing systematic succession process, as well as succession plan for key staff and share the appropriate level of information with the Board annually;
21. Direct day-to-day operations of the Cooperative except as specified otherwise by the Bylaws or the Board, delegate authority to immediate staff, and authorize further delegation of authority to any level of management with full recognition that the GM/CEO cannot be relieved of overall accountability;
22. Select and appoint outside consultants and negotiate contracts or agreements for services of such consultants, within the limitations of policy, the work plan, and budget;

23. Serve as the principal representative for the Cooperative with the primary responsibility to establish constructive and positive relationships with key stakeholders. Develop and maintain public, business, and political alliances that are beneficial to the Cooperative's members;
24. Leverage the resources to take full advantage of the network of cooperative associations; and
25. Perform and/or delegate tasks outlined in the GM/CEO's job description.

B. Exercise of Delegated Areas of Responsibility:

1. The GM/CEO is authorized, except as otherwise limited by law, the Articles of Incorporation, Bylaws, or Board policies, to designate other Cooperative officers, as well as delegate, as appropriate, specific authorities or duties to staff with the recognition that the GM/CEO remains at all times responsible and accountable for any and all actions taken under such sub-delegations;
2. The GM/CEO must exercise due care in such delegations and regularly monitor the compliance of the areas delegated.

C. Working with the Board

Ensuring the success of OEC requires a team effort between the Board and management that is based on mutual respect and support. At the same time, the Board must maintain its governance role, that is, to oversee, monitor, and guide with full engagement the Cooperative to protect the interests of the organization and its members. To fulfill these expectations, the GM/CEO shall:

1. Develop, with the Board, an annual timeline of topics to be discussed and reports to be presented to the Board to ensure that adequate attention can be devoted to strategic issues and challenges;
2. Assist the Board Chairman in developing an agenda for each Board meeting and ensuring that all appropriate information and reports are provided to the Board in a timely fashion;
3. Report to the Board on conformity of operations with approved policies, plans, and budgets, and recommend revisions requiring Board approval;

4. Review with the Board the annual financial audit, monthly financial statements including a report of all disbursements made during the month from all bank accounts, transactions with CFC, DPC, etc., progress on strategic plan initiatives, periodic reports or evaluations of internal controls and risk management system, ethics and compliance programs and all other items delegated within this policy;
5. Seek the Board's advice and counsel whenever it is needed or desired.

LIMITATIONS

The Board will maintain the following principles and guidelines in its relationship with the GM/CEO:

1. The Board is responsible for directing the affairs of the Cooperative. It reserves authority to establish policies, approve plans and programs, exercise fiduciary oversight, employ a GM/CEO, engage corporate counsel, hire a professional CPA firm to conduct the financial audit, engage other consultants as deemed necessary, and act as trustees of member interests;
2. The Board recognizes that good management is the most important factor in the success of OEC. The GM/CEO must be delegated sufficient authority to manage the operations of the Cooperative on a day-to-day basis. Although delegated, these powers are expansive in nature and substantial in depth. The GM/CEO is expected to make decisions that bind the Cooperative legally and that impact its on-going viability consistent with the Board's policies, plans, budgets, and specific directives. The Board further recognizes that management can be effective only if there is mutual understanding and joint cooperation. The GM/CEO is expected to produce results and give an account to the Board. The best results cannot be achieved unless the GM/CEO is given latitude to perform within the confines of Board policy. It is the Board's responsibility to clearly identify any limits on management discretionary decision making;
3. The Board has delegated to the GM/CEO a significant level of power and authority and has designated this person as a corporate officer. Therefore, this person serves as the CEO of the Cooperative, in contrast with the Board Chairman, who is the principal executive officer of the Board;

4. The Board delegates to the GM/CEO the authority to execute and carry out plans, programs, and policies. In addition to the powers delegated in Expectations listed above, the GM/CEO is expected to provide advice and counsel to the Board, and to take the lead in ensuring that important issues are presented and explained to the Board in a timely fashion;
5. The flow of authority shall be from the Board as a whole to the GM/CEO to employees. It is the policy of the Board to refrain, as individuals, from discussing management and personnel issues with personnel of the Cooperative. The Board, in consultation with the GM/CEO, may confer with appropriate personnel at regular or special meetings of the Board. Unless otherwise determined by the GM/CEO, directors may confer with appropriate OEC employees regarding routine administrative matters;
6. The Board recognizes that should any director undertake private conversations with others that might appear to make commitments for the Board or the Cooperative, unless directed officially by the Board, that director becomes involved in a serious breach of policy and may be subject to reprimand by the full Board;
7. The Board is responsible for ensuring that the GM/CEO knows and understands its expectations and any limitations it has placed on discretionary decision making. These expectations and limitations should be identified in approved policies, plans, or specific actions of the Board. Such policies and plans should be used as the foundation for an annual appraisal of the GM/CEO's performance.

PROCEDURE: Same as Policy

RESPONSIBILITY:

- A. The Board through its Chairman shall be responsible for ensuring adherence to this policy.
- B. The GM/CEO shall report to the Board on how these delegations are being carried out. The GM/CEO may delegate any of the foregoing authorities to the appropriate staff.
- C. The Board is responsible for ensuring that the performance of the GM/CEO is appraised each year and that clear goals are established by the Board,

including a recommendation on a salary adjustment when appropriate, and that the results of such appraisal are discussed with the GM/CEO.

Issued: 03/25/2020	Reviewed Date (no revisions): 02-23-2022, 03-02-23, 02-29-2024, 03-03-2025	Revised Date: 6-29-23
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