

# Holy Cross Energy Corporate Policies

Delegation of Authority to the President and Chief Executive Officer

Policy Number: 4.7

Original Effective Date: November 18, 2015

Revised Dates: November 20, 2019

## 1. OBJECTIVE

1.1 To define the scope of the delegation of authority to the President and Chief Executive Officer ("CEO") as provided in the Bylaws, to express the expectations of the Board of Directors' ("Board") of Holy Cross Electric Association, Inc., a/k/a Holy Cross Energy ("Holy Cross") regarding managerial performance and to define the working relationship between the Board and the President and CEO.

## 2. POLICY

2.1 In general, the President and CEO of Holy Cross is responsible for day-to-day operations and shall have the authority to act within the limitations of authority established by this Corporate Policy ("Corporate Policy" or "Policy") and under law.

2.2 With respect to planning and implementation of activities, the President and CEO shall:

2.2.1 Carry out the vision, mission, strategic objectives and priorities of Holy Cross, periodically engaging in a strategic planning process with the Board to develop a written strategic plan.

2.2.2 Develop and implement action plans and reports in such areas as load forecasts, power supply requirements, financial plans, energy management and marketing plans, environmental strategies, operations, consumer service and engineering requirements.

2.2.3 Arrange for and obtain member satisfaction surveys and other techniques to measure consumer satisfaction and, on a periodic basis, conduct needs assessments to determine consumer interest in additional products or services that might be offered by Holy Cross.

2.2.4 Develop and implement plans for the Annual Meeting and other member meetings of Holy Cross and make appropriate recommendations to the Board regarding the structure and location of such meetings.

2.2.5 Develop and implement long-range financial plans, cash management plans, work plans and budgets for recommendation to the Board and provide periodic reports on revenue, expenses and other results compared to such plans.

2.2.6 Analyze and implement the position of Holy Cross for state and federal legislative and regulatory matters that are proposed, supported or opposed by Holy Cross.

2.2.7 Periodically analyze tariffs, rules and regulations to make sure they meet operating requirements and make appropriate recommendations to the Board.

2.3 With respect to organization and human resources management, the President and CEO shall:

2.3.1 Determine and implement the organizational structure best suited to carry out Holy Cross' objectives within the limitations of the budget as approved by the Board.

2.3.2 Develop and adopt employee policies and other operating procedures the President and CEO determines necessary for carrying out the operation of Holy Cross.

2.3.3 Develop and periodically review Holy Cross Corporate Policies and recommend to the Board changes to those policies for consideration and action as needed.

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- 2.3.4 Ensure that written position descriptions are prepared and regularly reviewed as necessary for all personnel. Such completed position descriptions do not require Board approval.
- 2.3.5 Develop and approve standards and qualifications for use in recruitment, transfer and promotion of personnel and select, appoint, transfer, promote and terminate personnel.
- 2.3.6 Provide that employees are trained in accordance with the qualifications and requirements of their positions.
- 2.3.7 Appraise, at least annually, the performance of employees, and provide that a consistent performance appraisal program is established and carried out for all employees.
- 2.3.8 Develop and propose an annual employee compensation and benefit plan for approval by the Board as part of the annual budget that meets the strategic goals of Holy Cross.
- 2.3.9 Determine all wage range adjustments, except the President's and CEO's compensation, within the compensation plan and policy established by the Board. The Board shall determine compensation adjustments for the President and CEO.
- 2.3.10 Establish a policy for reimbursement of travel expenses of employees on Holy Cross business within the limitations of the budget and within established policy. Travel and other reimbursed expenses of the President and CEO will be reviewed by the Board as appropriate.
- 2.3.11 Select and appoint consultants, as needed to provide advice and assistance within the limitations of the work plans and budget and advise the Board about actions taken. The selection of consultants working in areas that directly affect the functions of the Board requires approval of the Board.
- 2.4 With respect to day-to-day operations, the President and CEO shall:
  - 2.4.1 Direct day-to-day operations of Holy Cross except as specified otherwise by the Bylaws or the Board; delegate authority to subordinate employees as determined by the President and CEO; authorize further delegation of authority by a delegatee of the President and CEO to any level of management with full recognition that the President and CEO shall not be relieved of overall responsibility and accountability.
  - 2.4.2 Designate an employee to serve as acting President and CEO in the event the President and CEO becomes temporarily or permanently incapacitated so that the President and CEO cannot perform the duties of President and CEO. The Board will convene a meeting as soon as practicable to determine how the position of the President and CEO will be filled for any such period.
  - 2.4.3 Serve as authorized spokesperson for Holy Cross.
  - 2.4.4 Administer the budget as approved by the Board and, in addition, the President and CEO may spend annually up to 0.2% of budgeted annual operating revenue and patronage capital (Line 7 of Form 7) for non-budgeted items and may spend any reasonable additional amount, which in the judgment of the President and CEO, is vital to effect unanticipated emergency maintenance or repairs. Non-budgeted items exceeding the foregoing annual aggregate (which are not items vital to effect unanticipated emergency maintenance and repairs) must be presented to the Board for approval.
  - 2.4.5 Determine and institute insurance coverages required for effective risk management and negotiate purchase of such coverages within the limitations of the budget and Policy.
  - 2.4.6 Authorize membership of Holy Cross, the President and CEO and other employees in civic clubs and organizations and memberships in organizations in which membership would be beneficial to Holy Cross Energy.
- 2.5 With respect to Board relations, the President and CEO shall:

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2.5.1 Develop, with the Chair of the Board ("Chair"), a schedule of topics to be discussed and reports to be presented to the Board that ensure adequate Board attention is devoted to strategic issues and challenges of Holy Cross.

2.5.2 Develop, with the Chair, an agenda for each meeting of the Board to provide that issues are discussed in a timely fashion. Provide that the agenda reflects the distinction between reports that address past actions and decisional issues that involve actions that must be addressed by the Board.

2.5.3 Report to the Board on conformity of approved policies, plans and budgets, and recommend revisions requiring Board approval. Make periodic and special reports to the Board on topics including:

2.5.3.1 Safety

2.5.3.2 Financial matters, including member equity, equity management and rates

2.5.3.3 Electric service reliability

2.5.3.4 Consumer satisfaction

2.5.3.5 Governance topics such as the Bylaws and Corporate Policies

2.5.3.6 Legislative, regulatory and legal issues

2.5.3.7 Activities and expenses of advisors and consultants

2.5.3.8 Others as the President and CEO or Board may deem appropriate

2.6 The Board will maintain the following principles and guidelines in its relationship with the President and CEO.

2.6.1 The Board shall have the authorities and responsibilities specifically enumerated to it in Corporate Policy 4.1, "Functions of the Board of Directors".

2.6.2 The Board recognizes that good management is the most important factor in the success of Holy Cross. The President and CEO must be delegated sufficient authority to manage the operations of Holy Cross on a day-to-day basis. Although delegated, these powers are expansive in nature and substantial in depth. The President and CEO is expected to make decisions that bind Holy Cross legally and that impact its ongoing viability. The Board further recognizes that management can be effective only if there is mutual understanding and joint cooperation. The President and CEO is expected to produce results that have been clearly identified by and communicated by the Board to the President and CEO, and the President and CEO will give a regular report to the Board. The best results cannot be achieved unless the President and CEO is given latitude to perform within the confines of Policy. It is the Board's responsibility to clearly identify any limits on management discretionary decision-making.

2.6.3 The Board has delegated to the President and CEO a significant level of power and authority and the Bylaws establish the position of the President and CEO as a corporate officer. The Chair's authority is provided in the Bylaws. The authority of the Chair is not intended to overlap the authority of the President and CEO with respect to the business of Holy Cross.

2.6.4 The Board has in this Policy delegated to the President and CEO the authority to execute and carry out plans programs and policies. In addition to the powers delegated in this Policy, the President and CEO is expected to provide advice and counsel to the Board, and to take the lead in seeing that important issues are presented and explained to the Board in a timely fashion.

2.6.5 The flow of authority shall be from the Board as a single entity to the President and CEO. The President and CEO is responsible for the employment of and direction to employees. It is the policy of the Board that each individual member of the Board shall refrain from discussing any business matter, including without limitation management and personnel issues, with any

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employee of Holy Cross without the prior consent of the President and CEO. The Board as a whole, in consultation with the President and CEO, may confer with key employees at any regular or special meeting of the Board.

2.6.6 The Board recognizes that should any individual Director or group of Directors undertake private conversations with others to make statements of commitments for the Board or Holy Cross, unless directed officially by the Board at a meeting, that Director becomes involved in a serious breach of policy and may be subject to reprimand or other action by the full Board.

2.6.7 The Board is responsible for seeing that the President and CEO knows and understands its expectations and any limitations it has placed on discretionary decision-making. These expectations and limitations shall be identified in approved written policies or plans. Such policies and plans should be used as the foundation for an annual appraisal of the President's and CEO's performance.

## **3. RESPONSIBILITY**

- 3.1 The Board and the President and CEO will be responsible for the administration of and compliance with this Policy.