POLICY BULLETIN NO. 40

SUBJECT: BOARD OF DIRECTORS - CHIEF EXECUTIVE OFFICER RELATIONSHIP

I. OBJECTIVE:

To establish the policy governing the basic relationship between the Board of Directors and the Chief Executive Officer ("CEO"), including the principles involving the delegation of authority.

II. POLICY CONTENT:

Be It Resolved that the Board of Directors of Grand Valley Rural Power Lines, Inc. recognizes, establishes and maintains the following guidelines regarding their relationship with the CEO.

A. The primary purpose of this policy is to define the relationship between the Board of Directors, who are the elected representatives of the cooperative members, and the CEO, who is employed by the Board of Directors. The Board of Directors recognizes that efficient management of the cooperative can exist only through mutual understanding and complete cooperation between the Board of Directors and the CEO. The Board of Directors gives the CEO latitude to exercise independent judgment and discretion in implementing the policies promulgated by the Board of Directors and managing the cooperative. The CEO shall carry out all policies of the Board of Directors and account to the Board of Directors regarding his or her implementation of the cooperative's policies and management of the cooperative.

B. The Board of Directors delegates authority to the CEO to execute and carry out the plans, programs and policies approved or promulgated by the Board of Directors.

C. The policies promulgated by the Board of Directors shall be given to the CEO by the President of the Board of Directors.

D. The Board of Directors delegates authority for the management of the cooperative to the CEO. The CEO shall be the connecting link between the Board of Directors and the personnel. It shall be the policy of the Board of Directors to refrain, as individuals, from discussing management problems with the personnel of the cooperative, except in cases where the Board of Directors may deem it necessary to confer with personnel at regular or special meetings of the board. The Board of Directors shall require full and complete information from the CEO concerning all matters in connection with the management of the cooperative as set forth in board policies.

E. The Board of Directors recognizes its responsibility for the employment of a CEO, and further the additional responsibility for an appraisal of the CEO's performance of responsibilities in order that growth, development and effective improvement are encouraged.

F. The Board of Directors and the CEO recognize the importance of effective financial controls with respect to business expenses charged and incurred on behalf of the CEO ("Expenses"). The Executive Committee of the board, or as otherwise directed by the Board of Directors, shall complete a review of the Expenses, and such review should be conducted on a quarterly basis, but at the direction of the full board, may be required on a more or less frequent basis. The CEO shall provide the Executive Committee with a complete expense report on a quarterly basis, or as otherwise directed. Expenses must comply with the cooperative's rules, policies and approved budget.

III. RESPONSIBILITY:

The President of the Board of Directors shall be responsible for oversight of this policy.

Date Adopted: January, 1959
Date Reviewed: March 15, 1989
Date Revised: June 18, 2008
Date Revised: February 19, 2014
Date Revised: March 18, 2026

Attest: Kyle Coltrinari
Secretary