

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 402**

SUBJECT: FUNCTIONS OF THE BOARD OF DIRECTORS

1. TO PROVIDE LEGAL ENTITY

- a. Sees that the legal requirements as set forth in the Articles of Incorporation, By-laws, and Regulations applying to the Cooperative are complied with regularly, including but not necessarily limited to:
 - 1. All Federal, State and Local Statutes and Ordinances
 - 2. Illinois Commerce Commission
 - 3. Rural Utilities Service
 - 4. Federal Communications Commission
 - 5. Federal and State Tax Agencies
- b. Holds and protects the assets of the Cooperative.
- c. Holds regular, well-planned and effectively conducted meetings in order to keep informed; to provide needed policies, facilities, equipment, and financing; and to take any necessary remedial action - all to assure that desired results are obtained.
- d. Makes all decisions regarding retaining, employing, compensating, and discharging cooperative attorney including but not limited to:
 - 1. Provides for regular evaluation of the attorney's performance.
 - 2. Reaffirms that the attorney represents the cooperative and does not represent individual directors, officers, employees, members, or affiliated entities of the cooperative, unless the board consents to such representation and the attorney has complied with applicable conflict of interest requirements.
 - 3. Requires the attorney to keep the board and management informed about matters for which the attorney is providing services.
 - 4. Requires the attorney to report evidence of an actual or intended material violation of law or material breach of duty that would likely cause harm "up the ladder".
 - 5. Approves and specifies the extent, if any, to which the cooperative will provide compensation for training, meeting attendance, publications and memberships.
- e. Studies, considers, and recommends revisions and other By-law changes to the membership for approval as necessary or required.
- f. Approves and executes legal contracts such as loan agreements, agreements and contracts for consultant services such as engineering and legal, and wholesale power contracts.
- g. Sees that accurate minutes and records of Board and Membership meetings are prepared and preserved.

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2. TO PROVIDE TRUSTEESHIP

- a. Conducts well-planned Membership Meetings to inform the members, to obtain their ideas and suggestions, and to obtain their understanding and acceptance of the Cooperative's objectives, goals, policies, plans and programs.
- b. Informs the members of the end results of the operations through the use of the Cooperative's newsletter, the statewide paper, and member meetings.
- c. Is familiar and complies with established board policies and the By-laws of the Cooperative as amended from time to time.
- d. Keeps informed and growing in their own skills and understanding as board members, and develops and instigates systematic programs to keep board members growing in their abilities.
- e. Assists new board members to develop a greater understanding and acceptance of their functions.
- f. Participates in such outside activities as are deemed advantageous to enhance the prestige of the Cooperative, broadens the scope of the Cooperative's operation, and fulfills the public obligations of the Cooperative as a member of the community and the rural electrification program.
- g. Sees that a continuous program of member and public relations is carried out to obtain understanding and acceptance of the Cooperative's objectives, viewpoints, policies, plans, and programs.
- h. Keeps the members informed of problems faced by the Cooperative which require the members' support.
- i. Invites the participation of members in planning and carrying out programs which affect them.

3. TO CONSIDER AND ADOPT SHORT AND LONG-RANGE PLANS

- a. Determines the ideals, viewpoints, objectives, major goals, and end results desired through interpretation of the Articles of Incorporation and the By-laws.
- b. Determines in consultation with the Manager the guiding policies of the Cooperative.
- c. Reviews and approves annual work plans and programs as developed and recommended by the Manager.
- d. Reviews and approves operating budgets covering definite periods of time in terms of the end results, risks, and evidence of conditions leading to the desired end results.

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- e. Considers and adopts in consultation with the Manager financial plans and policies essential in maintaining a sound financial structure.
- f. Considers and adopts in consultation with the Manager broad personnel policies essential to provide opportunities for the growth and development of employees.
- g. Determines in consultation with the Manager policies for maintaining good member-owner relations, public relations, and effective power use.

4. TO PROVIDE OPERATING REQUIREMENTS

- a. Authorizes monies, facilities, and equipment necessary to carry out the objectives of the Cooperative.
- b. Selects and employs a competent manager. The Manager is delegated the responsibility and authority to select and hire the Cooperative's employees in accordance with authorized staffing patterns and to terminate employment if such becomes necessary.
- c. Delegates to the Manager the authorities and responsibilities necessary to conduct the operations and maintenance of the Cooperative.
- d. May advise the 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 accountable.
 - 1. The Board of Directors shall avoid making decisions or giving instructions to the Manager when it is giving advice.
 - 2. The Board of Directors shall share with the Manager in the responsibility for the end results should the Board direct him to make a specific managerial decision.

5. TO ESTABLISH CONTROLS WHICH CAN BE USED IN APPRAISING THE EFFECTIVENESS OF OPERATIONS

- a. Reviews periodic reports from the Manager and checks for conformity to the approved viewpoints, objectives, policies, major goals, plans, and programs. These reports should be of sufficient scope to enable the Board of Directors to:
 - 1. Prevent unauthorized actions.
 - 2. Determine how operations and key performance areas are progressing.
 - 3. Predict trends and forecast results on the basis of trends.
 - 4. Determine where changes or remedies are needed to prevent serious deviations.
 - 5. Establish sources of material and data for planning and re-planning.
 - 6. Measure performance against the budget.
 - 7. Measure performance against plans.

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- b. Directly responsible for appointing, compensating, and overseeing the Cooperative's independent Auditing Firm. Including:
 - 1. Responsible for receiving, investigating, and satisfactorily resolving complaints regarding accounting, internal accounting controls, or auditing manners. All submissions are considered confidential and subject to Whistle Blower Policy.
 - 2. Resolving disagreements between management and the auditor regarding financial reporting for the purpose of preparing or issuing an audit report or related work.
 - 3. Approving the independent Auditing firms report.
 - 4. Routinely performing an audit of per diem payments and expense reimbursements of the Board of Directors and Executive Vice President/General Manager by the Executive Committee along with the EVP/GM and Finance Manager.

Adopted: 7/28/70
Revised: 8/24/2004
Revised: 01/25/2022

Attested: R. M. Bahm, Secretary
Attested: Gilbert Kroening, Secretary
Attested: Kevin Liefer, Secretary