

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 105

SUBJECT: BOARD OF DIRECTORS - PRESIDENT & CEO INTERRELATIONSHIP

I. OBJECTIVE

To establish the policy governing the basic relationship between the Board of Directors and the President and CEO, including the principles involving the delegation of authority.

II. POLICY

Be it resolved that the Board of Directors of the GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION establishes and maintains the following guidelines in their relationship with the President and CEO.

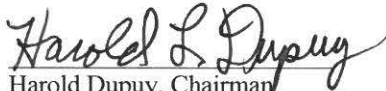
- A. It is recognized that good management is the most important factor to the success of the COOPERATIVE CORPORATION. In exercising such management, the Board of Directors reserves its responsibility to establish policy, approve plans and programs, and delegate authority to its President and CEO, except those that are by law, the Articles of Incorporation and Bylaws of the COOPERATIVE CORPORATION conferred upon or reserved to its members.
- B. The Board of Directors recognizes its responsibility and its need to establish policies, approve plans and programs, and delegate authority to the President and CEO to execute and carry out its plans, programs and policies. The President and CEO, shall, among other things, have authority to hire capable personnel within the approved wage and salary plan and policy and the established schedules, train and supervise, and when necessary, replace them.
- C. All policies of the Board of Directors shall be promulgated at regular and special meetings, acting collectively as a Board, and said policies shall be given to the President and CEO by the Chairman. It further recognizes that, should any Director undertake in private conversation with others to make commitments for the Board of Directors, the Director becomes involved in a serious breach of policy which might disrupt the entire organization. Therefore, the Board of Directors shall adhere to the time-honored custom that its chairman of the board, or in his/her absence, the Vice Chairman shall be the spokesman for the board except in cases previously authorized by the board.
- D. It shall be the policy of the Board of Directors to refrain as individuals from discussing management problems with the personnel of the Membership Corporation, except in cases where the Board of Directors may deem it necessary to confer with personnel at regular or special meetings of the Board.
- E. It shall be distinctly understood that the 'flow' of authority for the management of the Membership Corporation shall pass through the President and CEO, and the President and CEO shall be the connecting link between the Board of Directors and the employed personnel. The Board of Directors shall require full and complete information from the President and CEO concerning all matters in connection with the management of the Membership Corporation as set forth in Board Policies.
- F. Primarily, the purpose of this policy is to define the relationship that shall exist between the Board of Directors, who are the elected representatives of the Membership Corporation Members, and the President and CEO, who is employed by the Board of Directors. The Board of Directors recognizes that efficient management of the Membership Corporation can exist only through mutual understanding and complete cooperation between the Board of Directors and the President and CEO. The President and CEO is expected to produce results and give an account to the Board of Directors for his/her stewardship. His/her performance cannot be of the best unless he/she is given latitude to exercise independent judgment in

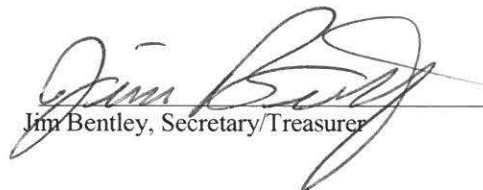
executing policies of the Board of Directors. The Board of Directors acknowledges that obligation and gives the President and CEO that latitude of judgment and discretion, and expects faithful performance, in carrying out all of the policies of the Board of Directors.

- G. The Board of Directors recognizes its responsibility for the employment of a President and CEO, and further recognizes the additional responsibility for a systematic appraisal of the President and CEO's performance or responsibilities in order that growth, development, and effective improvements are encouraged. The Board may, at its discretion, enter into a contract for the services of a President and CEO.

### III. RESPONSIBILITY

- A. The Chairman of the Board of Directors shall be responsible for inviting the attention of Board Members to non-adherence to this policy.
- B. The Board of Director's Legal Counsel will be responsible for the systematic appraisal of the performance of the President and CEO and the submission of that report to the full Board and the President and CEO.
- C. The Board of Directors will be guided by the results of the most recent performance appraisal report and any changes in performance prior to approving the President and CEO's salary adjustment within the approved wage and salary plan and the corresponding schedule of rates.
- D. The Chairman shall be responsible for seeing that the performance of the President and CEO is appraised each year and the results discussed with the President and CEO.

  
Harold Dupuy, Chairman

  
Jim Bentley, Secretary/Treasurer

Date Adopted: 03/26/65  
Date Revised: 02/21/86  
Minute Book Page: 1554-1555  
Date Revised: 03/24/95  
Minute Book Page: 2562-2564  
Date Reaffirmed: 10/25/96  
Minute Book Page: 2781 - 2783  
Date Revised: 05/26/04  
Minute Book Page: 3612  
Date Reaffirmed: 01/21/11  
Minute Book Page: 4396  
Date Reaffirmed: 07/23/14  
Minute Book Page: 4846-4848  
Date Reaffirmed: 06/21/19  
Minute Book Page: 5478 - 5480