

GLACIER ELECTRIC COOPERATIVE, INC.

POLICY NO. 102

FUNCTIONS OF THE BOARD OF TRUSTEES

I. OBJECTIVE

To describe the major functions of the board of trustees of Glacier Electric Cooperative, Inc. (GEC) and to develop an increased understanding of their responsibilities and authorities and to define the Board's accountability.

II. POLICY

A. To establish and maintain a legal entity with respect to:

1. Ensuring that the legal requirements, as set forth in the Articles of Incorporation, the Bylaws, and other regulations applying to GEC are complied with regularly, including but not necessarily limited to
 - a. All federal, state and local statutes and ordinances.
 - b. Rural Utilities Service (RUS), CFC, and other lending agencies.
 - c. Federal and state tax and regulatory agencies and commissions.
2. Selecting and appointing the General Counsel, Independent Financial Auditor, and Engineering Firm will be based on the recommendation of the Board of Trustees, developed in consultation with the general manager and will be performed annually.
3. Studying, considering, and recommending revisions and other changes in the Bylaws, as necessary or required, for membership action at the next annual or specially called member meeting.
4. Reviewing and approving major contracts, such as loan agreements, wholesale power contracts, and construction contracts.
5. Approving applications for membership in GEC.
6. Ensuring that complete and accurate minutes of the board, board committees, and the annual membership meeting are prepared, maintained, and approved. Minutes of the board, and board committee, and membership meetings will be taken by a recording secretary, who will prepare a draft for the general manager to review before distribution to the trustees.

B. To act as trustees of membership interests with respect to:

1. Conducting well planned membership meetings to adequately inform the members, obtain their ideas and suggestions, and to promote understanding of GEC's objectives, goals, policies, plans, and programs.
2. Keeping well informed about changing members needs and how GEC might assist in meeting those needs.

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3. Ensuring that the members are informed of the results of the operations through periodic newsletters and other publications, annual reports, and membership meetings.
4. Complying with board policies and the Bylaws.
5. Keeping informed and growing in their own skills and understanding as board members.
6. Assisting new board members to develop a greater understanding of GEC and their basic responsibilities and authorities. An orientation will be arranged for new board members on GEC's objectives, plans, policies, and programs.
7. Keeping the members informed of problems faced by GEC which require their support. Every reasonable effort shall be made to keep the members advised of the long range outlook on power costs, and as far in advance as possible on the need for adjustments in retail electric rates.
8. Protecting the assets of GEC through appropriate insurance policies and coverage's and by making sure that the policies, regulations, and mortgages of RUS and other lending agencies, are complied with.
9. Ensuring that the officers, the general manager, and other employees are bonded in accordance with the bonding requirements as prescribed by the board of trustees.
10. Approving depositories for funds of GEC and designating those authorized to sign checks, drafts, notes, contracts, deeds, mortgages, and other instruments on behalf of GEC.
11. Holding well planned and effectively conducted board meeting monthly, or more often if required. The preliminary agenda for such meetings shall be developed by the general manager in consultation with the president, and the agenda will be mailed in advance of the board meeting with appropriate supporting information.
12. Establishing policies governing the investment of funds of GEC.
13. Establishing policies governing the payment of travel, out of pocket, and other expenses of trustees.
14. Approving the appointment of GEC's principal consultants and contracts and agreements for their services.
15. Approving purchase, transfer, lease and/or sales of all real estate.

16. Fills vacancies on the board for any unexpired term of office in accordance with Article IV, Section 8 of the Bylaws.
 17. Reviews recommendations of the general manager on the program for the annual membership meeting, and reviews the results of this meeting and makes appropriate recommendations to the general manager on any improvements which might be made to make such meetings more effective.
 18. Invites the participation of the members in planning and carrying out programs which affect them.
- C. To consider and adopt short and long range plans with respect to:
1. Ensuring an adequate and reliable supply of power at the most reasonable cost for the members consistent with sound economic and business practices.
 2. Reviewing and approving the ideals, objectives, and major goals of GEC, as developed and recommended by the general manager.
 3. Reviewing, in consultation with the general manager, proposed policies and adopting such policies as appropriate, and ensuring that these policies are reviewed periodically.
 4. Reviewing and approving broad operating programs, services, and activities developed and recommended by the general manager and taking into account the feasibility of such recommendations, and the financial ability of GEC to provide these programs and services.
 5. Reviewing and approving the annual work plans and budgets in terms of achieving the desired results in the operation of GEC and providing the best possible service to the members.
 6. Considering and adopting broad personnel and wage and salary policies essential to provide opportunities for growth and development of employees as recommended by the Executive Committee.
 7. Considering and approving the Employment Agreement as recommended by the general manager.
 8. Considering and adopting financial plans and policies essential to maintaining a sound financial structure for GEC.
 9. Adopting, in consultation with the general manager, policies for maintaining good member, public, and governmental relations, programs for community and economic development, load management and energy conservation.
- D. To provide operating requirements with respect to:

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1. Authorizing the monies and expenditures of such monies through the adoption of the revenue, expense, and capital budgets necessary to carry out the objectives of GEC.
 2. 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 Executive Committee to determine if any revisions should be made in the functions of the committee and, if so, the Executive Committee will make an appropriate recommendation to the board.
 3. Interviewing candidates with the advice and assistance of a professional consultant, and selecting and employing a competent general manager. The general manager is delegated the complete responsibility and authority to select the employed personnel and terminate their employment, if such action becomes necessary within the limitations of board policy. The general manager is also delegated the complete responsibility to direct such employees.
 4. Delegating to the general manager the authorities and responsibilities as described in Policy No. 103, Delegation of Authority from the Board of Trustees to the General Manager, or by appropriate resolution.
 5. Advising the general manager, upon his request, in regard to specific managerial decisions which are his delegated responsibility to make and for which results he is to be held responsible. The board of trustees shall avoid making management decisions or giving instructions to the general manager when it is giving advice.
 6. Determining major state, regional, or national organizations in which GEC shall become a member.
 7. Authorizing the construction of major facilities necessary for the efficient operations of the cooperative.
- E. To ensure that controls are established which can be used in appraising the effectiveness of the operations by:
1. Reviewing periodic reports from the general manager to ensure conformity to the board's approved viewpoints, objectives, policies, major goals, plans, and programs. These reports should be of sufficient scope to enable the board of trustees to:
 - a. Prevent unauthorized action.
 - b. Predict trends and forecast results.
 - c. Determine where remedial or corrective action may be required.
 - d. Measure results against work plans.
 - e. Measure performance against plans and policies.

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2. Reviewing the annual financial audit and the management letter with the auditor present, and ensuring that any necessary action is taken. The audit and the management letter shall be sent to the trustees prior to the meeting when they are to review it.
3. Reviewing the independent management audit if such an audit is undertaken, and ensuring that board approved recommendations are carried out by receiving and reviewing regular progress reports from the general manager.
4. See that, annually, a performance appraisal of the general manager is carried out, with or without outside consulting assistance, and counseling with him/her on his/her growth and development. Such appraisal shall be conducted by the Executive Committee, with a report to the full board on the results of the appraisal and any recommended salary adjustment.
5. Conducted annually, an appraisal of the board of trustees, with or without outside consulting assistance, and holding discussions on the growth and development of the board of trustees and how they can more effectively carry out their major functions. Trustees are encouraged to become Credentialed Cooperative Directors.

III. RESPONSIBILITY

- A. The board may delegate any or all of these responsibilities to a committee of the board or general manager, as long as such action is consistent with the Bylaws or other legal requirements.
- B. It shall be the responsibility of the president to see that the foregoing functions are carried out.

12/3/2004

Date

Zu 1. Hatcher

President

1-31-01 Re-adopted with smaller case type.

12-3-04 Changes made to: Section II. A. 2, II. E. 5. Removed: Section II. B. 6, II. B. 10.