



## BOARD POLICY 101 Functions of the Board of Directors

### I. OBJECTIVE

To describe the major functions of the board of directors of 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 charter, the bylaws, and other regulations applying to Dawson Public Power District are complied with regularly, including, but not necessarily limited to:
  - a. All federal, state, and local statutes and ordinances.
  - b. All lending agencies with which the District may have borrowings.
  - c. Federal and state tax and regulatory agencies and commissions.
  - d. All contractual obligations on behalf of the District.
2. Selecting and appointing the general counsel, based on the recommendation of the Board in consultation with the general manager.
3. Studying, considering, and approving revisions, and other changes in the bylaws, as necessary or required.
4. Reviewing and approving major contracts such as loan agreements, wholesale power contracts, and construction contracts.
5. Ensuring that complete and accurate minutes of the board and board committees are prepared, maintained, and approved. Minutes of the board and board committees will be taken by a recording secretary, who will prepare a draft for the general manager to review before distribution to the directors.
6. Authorizing eminent domain proceedings by Dawson Public Power District as required.

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

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1. Conducting well planned consumer meetings, as necessary, to adequately inform its consumers; obtain their ideas and suggestions, and to promote understanding of Dawson Public Power District's objectives, goals, policies, plans, and programs.
2. Keeping well informed about changing consumers' needs and how Dawson Public Power District might assist in meeting these needs.
3. Ensuring that the consumers 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. Arranging periodically for an appraisal of board performance and for a systematic program to keep the board growing in its abilities.
7. Assisting new board members to develop a greater understanding of Dawson Public Power District and their basic responsibilities and authorities. An orientation will be arranged for new board members on Dawson Public Power District's objectives, plans, policies, and programs.
8. Keeping the consumers informed of problems faced by Dawson Public Power District which require their support. Every reasonable effort shall be made to keep consumers 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.
9. Protecting the assets of Dawson Public Power District through appropriate insurance policies and coverage's and by making sure that the policies, regulations of lending agencies, are complied with.
10. Selecting and appointing independent financial auditors based on a recommendation of the Board.
11. Ensuring that the officers, the general manager, and other employees are bonded in accordance with the bonding requirements as prescribed by state statutes.
12. Approving depositories for funds of Dawson Public Power District and designating those authorized to sign checks, drafts, notes, contracts, deeds, mortgages, and other instruments on behalf of Dawson Public Power District.

13. Holding well planned and effectively conducted board meetings monthly, or more often if required. The preliminary agenda for such meetings shall be developed by the general manager in consultation with the president before the board meeting and the agenda will be provided in advance of the board meeting with appropriate supporting information.
  14. Establishing policies governing the investment of funds of Dawson Public Power District.
  15. Establishing policies governing the payment of per diems, travel, out of pocket, and other expenses of directors.
  16. Approving the appointment of Dawson Public Power District's principal consultants and contracts and agreements for their services.
  17. Approving purchase, transfer, lease and/or sales of all real estate.
  18. Fills vacancies on the board for any unexpired term of office in accordance with the statutes of the State of Nebraska.
- 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 consumers consistent with sound economic and business practices.
  2. Reviewing and approving the ideals, objectives, and major goals of Dawson Public Power District, as developed, and recommended by the general manager using strategic planning as appropriate or necessary.
  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 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 Dawson Public Power District to provide these programs and services.
  5. Reviewing and approving the annual work plans and budgets in terms of achieving the desired end results in the operation of Dawson Public Power District and providing the best possible service to the consumers.
  6. Considering and adopting financial plans and policies essential to maintaining a sound financial structure for Dawson Public Power District.

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7. Considering and adopting personnel and wage and salary policies essential to provide opportunities for growth and development of employees as recommended by the Board.
8. Adopting, in consultation with the general manager, policies for maintaining good consumer, public, and governmental relations, programs for community and economic development, load management and energy conservation.

D. To provide operating requirements with respect to:

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 Dawson Public Power District.
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 Board to determine if any revisions should be made in the functions of the committee and, if so, make an appropriate recommendation.
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 Directors to the General Manager) or by appropriate resolution.
5. Advising the general manager, upon his/her request, regarding specific managerial decisions which are his/her delegated responsibility to make, and for which results he/she is to be held responsible. The board of directors 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 Dawson Public Power District shall become a member.
7. Authorizing the construction of major facilities necessary for the efficient operations of the District.

- 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 sufficient scope to enable the board of directors 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.
  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 directors prior to the meeting when they are to review it.
  3. review the independent management audit if undertaken; ensuring that board approved recommendations are carried out by receiving and reviewing regular progress reports from the general manager.
  4. Seeing 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 Board, with a report on the results of the appraisal and any recommended salary adjustment.
  5. Conducting periodically, as necessary or requested, an appraisal of the board of directors, with or without outside consulting assistance, and holding discussions on the growth, development, and accountability of the board of directors and how they can more effectively carry out their major functions.
  7. Conducting periodically or delegating to the GM, an annual review of legal counsel duties and performance. ``

### 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.

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