

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

September 6, 2006

ACTION REQUIRED

AGENDA ITEM NO. V.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Board Policy 105 – Functions of the Board of Directors

DISCUSSION

Board Policy 105, Functions of the Board of Directors, has been revised, as well as Board Policy 111, Statement of Functions of the Operations Committee (Agenda Item VI), so that they: 1) are consistent with one another with regard to evaluating the Chief Executive Officer (“CEO”); and 2) both contain time frames for evaluation of the CEO to insure that both the Board and the Operations Committee complete their review and evaluation of the CEO, including any adjustment to salary or other remuneration as appropriate, and act on the evaluation prior to the annual membership meeting so that the “same” Board and Board committee members perform these actions.

MOTION

Move that the Board Operations Committee approves for recommendation to the full Board for its approval the revisions to Board Policy 105, Functions of the Board of Directors, as attached.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 105

DATE:

FUNCTIONS OF THE BOARD OF DIRECTORS

I. OBJECTIVE

To describe the major functions of the Board of Directors, develop an increased understanding of these responsibilities and authorities, and to define the Board's accountability.

II. CONTENT

A. To establish and maintain a legal entity with respect to:

1. Ensuring that the legal requirements, as set forth in the Articles of Incorporation, the Bylaws, and other regulations applying to the Association, are complied with including, but not necessarily limited to:
 - a. All federal, state and local statutes, ordinances and regulations.
 - b. The Indenture of Trust and other loan covenants, loan agreements and financing agreements.
 - c. Federal and state regulatory agencies and commissions.
2. Selection and appointment of Special Counsel, as required.
3. Reviewing and approving major contracts as required.
4. Ensuring that complete and accurate minutes of the Board and annual and special membership meetings are prepared, maintained, and distributed to the Directors. Minutes or a report of all Board committee meetings will be kept and maintained at the Association headquarters and distributed to all Board members.

B. To act as representatives of membership interests with respect to:

1. Fiscal soundness of the organization.
2. Protecting the assets of the Association through appropriate risk management policies and coverages.
3. Protecting the assets of the Association by ensuring that the requirements of lending agencies are complied with.

4. Selecting and appointing independent financial auditors based on a recommendation of management and a Board Committee and determining the scope of the independent financial audit.
5. Ensuring that the Officers, the Chief Executive Officer, and other employees are bonded in accordance with bonding requirements for similar corporations and the amount of authority delegated to these positions.
6. Approving depositories for funds of the Association and those authorized to sign checks, drafts, notes, contracts, deeds, mortgages and other instruments on behalf of the Association.
7. Establishing policies governing the investment of funds of the Association.
8. Establishing policies governing the payment of travel, out-of-pocket and other expenses of Directors.
9. Developing basic policies to ensure that major purchases are done competitively, where appropriate.
10. Holding well-planned and effectively conducted Board Meetings in a timely manner sufficiently often to keep well-informed of Association matters and to provide policy guidance and take action on Association business as necessary and appropriate. The preliminary agenda for such meetings shall be developed by the Chairman of the Board in consultation with the Chief Executive Officer. The agenda should be mailed or delivered to Board Members in advance of the Board Meeting with sufficient supporting information to facilitate the decision-making process.
11. Ensuring open discussion and information exchange through the use of work sessions as appropriate.
12. Keeping the members informed of issues affecting the Association. Every reasonable effort shall be made to keep the members advised of the long-range outlook on power costs, and as far in advance as possible on the need for adjustments in rates.
13. Ensuring that a continuous program of member, public, and governmental relations is carried out to obtain understanding and support for the Association objectives.

14. Endeavoring to improve the quality of the environment through supporting the implementation of business decisions and practices that reduce or eliminate waste and encourage the recycling and environmentally sound disposal of waste products.
15. Encouraging the active participation of the members through committees.
16. Conducting annual and other membership meetings to adequately inform the members, obtain their ideas and suggestions.
17. Keeping well informed about changing member needs and how the Association might meet these needs.
18. Ensuring that the members are informed of the activities of the Association through newsletters and other publications, annual reports, and membership meetings.
19. Complying with Board policies and the Bylaws of the Association.
20. Keeping informed and growing in their own skills and understanding as Board members, and participation in conferences, workshops, seminars, and other professional activities deemed advantageous to the Association.
21. Arranging periodically for an appraisal of Board performance and for a systematic program to keep the Board growing in its abilities.
22. Assisting new Board members to develop a greater understanding of the Association and their basic responsibilities and duties, including arranging for orientation of new Board members of the Association's objectives, plans, policies, and programs.

C. To consider and adopt short-range and long-range plans with respect to:

1. Determining the objectives and major goals for the Association in concordance with the Articles of Incorporation and the Bylaws.
2. Considering, in consultation with the Chief Executive Officer, and adopting Board policies and ensuring that these policies are periodically reviewed.
3. Reviewing and approving broad operating programs, services, and activities developed and recommended by the Chief Executive Officer.
4. Reviewing and approving the annual work plans and budgets.

- D. To provide operating requirements with respect to:
1. Authorizing the funds, facilities, equipment, and human resources necessary to carry out the mission and objectives of the Association.
 2. Establishing committees when necessary, receiving reports from those committees and taking appropriate action as a result of such reports.
 3. Selecting and employing a competent Chief Executive Officer and delegating to him or her the complete responsibility and authority to select and direct the employed personnel and terminate their employment if such action becomes necessary, within the limitations of Association policy and procedures.
- 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 Chief Executive Officer to ensure conformity to the Board's approved objectives, policies, 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. Predict trends and forecast results.
 - d. Determine where remedial or corrective action may be required.
 - e. Measure results against annual work plans and budgets.
 - f. Measure performance against plans and policies.
 - g. Determine that policies, procedures, and regulations of lending institutions and regulatory and administrative agencies are being complied with.
 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 at which they are to review it.
 3. Reviewing the independent management audit if such an audit is undertaken, and ensuring that Board-approved recommendations are carried out. Receiving and reviewing regular progress reports from the Chief Executive Officer.

4. Insuring that a performance appraisal of the Chief Executive Officer is performed annually, with or without outside consulting assistance, and reviewing the results of the appraisal with the Chief Executive Officer. The appraisal, including a recommendation on a salary adjustment and any other remuneration when appropriate, shall be conducted by the Operations Committee and a written report, including said appraisal and any recommendations on compensation, shall be provided to and discussed by the full Board on or before the February regular Board meeting. After review and approval by the full the Board, a written report, including the appraisal and any recommendations on compensation, shall be provided to and discussed with the Chief Executive Officer no later than April 1 of each year.

III. RESPONSIBILITIES

- A. The Board may delegate any or all of these responsibilities to a committee of the Board or Chief Executive Officer as long as such action is not inconsistent with the Association's Bylaws or other legal requirements.
- B. It shall be the responsibility of the Chairman of the Board to see that the foregoing functions are effectively carried out.

Date Approved: _____

Attested: _____
Secretary of the Board