

GLACIER ELECTRIC COOPERATIVE, INC.

POLICY NO. 101

POLICY FORMULATION AND APPROVAL

I. OBJECTIVE

To establish the basis for the formulation and distribution of board policies to effectively achieve the objectives, goals, plans and programs of Glacier Electric Cooperative, Inc. (GEC) and to provide for the periodic review of such policies.

II. POLICY

- A. The general manager, in consultation with his staff as appropriate, shall develop policy recommendations to be presented to the appropriate board committee or the full board, such policies shall be recommended by a board committee to the board of trustees, except when the full board is acting as the committee.
- B. The board of trustees shall consider the recommendations and adopt the policies necessary to ensure the effective operation of GEC.
- C. Individual trustees can propose areas where policies are needed, but such policies shall be formulated and considered as described in A. and B above.
- D. Each policy should be reviewed as needed by the general manager and he should recommend to the appropriate committee or the full board, any revisions or changes to meet current operating conditions.
- E. The general manager shall be accountable to the board of trustees for carrying out these policies and ensuring that all pertinent policies are explained to the employees, making every reasonable effort to see that they are understood, accepted, and complied with.
- F. The employees, as appropriate through the general manager, will be given the opportunity to make suggestions for and to contribute to the formulation of new or modification of existing policies.

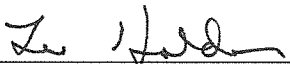
III. APPLICABILITY

- A. In the event there is a conflict between any policy and the law, or the Bylaws, or the Articles of Incorporation, or the rules and regulations of a lending or regulatory agency; the applicable law or the Bylaws or the Articles of Incorporation, or such rules and regulations will prevail over the policy.

IV. RESPONSIBILITY

- A. The president shall make every reasonable effort to ensure that this policy is adhered to.
- B. The general manager will provide each trustee with a manual containing the Articles of Incorporation, the Bylaws, board policies, and any revision to the Bylaws, the REA Act as amended, the Employee Agreement, and Position Responsibility Guides.
- C. The general manager, in consultation with the General Counsel, shall ensure that all proposed policies or revisions to existing policies meet the requirements of the Rural Utilities Service (RUS), CFC, bond trustees, other lending, regulatory and administrative agencies, as well as all state and federal legal requirements as applicable.

11/14/04
Date


President

1-31-01 Amended IV. C. to change Rural Electrification Administration to Rural Utilities Service
10-27-04 Amended II. D. to change at least once a year to as needed, IV. C. to include CFC