

MORA-SAN MIGUEL ELECTRIC COOPERATIVE, INC.
DELEGATION OF AUTHORITY FROM
THE BOARD TO THE MANAGER
BOARD POLICY NO. 108
Supersedes Policies 3 & 50

SUBJECT: Manager's Responsibilities

OBJECTIVE: To define the delegations of authority from the Board of Directors to the Manager to enable him/her to adequately direct the operations of "The Mora-San Miguel Rural Electric Cooperative" and to report to the Board on the results achieved.

II. Policy

The following shall be the responsibility of the Manager:

A. Planning

1. Policies

To formulate, with the staff, as appropriate, the policies of the Cooperative to be recommended by the Manager to the Board for their consideration. Such policies shall be reviewed by the Manager at least once a year and a recommendation made to the appropriate committee on any revisions required.

2. Strategic Planning

To develop, with the staff and the Board, the mission and long range objectives of the Cooperative by periodically assessing changes in the Cooperative's needs, by identifying key issues and by adopting strategies to effectively address those issues.

3. Long Range Operational Planning

To conduct studies and market research, utilizing staff and outside consultants, and on this basis to develop action plans and reports to the Board in such areas as load forecasts and future power requirements, financial plans and forecasts, energy management and marketing plans including least cost planning, member attitudes and member needs and long range system engineering requirement.

4. **Membership Meetings**

To develop, with the staff, plans for annual and other member meetings of the Cooperative and to make appropriate recommendations to the Board.

5. **Work Plans and Budgets**

To formulate, with the staff, annual work plans and budgets for the Cooperative and recommend them to the Board or a committee of the Board for their consideration, and to provide detailed monthly reports on revenue, expenses and other results compared to such plans.

6. **Legislation**

To analyze and determine, with the staff and in coordination with organizations such as the Statewide and National Rural Electric Cooperative Association (NRECA), the State and Federal legislative and regulatory matters to be proposed, supported or opposed consistent with established Board policy and to report to the Board on the results.

7. **Retail Rates and Service Rules and Regulations**

To periodically study and analyze the Cooperative's rates and service rules and regulations to make sure they meet current operating requirement and to make appropriate recommendations to the Board.

8. **Marketing**

To develop with his staff a strategic marketing plan which improves load factor, utilizes excess capacity, and enables the members to efficiently utilize electric energy.

B. **Organization**

1. **Organization Structure**

a. To periodically review activities of the Cooperative and to determine, with the staff as appropriate, the organization structure best suited to carry out the overall objectives of the Cooperative within the limitations of the budget.

b. To determine, with the appropriate staff members, the need for additional positions, the transfer, reassignment or elimination of present positions and to effect such changes, provided they are within the limitations of the personnel costs of the approved budget.

[Reports should be made annually to the Board, or a committee of the Board, on the number of positions by organizational units as compared to previous years.]

2. Selection of Personnel

a. To develop or approve standards and qualification for use in recruitment, transfer and promotion of personnel. Such standards and qualifications should meet all Federal and state legal requirements.

b. To select, appoint, transfer, promote and terminate personnel.

3. Training

a. To ensure that the staff members are trained in accordance with the qualifications and requirements of their positions.

b. To initiate and promote, through staff, appropriate management supervisory, professional, technical and informational training programs for all personnel within the limitations of the approved budget and Board policy, including sending personnel to training programs outside the organization.

4. Performance Appraisals

a. To appraise, at least annually, the performance of immediate staff members and to counsel with them and assist them to develop and improve.

b. To ensure that a performance appraisal program is established and carried out for all personnel and that adjustments for those outside the bargaining unit are based on merit.

5. **Position Descriptions**

To ensure that written position descriptions and job specifications are prepared and reviewed as necessary for all personnel. Such completed descriptions will not require Board approval.

6. **Fringe Benefits**

To administer or approve activities and actions with respect to vacations, holidays, sick leave and other fringe benefit programs for the personnel within established policies, within the limitations of budget and within the constraints of the Union contract. A report shall be presented annually to the Labor Committee describing the various benefits and the employee and employer contribution, if any, and what percent fringes are of payroll.

7. **Overtime**

To ensure that overtime is controlled and to report annually to the Board on overtime as a percent of payroll compared to previous years and the results of the efforts to control this expense.

8. **Consultants**

a. To recommend to the appropriate committee of the Board the employment of principal consultants, other than the firm performing the independent financial audit, and contracts and agreements for their services with the committee making an appropriate recommendation to the Board. The awarding of all contracts with consultants should comply with RUS policies and procedures. The selection of any consultants working in areas which affect the functions of the Board requires the approval of the Board.

b. To select and appoint other outside specialized consultants to provide advice and assistance on internal operations or an emergency, and to negotiate contracts or agreements for services of such specialized consultants, within the limitations of the work plan and budget, and to advise the Board of actions taken.

c. To report to the Board periodically on services provided and the fees received by all consultants.

9. Wage and Salary Administration

The Board recognizes that in this area the Manager will be impacted by the existence of the Union contract and the Board expects the Manager to follow these directives to the extent feasible.

a. To develop a systematic wage and salary plan and present it to the appropriate Board committee for review and recommendation to the Board.

b. To determine all salary adjustments, except the Manager's within the Board approved wage and salary plan and policy and within the limitations of the budget. Salary adjustments for the Manager shall be recommended to the Board by a Board committee, which shall conduct the appraisal annually and report to the Board. A report is to be provided to the Board annually on the administration of the wage and salary plan.

c. To evaluate new positions and reevaluate existing positions, if their responsibilities and authorities substantially change, and as a result of such evaluation or reevaluation, place these positions in the Board approved wage and salary plan.

d. To conduct labor surveys, as necessary, to determine wages and salaries paid for comparable jobs in the area in which the system recruits personnel, and make recommendations as to a committee of the Board on any revisions required in the wage and salary plan, taking into account the financial condition of the system.

10. Labor Relations

a. At least sixty (60) days in advance of the first notice due in relation to the Union Contract negotiations, the Manager shall present a complete budgetary analysis of wage and fringe benefit increases, the potential effect on the operations and financial position of the Cooperative of such increases, and shall make appropriate recommendations to the Board in this regard.

b. To administer the approved labor contract and see that the appropriate managers and supervisors understand the provisions of the contract and its administration.

11. Employee Relations

To ensure that two way communications between employees and management is established providing opportunities for feedback and employee involvement and participation as appropriate.

C. Operations

1. Overall Administration

a. To direct the day to day operations and activities of the Cooperative except as specified otherwise by the Bylaws or the; to delegate authority to immediate staff; to authorize further delegation of authority to any level of management with full recognition that the Manager cannot be relieved of overall responsibility or any portion of accountability.

b. To manage operation of the Cooperative in accordance with the policies of the Board and in accordance with policies and procedures of RUS and other lending institutions; as well as applicable Federal, state and local laws.

c. To designate an appropriate person to serve as Acting Manager in an extended absence of the Manager. In case the Manager becomes incapacitated, the Accounting supervisor shall serve temporarily as Acting Manager until the Board takes appropriate action, at a meeting to be convened as soon as possible.

d. To ensure that staff advice and assistance is provided to the Board and its committees, and to participate in the deliberation of these committees as requested or required.

e. To accept invitations to participate in or designate other staff members to participate in national, regional, state and local meetings which further the best interests of the Cooperative, within the limitations of Board policy and the approved budget. Participation by the Manager in such activities which require considerable time over a sustained period requires the approval of the Board. The Manager's serving on the Board of other organizations shall require prior approval of the Board.

f. To determine the transportation needs of the system, with the understanding that the number of company owned or leased cars individually assigned to employees will be minimized, and a pool of company owned or leased cars shall be used only for trips which are primarily official business.

ADDENDUM TO POLICIES

This addendum, adopted by the Board on July 30, 1999, shall address the subjects designated herein and shall become a part of the Policies of the Cooperative.

Operational Materials Purchases:

It shall be the policy of the Board of Trustees that all operational materials purchases in excess of Five Hundred Dollars (\$500.00) shall be procured pursuant to a purchase order system to be implemented and monitored by the Manager to assure that sound business and financial practices prevail. The Manager shall promulgate such a purchase order system to track and account for operational materials purchases and shall keep the Finance Committee apprised of such system as the Finance Committee shall direct. This policy is intended to complement the policies set forth in Policy No. 108 and shall be subject to Finance Committee oversight.

Mandatory Vacations, Non-Union and Management Personnel:

It shall be the policy of the Board of Trustees that, subject to the operational demands of the Cooperative, and in an effort to provide for continuity of operational readiness, Non-Union and Management personnel are encouraged to take a minimum of forty (40) hours of vacation per year. Such vacation shall be considered mandatory, absent overriding operational requirements, at the discretion of the Manager, who shall approve the scheduling of such vacation.

g. To serve as the authorized spokesperson for the Cooperative as to operational issues and to keep the Board up to date and well informed on such issues.

2. Membership Services

a. To direct membership services in such areas as, but not necessarily confined to, public and member relations, load management, energy conservation, marketing, communications and research as authorized by the Board.

b. To see that a program of community and economic development is developed and implemented, including attracting new commercial and industrial loads and retaining existing businesses and helping them expand. Such a program shall be included in the system's strategic plan and recommended to the Board as part of the annual budget.

3. Legislation

a. To develop and carry out, in coordination with organizations such as New Mexico Rural Electric Cooperative Statewide and NRECA, and within Board policy, a legislative program furthering the Cooperative's objectives and policies. Such a program will include, but not be limited to, research, preparation and presentation of testimony before appropriate committees, consultation with members of Congress, the state Legislature and state and Federal administrative and regulatory agencies.

b. To participate with allied groups to obtain their increased understanding and support of the Cooperative's legislative and regulatory objectives and programs.

4. Financial

a. To administer the approved budget, including approval of nonbudgeted items up to \$ 5,000 for line materials or all nonbudgeted items which, in his judgment, are vital to effect unanticipated emergency maintenance or repairs. Nonbudgeted items exceeding \$1,000 which are not items vital to effect unanticipated emergency maintenance or repairs, must be presented to the Board for approval. All capital expenditures must be authorized by the Board prior to the actual expenditure being made.

b. To invest or reinvest funds, cash investments when due and cash government bonds, when and if necessary, to protect the Cooperative's cash position and to carry out an effective cash management program. Investments will generally be made in CFC securities, in federal government insured or guaranteed securities; or in other securities approved by the lending agencies.

c. To authorize and approve the travel expenses of personnel except the Manager's on company business within the limitations of the budget and within established policy. Such expenses shall be supported by itemized expense accounts with receipts attached, as appropriate. Expenses of the Manager will be reviewed by the Finance Committee.

d. To approve accounting systems, procedures, statistics and types of reports necessary for sound financial management and to meet the requirements of lending and regulatory agencies and for necessary control information required by the Board.

e. To purchase or lease all equipment, vehicles, hardware, furniture, materials and supplies within the limitations of the budget and Board policy. All purchases shall comply with applicable RUS policies or procedures. All purchases of major equipment or large quantities of materials for transmission or distribution lines, substations and associated facilities shall be done with competitive bids when applicable.

f. To negotiate contracts for construction in accordance with RUS procedures, with such contracts to be submitted to the Board for approval.

Once approved, the contracts will be awarded in accordance with RUS procedures so construction completed can be reimbursed from loan funds without delay.

g. To execute and sign purchase orders or contracts for projects previously approved by the Board.

h. To approve change orders on contracts previously Board and RUS approved if cumulatively less than 15% of the original contract value. Change orders exceeding 15% of the original contract value will be brought to the Board for approval. The Board will be provided with summary data on the status of all change orders on each contract for informational purposes. All change orders will comply with RUS construction requirements.

i. After authorization of bond issuance by the Board, to ensure that the documentation necessary for the issuance of bonds is prepared, and to carry out negotiations with financing institutions for the sale of such bonds striving to achieve the lowest cost financing and to obtain approval as are necessary for the sale thereof.

j. To determine insurance coverages required for effective risk management and to negotiate purchase of such coverage within the limitations of the budget and Board policy.

k. To authorize individual memberships in civic club and organizations and company memberships in local organizations in which he/she thinks membership of him/herself or staff members would be beneficial and to authorize payment of dues by the Cooperative within the limitations of the budget and established Board policy.

l. Subject to Subsections (f) and (g) above: To negotiate and execute all documents in relation to the acquisition by purchase or lease of all real property, including easements and substation sites, and execute, deliver and accept all documents relating thereto; to exercise the power of eminent domain to acquire for projects described in and approved budget property which the system has been unable to obtain by negotiation; to execute and deliver environmental studies and reports; to make application for all permits relating to operations of the system; to design, route and determine the site for all facilities with the limitations of Board policy and the budget.

m. To perform all acts necessary or incidental to the management of the operations of the Cooperative, unless such acts are specifically reserved to the Board pursuant to law the Articles of Incorporation, the Bylaws or Board policies.

5. CONTROLS

a. Operations

To submit periodic and special reports to the Board on conformity of operations with approved policies and programs; to recommend any revisions requiring Board approval and to direct any remedial action requires.

b. Finances

To submit periodic and special financial reports to the Board to keep them informed of the Cooperative's financial position and conformance to financial plans and forecasts, and to see that all persons having access to cash or responsible for purchasing of materials are properly bonded in accordance with all requirements of the lending agencies.

c. Budgets

To report monthly to the Board on revenues and expenditures compared to budget. To recommend any revisions required, and to direct any necessary remedial action.

d. Annual Financial Audit

To participate with the Board in the review, with the auditor present, of the annual financial audit and management letter and to direct any remedial action required and to ensure that the management letter, along with the audit report, is sent to each Board member prior to the meeting at which they are to be discussed.

e. Materials Management

1) To determine the amount of and establish proper control of all physical inventories to minimize investment in inventories needed to meet operating and construction needs.

2) To ensure that a system is established to accurately account for all materials used.

f. Member Complaints

To submit periodically to the Board an analysis of member complaints and to take any corrective action required or to recommend appropriate revisions in Board policy.

g. Member Meetings

To report to the Board on the effectiveness of annual and other member meetings with recommendations on any improvements or changes which should be made.

h. Reliability of Service

To submit annually to the Board a report on service reliability and any remedial action taken.

i. Bylaws

To report to the Board, or a committee of the Board, an annual review with the system's attorney of the Bylaws and to recommend any revisions required.

j. Availability of Power Supply

To report periodically to the Board on load growth compared to the power requirements studies and to recommend plans to meet anticipated growth to insure an adequate and reliable supply for the members at the lowest possible cost consistent with sound business and management practices.

k. Rates

To continually study power and other costs compared to projections and to recommend to the Board, as far in advance as possible, any changes in retail electric rates necessary to maintain financial strength and stability and to meet all requirements of lending and regulatory agencies.

l. Construction

To review construction practices with appropriate staff to make sure projects are being constructed in accordance with RUS policies and procedures so that reimbursement for completed construction and awarded contracts can be obtained promptly.

m. Internal Auditing

To ensure that an internal auditing staff is established to independently assess the adequacy, effectiveness and efficiency of the systems of control within the organization and the quality of ongoing operations against policies and procedures established by management and/or Board, and regulations and requirements of RUS and other lending institutions; as well as applicable federal, state, and local laws.

n. Loss Control

To ensure that a loss control program is carried out to minimize and control losses due to accidents, environmental hazards and other risks.

III. Responsibility

A. The Manager shall report to the Board periodically on how these delegations are being carried out. The Manager may make further delegations to his staff as required.

The Manager may delegate any of the foregoing authorities to the Acting Manager and the Acting Manager may act in any or all of these responsibility areas in the absence of and when designated to act for the Manager.

B. The Board is responsible for approving any changes in the delegations to the Manager.

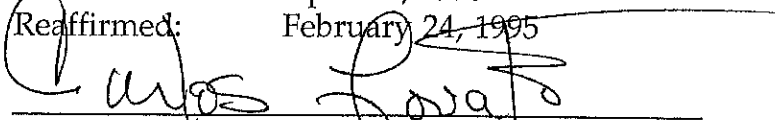
C. The President shall be responsible for seeing that the performance of the Manager is appraised each year by the Board and that a written report is made at the next meeting on the results of such appraisal, including a recommendation on a salary adjustment when appropriate, and that the results of such appraisal are discussed with the Manager.

SUMMARY OF REPORTS DUE ON DATES CERTAIN

<u>Provision</u>	<u>Time</u>	<u>Subject</u>
IIA1	annually	Policy Review
IIA5	annually	Work Plans and Budget
IIB1b	annually	Organizational Structure
IIB4a	annually	Performance Appraisals
IIB6	annually	Fringe Benefits
IIB7	annually	Overtime
IIB9b	annually	Wage and Salary Adjustments
IIC5c	monthly	Revenues & Expenditures
IIC5h	annually	Reliability of Service
IIC5i	annually	Bylaws

The Board shall be responsible for the enforcement of this Policy.

Approved: April 13, 1993
Effective: April 13, 1993
Reaffirmed: February 24, 1995



Board Secretary