

WELLS RURAL ELECTRIC COMPANY

Adopted: March 1976

Revised: January 21, 2020

POLICY NO. 1-1

DUTIES OF THE BOARD OF DIRECTORS

I. OBJECTIVES

- A. To clarify and/or elaborate upon the powers and duties set forth in the Articles of Incorporation and Bylaws for the board of directors of Wells Rural Electric Company.
- B. To provide guidance on the legal entity, trusteeship, planning, operating requirements, and establish provisions for results measurement and control functions of each individual member of the board of directors.

II. REPORTING RELATIONS

- A. Reports to:
  - 1. Members
- B. Board of directors direct:
  - 1. Any established committees (through their chairmen)
  - 2. The chief executive officer

III. RESPONSIBILITIES AND AUTHORITIES OF BOARD OF DIRECTORS:

Within the limits of the Articles of Incorporation, Bylaws, and other legal and contractual obligations, the board of directors of the Wells Rural Electric Company shall exercise the following:

- A. To Constitute and Maintain Legal Entity With Respect to:
  - 1. Seeing that the legal requirements as set forth in the Articles of Incorporation, Bylaws, other regulations and contractual requirements applying to the company are complied with, including but not specifically limited to:
    - a. all federal, state, and local statutes, ordinances and regulations;
    - b. Federal Energy Regulatory Commission;

- c. Federal Communications Commission;
  - d. National Rural Utilities Cooperative Finance Corporation;
  - e. Federal and state tax and regulatory bodies.
  - f. Requirements of loan documents required by lenders.
2. Studying and determining the articles or sections in the Bylaws to be altered, amended, or repealed as necessary or required and keeping the members informed on such changes in the Bylaws.
  3. Executing or authorizing the execution of legal contracts such as loan agreements, engineering service agreements and contracts, and wholesale power contracts.
- B. To Act as Trustee of Members' Interests With Respect to:
1. Holding and protecting the assets of the company.
  2. Being familiar with and complying with the Bylaws and board-approved policies of the company as amended, revised, or corrected from time to time.
  3. Seeing that a continuous program of member and public relations is carried out to obtain understanding and acceptance of the company's, policies, plans, and programs.
  4. Keeping informed, and growing in their own skills and understanding as board members, and arranging for an evaluation of the board's performance an evaluation program will be developed and implemented to assist them in improving their individual and group abilities. This program will be reviewed annually.
  5. Informing the members of the end results of the operations through company and local news media and, if any, the annual membership meeting.
  6. Participating in such outside activities as deemed necessary to enhance the prestige of the company, broaden the scope of the company's operation and fulfill the public obligations of the company as a member of the community and of the electrification program financed through the National Rural Utilities Cooperative Finance Corporation.

7. Seeing that accurate minutes of board and membership meetings are prepared and maintained.

C. To Consider and Adopt Plans With Respect to:

1. Monitoring the State and Federal Legislatures, opposing legislation unfavorable to the company and propose legislation that maybe helpful to cooperatives. Cooperate with other Electric Cooperatives in relation to the foregoing.
2. Developing ideals, objectives, and major goals through interpretation and application of the Articles of Incorporation, Bylaws, Policies, and interests of the membership.
3. Developing the guiding policies of the company.
4. The financial plans and policies essential to maintaining a sound financial structure, as recommended by the chief executive officer.
5. Annual work programs and operating budgets as recommended by the chief executive officer.
6. The required board policies and programs essential to provide employee satisfaction on an equitable basis within the financial and other capabilities of the company, as recommended by the chief executive officer.
7. Developing policies and authorizing programs for maintaining good member relations, public relations, and the education of members.
8. Developing plans for effective meetings to be conducted often enough to keep informed, to provide needed policies, facilities, and financing, and to assure desired end results.
9. Directing the planning of annual, district, and special meetings of the membership as may be required which encourage the participation of the members.
10. At the Board's discretion, request an independent management audit and authorize implementation of the recommendations.

D. To Provide Operating Requirements With Respect to:

1. Authorizing the monies for facilities and equipment necessary to carry out the objectives of the company.

2. Appointing committees, when appropriate, and receiving reports and recommendations from the special or standing committees and taking appropriate action as a result of such reports.
  3. Selecting and employing a competent chief executive officer.
  4. Assigning to the chief executive officer specific responsibilities, approved by the board, and delegating the necessary authority to carry out such responsibilities.
  5. Approving the selection of Engineering, Auditing Firm, and Legal Consultants, including the company attorney, and approving a functional statement of their duties.
  6. Advising the chief executive officer, upon his or her request, in regard to specific managerial decisions which are his or her delegated authority to make and for which he/she is to be held accountable.
- E. To establish measures and controls which can be used in appraising the effectiveness of the operations to be accomplished by:
1. Reviewing periodic reports from the chief executive officer and checking for conformity to the approved viewpoints, objectives, major goals, plans, and programs. These reports should be of sufficient scope to enable the board of directors to:
    - a. prevent unauthorized action;
    - b. determine how operations in key performance areas are progressing;
    - c. determine where changes or remedies are needed to prevent serious deviations and affect improvements;
    - d. measure performance against planned and approved budget;
  2. Reviewing the annual financial audit and seeing that such remedial action as necessary is taken.
  3. Review an independent management audit, if available, authorize implementation of the recommendations, and evaluate progress.
  4. Reviewing the results of membership annual meetings, if any, that are held to adequately inform the members, to obtain their ideas and suggestions, and as a means of obtaining their understanding and acceptance of the company's, policies, plans, and programs.

5. Appraising annually the performance of the chief executive officer.

IV. RESPONSIBILITY

- A. The board of directors.