Director Handbook

Revised and Approved by the Board of Directors on April 16, 2026

DIRECTOR HANDBOOK
TABLE OF CONTENTS

The Cooperative = Copper Valley Electric Association, Inc.
The Board = Entire Body of the Board of Directors
CEO = Chief Executive Officer

Table of Contents

101 Policy Formulation and Approval 4
102 Functions of the Board of Directors 6
103 Delegations of Authority From the Board to the Chief Executive Officer 10
104 Board - CEO Relationship 13
105 Qualifications for Directorship 16
106 Political Activity of Directors and Employees of the Cooperative 19
107 Conflict of Interest 20
108 Insurance for Directors 25
109 Director Participation in Cooperative Meetings 26
110 Board Travel Policy 31
111 Parliamentary Authority 33
112 Replacement of the Chief Executive Officer 35
113 Board of Directors Meeting Documentation 39
114 Election of Officers 41
201 Committees of The Board of Directors 48
202 Functions of The Finance Committee 51
203 Functions of The Policy Committee 52
204 Functions of The Bylaws Committee 53
205 Functions of The CEO Evaluation Committee 55
206 Functions of The Governance Committee 56
207 Code of Director Conduct 57
208 Director Oath of Office 70
301 Purchasing Policy 72
302 Sales of Surplus Property 73
303 Community Support 74
304 Retention And Disposal of Cooperative Records 76
305 Capital Credits 78
306 Availability of Cooperative Records 85
307 Annual Meeting Election Procedures 89
400 Personnel Policies 92

POLICY TRACKING

POLICY #	DESCRIPTION	REVIEWED	UPDATED
101	Policy Formulation and Approval	06/2019	
102	Functions of the Board of Directors	06/2019	
103	Delegations of Authority from the Board to the CEO	08/2024	
104	Board - CEO Relationship	07/2024	
105	Qualifications for Directorship	03/2025	
106	Political Activity of Directors & Employees of the Co-Op	08/2023	
107	Conflict of Interest	06/2025	
108	Insurance for Directors	12/2024	01/2025
109	Director Participation in Co-Op Meetings	08/2025	10/2025
110	Board Travel Policy	08/2025	
111	Parliamentary Authority	12/2025	
112	Replacement of the CEO	06/2023	06/2023
113	Board of Director Meeting Documentation	10/2024	11/2024
114	Election of Officers	05/2025	
201	Committees of the Board of Directors	06/2024	08/2024
202	Functions of the Finance Committee	06/2024	08/2024
203	Functions of the Policy Committee	06/2024	08/2024
204	Functions of the Bylaws Committee	06/2024	08/2024
205	Functions of the CEO Evaluation Committee	06/2024	08/2024
206	Functions of the Governance Committee	06/2024	08/2024
207	Code of Director Conduct	02/2026	
208	Director Oath of Office	05/2025	
301	Purchasing Policy	07/2025	08/2025
302	Sales of Surplus Property	07/2025	
303	Community Support	08/2019	
304	Retention and Disposal of Co-Op Records	10/2025	11/2025
305	Capital Credits	11/2025	01/2025
306	Availability of Co-Op Records	08/2019	
307	Annual Meeting Election Procedures	03/2026	04/2026
400	Personnel Policies	04/2026	

101 POLICY FORMULATION AND APPROVAL

101.1 Purpose

The purposes of this policy are as follows:

A. Establish the basis for the formulation and distribution of policies to effectively achieve the objectives, goals, plans, and programs of the Cooperative,

B. Provide for the periodic review and revision, when appropriate, of Cooperative policies.

101.2 Policy

A. The Board has overall responsibility for policy development and approval for the Cooperative.

B. The Board has determined the following subject areas requiring policies:

1. Board Responsibilities – Director Handbook
2. Personnel Policies – Employee Handbook
3. Administrative Procedures – Admin Handbook

C. In addressing the foregoing subject areas, the Board has established the following structure for the Director Handbook:

Section	Description
100	Board of Directors
200	Board Committees
300	Organization
400	Personnel

D. The Board has the exclusive responsibility to develop and administer Sections 100-200 of the Cooperative policies.

1. In developing and revising these policies the Board may seek the assistance of an ad hoc Policy Committee and/or the CEO.
2. Any director may propose revisions to these policies.
3. Any director may propose new policies in this subject area.
4. The Board is accountable to themselves for upholding Sections 100-200 of the Cooperative policies.

E. The Board and CEO are responsible for proposing new policies or revisions to existing policies for Sections 300–400 of the Director Handbook.

F. The CEO is responsible for developing and approving procedures that affect the Cooperative in the financial; member services; operational and engineering; service rules, rates, and policies, and administrative functions. These procedures are documented in the Admin Handbook.

G. Sections 100-300 policies shall be reviewed periodically by the Board to ensure their applicability and relevance to current operations.

H. The CEO shall review the Admin Handbook annually to ensure the applicability and relevance to current operations, and revise as necessary.

I. The CEO is accountable to the Board for ensuring that Cooperative policies are properly communicated to members and employees and are adhered to.

J. In the event there is a conflict between any policy and the law, or the Bylaws, or the Articles of Incorporation, or the rules and regulations of a lending or regulatory agency, the applicable law, or the Bylaws, or the Articles of Incorporation, or such rules and regulations will prevail over the policy.

K. In the event there is a conflict between any policy and a collective bargaining agreement, then the collective bargaining agreement shall prevail over the policy for represented employees.

101.3 <u>Responsibility</u>

A. The President of the Board shall make every reasonable effort to ensure that this policy is adhered to.

B. At the CEO's direction, the current Articles of Incorporation, Bylaws, Director Handbook, Tariff are available to each director via the Cooperative-provided iPad.

C. The CEO, in consultation with the General Counsel, shall ensure that all proposed policies or revisions to existing policies meet the requirements of all state and federal legal requirements.

102 FUNCTIONS OF THE BOARD OF DIRECTORS

102.1 Purpose

The purposes of this policy are as follows:

A. Describe the major functions of the Cooperative Board

B. Develop an increased understanding of their responsibilities and authorities

C. Define the Board's accountability.

102.2 Policy

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

1. Ensuring that the legal requirements, as set forth in the Articles of Incorporation, the Bylaws, the Tariff, and other regulations applying to the Cooperative, are complied with regularly, including, but not necessarily limited to:
   a. all federal, state, and local statutes and ordinances,
   b. federal, state, and local tax and regulatory agencies and commissions, and/or
   c. lending agency requirements.
2. Selecting and appointing the General Counsel, in consultation with the CEO.
3. Studying, reviewing, and recommending revision and other changes in the Bylaws, as necessary or required, to be submitted to the Membership.
4. Reviewing and approving major contracts such as loan agreements, wholesale power contracts, and construction contracts as defined in Policy 301, Purchasing Policy.
5. Ensuring that complete and accurate minutes of the board and the annual membership meeting are prepared, maintained, and approved. Minutes of the board meetings will be taken by a recording secretary, who will prepare a draft for the CEO to review before distribution to the directors, or to the Membership for the annual meeting minutes.
6. Authorizing eminent domain proceedings by the Cooperative as required.

B. To act as trustee, advocate, and regulator of membership interests with respect to:

1. Conducting well planned membership meetings to adequately inform its members, obtain their ideas and suggestions, and to promote understanding of the Cooperative's objectives, goals, policies, plans, and programs.
2. Keeping well informed about members' changing needs and how the Cooperative might assist in meeting those needs.

3. Ensuring that the members are informed of the results of the operations through timely updates to the Cooperative website and other social media sources, periodic newsletters and/or other publications, annual reports, and membership meetings.
4. Complying with board policies and the Bylaws.
5. Keeping informed and growing in their 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 the Cooperative and their basic responsibilities and authorities.
8. Keeping the members informed of problems faced by the Cooperative which require their support. 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 retail electric rates.
9. Protecting the assets of the Cooperative through appropriate insurance policies and coverages and by making sure that the policies, regulations, and mortgages of lending agencies are complied with.
10. Selecting and appointing independent financial auditors.
11. Ensuring that the officers, the CEO, and other employees are bonded in accordance with the bonding requirements as prescribed by the Board and the Bylaws of the Cooperative.
12. Approving depositories for funds of the Cooperative and designating those authorities to sign checks, drafts, notes, contracts, deeds, mortgages, and other instruments on behalf of the Cooperative.
13. Holding well planned and effectively conducted monthly board meetings, or more often if required. The preliminary agenda for such meetings shall be developed by the CEO in consultation with the President of the Board, and the agenda will be provided in advance of the board meeting with appropriate supporting information. The agenda shall be posted at least five days prior to the meeting at the Glennallen and Valdez offices of the Cooperative and posted on the Cooperative's website.
14. Establishing policies governing the investment of Cooperative funds.
15. Establishing policies governing the payment of travel, director fees, out of pocket, and other expenses of directors.
16. Approving the appointment of the Cooperative's principal consultants and contracts and agreements for their services.
17. Approving purchase, transfer, lease and/or sales of all real estate.
18. Filling vacancies on the Board for any unexpired term of office in accordance with the Bylaws.
19. Reviewing recommendations of the CEO on the program for the annual membership meeting, and reviewing the results of this meeting, and making appropriate recommendations to the CEO on any improvements which might be made to make such meeting more effective.
20. Inviting participation of the members in planning and carrying out programs that affect them.

21. Performing other actions deemed necessary to promote and protect the interest of the Membership.

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 members consistent with sound economic and business practices.
2. Reviewing and approving the ideals, objectives, and major goals of the Cooperative, as developed and recommended by the CEO.
3. In consultation with the CEO, reviewing proposed policies and adopting such policies as appropriate, and ensuring that these policies are reviewed periodically.
4. Reviewing and approving broad operating programs, services and activities developed and recommended by the CEO, taking into account the feasibility of such recommendations, and the financial ability of the Cooperative 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 operations of the Cooperative and providing the best possible service to the members.
6. Considering and adopting broad personnel and wage and salary policies essential to providing opportunities for growth and development of employees.
7. Considering and approving labor contracts as recommended by the CEO.
8. Considering and adopting financial plans and policies essential to maintaining a sound financial structure for the Cooperative.
9. In consultation with the CEO adopting policies for maintaining good member, public, and governmental relations, programs for community and economic development, and 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 mission of the Cooperative.
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 shall be in writing and reviewed annually by the Board.
3. Interviewing candidates, selecting and employing a competent CEO.
4. Delegating, to the CEO, the authorities and responsibilities as described in Policy 103, *Delegation of Authority from the Board of Directors to the Chief Executive Officer* or by appropriate resolution.
5. Advising the CEO, upon his request, in regard to specific managerial decisions which are his delegated responsibility to make and for which results he is to be held responsible.

6. Determining major local, state, regional, or national organizations in which the Cooperative shall become a member.
7. Authorizing the construction of major facilities necessary for the efficient operations of the Cooperative.

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 CEO to ensure conformity to the Board's approved viewpoints, objectives, policies, major goals, plans, and programs. These reports shall be of sufficient scope to enable the Board 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, and/or
   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. Reviewing the independent management audit if such an audit is undertaken, and ensuring that the Board approved recommendations are carried out by receiving and reviewing regular progress reports from the CEO.
4. Conducting an annual written performance evaluation of the CEO. Such evaluation shall be conducted by the Board.
5. Periodically conducting an appraisal of the Board, with or without outside consulting assistance, and holding discussions on the growth and development of the Board and how they can more effectively carry out their major functions.

102.3 <u>Responsibility</u>

A. The Board may delegate any or all of these responsibilities to a Committee of the Board or the CEO as long as such action is consistent with the Cooperative Bylaws and other legal requirements.

B. The President of the Board has overall responsibility for administration of this policy.

103 DELEGATIONS OF AUTHORITY FROM THE BOARD TO THE CHIEF EXECUTIVE OFFICER

103.1 Purpose

The purpose of this policy is to define the delegations of authority from the Board to the CEO to enable the manager to adequately direct the operations of the Cooperative and to report to the Board on the results achieved.

103.2 Policy

A. In General

The Board, after considering input from staff and consultants, will set specified organizational objectives. The Board has also developed policies and a position description for the CEO that delegate tasks, powers, and responsibilities to the CEO, while also reserving specific responsibilities for the Board. The overall intent of these delegations of power and limitations on those delegations is to ensure the CEO has the authority necessary to achieve the Board's specified objectives while making clear the limits the Board is placing on the exercise of that authority.

B. Interpretation

As long as the CEO uses any reasonable interpretation of the Board's objectives, delegations of authority and limits on that authority, the CEO is authorized to establish all further operational policies, make all decisions, take all actions, establish all practices and carry out all activities the CEO believes are necessary to achieve those objectives. Such decisions of the CEO shall have the full force and authority as if decided by the Board. The following sections provide additional guidance regarding the Board's delegation of authority to the CEO and the limits on that authority.

C. Delegated Areas of Authority

1. Supervision and direction of the employees of the Cooperative;
2. Review and administration of the Cooperative's policy/procedures handbooks;
3 Supervision and direction of the activities of the Cooperative, including but not limited to, the generation and purchase of electricity; the distribution of electricity; proper administrative practices for billing and collection; proper consumer relations between the Cooperative and the members of the Cooperative; management of the Cooperative's finances; and management of Cooperative purchasing procedures for Cooperative supplies, equipment, and services;

4. Representing the Cooperative in its relationships with other corporate entities, government entities, and associations;
5. Acting in such a manner as to ensure the highest quality service to Cooperative members;
6. Carrying out the responsibilities and exercising the authority set forth in the CEO's Board-approved position description; and
7. Exercising all other authority on behalf of the Cooperative that is not reserved to the Board or the members by the Cooperative's Articles of Incorporation, Bylaws, board policy or applicable law.

D. Global Executive Constraints

In carrying out the responsibilities and powers delegated to the CEO, the CEO shall not cause or allow:

1. The Cooperative to be in violation of its Articles of Incorporation, Bylaws, Tariff (or applicable special contract), board policies, applicable law, regulation, court order or rule;
2. Members and prospective members to be treated unfairly;
3. Expenditures to be made in excess of the approved budget, or on non-budgeted items, except when in the CEO's judgment they are vital to effect unanticipated emergency maintenance or repairs;
4. The Cooperative to be in violation of a loan or debt promise, covenant or warranty;
5. The Cooperative to fail to settle short- and long-term financial obligations in a timely manner;
6. The Cooperative to fail to maintain cooperative status under Alaska and federal law;
7. A change to the organization's name or to substantially alter its identity in the community;
8. Create or purchase any subsidiary corporation without board approval;
9. The sale, absent board approval, of any Cooperative real estate or plant asset or any asset that has a fair market value greater than $10,000;
10. A change to the CEO's own compensation and benefits, except incidentally as a result of changes to benefits that apply to all non-union employees; or
11. A failure to notify the Board of an actual or anticipated noncompliance with a previously submitted monitoring report or policy.

103.3. **<u>Responsibility</u>**

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

B. The Board is responsible for approving any changes in the delegations to the CEO. The Board may change its policies establishing specified results or limiting the CEO's latitude, thereby shifting the boundary between the Board and the CEO's areas of responsibility.

By doing so, the Board changes the latitude of choice given to the CEO. As long as any particular delegation is in place, the Board will respect and support the CEO's choices.

C. The President shall be responsible for seeing that the performance of the CEO is appraised each year by the Board and the results of such appraisal are discussed with the Chief Executive Officer.

104 BOARD - CEO RELATIONSHIP

104.1 Purpose

The purpose of this policy is to establish the policy governing the basic relationship between the Board of Directors and the CEO, including the principles involving the delegation of authority.

104.2. Policy

A. In accordance with the above objective, the Board has established the following policy:

1. It is recognized that good management is the most important factor in the success of the Cooperative. In exercising such management responsibilities, the Board reserves its authority to establish policy, approve plans and programs and delegate authority to its CEO, except those that are by law, the Articles of Incorporation and Bylaws of the Cooperative conferred upon or reserved to its members.
2. The Board recognizes its responsibility and its needs to establish policies, approve plans and programs, and delegate authority to the CEO to execute and carry out its plans, programs, and policies. All policies of the Board shall be promulgated at regular and special meetings. The CEO shall be given complete authority for managing the operations of the Cooperative in accordance with the objectives and policies set forth by the Board, including the authority to hire capable personnel within the approved wage and salary plan and policy, to train, supervise and replace them if necessary.
3. The CEO shall be accountable to the Board for providing complete reports regarding strategic areas of operations in a manner that will allow full opportunity for the Board to measure results of management and operations. The CEO may use, at his discretion, individual members of the general staff to present special reports for him to the Board.
4. In addition to the establishment of policies, the Board shall be responsible for approval of the overall plans involving major operations, and basic requirements such as financial forecasts, budgets, other resources, facilities, investments and the control reports necessary to measure results. The Board may also direct the CEO to conduct necessary re-planning to take corrective action to conform to Board objectives, policies, and plans.
5. Directors shall act collectively, as the Board, under an approved order of business. Each director shall recognize that he has no authority outside of the board meeting, except and unless he is specifically authorized or assigned a project with authority to act or speak for the Board. The Board recognizes that should any Director undertake in private conversation with others to make commitments for the Board, and/or the Cooperative that Director becomes involved in a serious breach of policy.

6. It shall be the policy of the Board to refrain, as individuals, from discussing management problems with the personnel of the Cooperative. At the request of the CEO, the Board may confer with personnel at regular or special meetings of the Board.
7. It shall be distinctly understood that the 'flow' of authority for the management of the Cooperative shall pass through the CEO, and the CEO shall be the connecting link between the Board and the personnel. The Board 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.
8. Primarily, the purpose of this policy is to define the relationship that shall exist between the Board, who are the elected representatives of the Cooperative members, and the CEO, who is employed by the Board. The Board recognizes that efficient management of the Cooperative can exist only through mutual understanding and complete cooperation between the Board and the CEO. The CEO is expected to produce results and give an account to the Board for stewardship of the position. The CEO's performance cannot be of the best unless given latitude to exercise independent judgment in executing policies of the Board. The Board acknowledges the obligation, and gives the CEO that latitude of judgment and discretion, and expects faithful performance in carrying out all of the policies of the Board.
9. Employees will be delegated responsibility in accordance with an approved organizational plan and written job descriptions. No employee shall, at any time, receive or be required to take instructions from any member of the Board, nor will an employee contact any director with any grievance or operating problem, it being clearly understood that the Board, as the governing body of the Cooperative, establishes and approves the general policies and not operating procedures.
10. When an individual board member receives a complaint from the membership or the public, the complaint shall be referred to the CEO and a full report to the Board may be requested of the action taken. The CEO is expected to periodically inform the Board regarding evidence of members' dissatisfaction and the type and number of complaints.
11. The CEO will be expected to provide leadership in the overall board and management function and to advise and assist the Board with regard to viewpoints, objectives, policies, and plans.
12. The Board recognizes its responsibility for the employment of a CEO, and further the additional responsibility for a systematic evaluation of the CEO's performance in order that growth, development and effective improvements are encouraged.

104.3 Responsibility

A. The CEO shall be responsible for communicating noncompliance of this policy to the Board during an executive session at a board meeting.

B. All directors shall follow this policy.

C. Each director has the responsibility to comply with this policy and shall report any non-adherence to the Board during an executive session at the next meeting of the Board.

105 QUALIFICATIONS FOR DIRECTORSHIP

105.1 Purpose

The purposes of this policy are as follows:

A. To state the qualifications which have been determined to be essential characteristics of those individuals who are elected or appointed to the Board.

B. To provide and inform the membership of guidelines for those persons considering or being nominated and subsequently voted upon for service as a member of the Board of the Cooperative.

C. To provide the Membership with a means of assuring themselves of the election of members to the Board who are qualified to carry out the mission of the Cooperative, to support the ideals and objectives, formulate policy, develop plans, and ensure their execution.

105.2 Policy

A. The Board of the Cooperative has resolved that the policy contained herein shall be used as a guide when considering the qualifications for directorship.

B. Any member or members that nominate, by petition, an individual to be voted upon for election to the Board of the Cooperative, shall be aware of and should carefully and seriously consider the following legal and other requirements and personal qualifications before such a nomination is entered. The Cooperative Bylaws, Section 4.02, Director Qualifications, and Section 12.04, Close Relative Defined, stipulate director qualifications as adopted by the Membership. In addition to the Bylaws, the person nominated:

1. Must be a member in good standing and a bona fide resident of the district from which elected. Member in good standing is defined as: A member with an established good payment record with the Cooperative as evidenced by receiving service from the Cooperative with no more than one delinquency in payment during the last 12 consecutive months of service;
2. Must be willing to promote and safeguard the interests of the Cooperative;
3. Will be required and, therefore, must be able to represent the entire membership on an impartial basis for the good of all;
4. Must be willing to attend regularly scheduled and special meetings of the Board; national, state and other meetings of organizations with associated interests that further the cooperative movement; training institutes or seminars which will aid in keeping well informed on matters affecting the Cooperative;

5. Shall be aware that members of the Board serve without salary and on a fee basis only for time given to regularly scheduled and approved affairs of the Cooperative plus reimbursement for all reasonable expenses in connection with such scheduled activities;
6. Shall agree to serve the term of office for which elected until a successor has been appointed or elected;
7. Shall not use, or cause to be used, the position of director to further any political ambitions; and
8. Shall not be a holder of an elected public office.

C. Service as a director shall include the following responsibilities for growth and development, for keeping informed and educated, and for participating in all functions of the Board.

1. To expend the effort needed to understand the Cooperative's problems and to provide the judgment needed to reach decisions in constantly changing circumstances;
2. To support all official decisions and actions made or taken by a majority of the Board;
3. To conscientiously study the information contained in the reports submitted by and to the Board;
4. To contribute to the development of statements of functions and responsibilities of board members and to work toward their constant improvement;
5. To objectively evaluate and consider the questions and problems with which the Cooperative is faced;
6. To keep informed as to the ideals and objectives of the Cooperative and to further study and analyze the policies, plans, and problems which result from efforts to achieve such ideals and objectives;
7. To keep informed on, alert to, and aware of the attitudes of the members, the employees, and general public toward the Cooperative's mission, goals, objectives, and policies and
8. To inform all interested persons about the Cooperative's mission, goals, ideals, objectives, programs, and services.

D. In the event an elected director has cause to resign, or is removed by the Membership, the remaining directors have the responsibility to fill the vacant seat in accordance with Bylaws Section 4.08.

1. A potential appointee should be provided a condensed version of the director candidate packet. At a minimum, the potential appointee should return the candidate bio for review by the Board.

2. The Board should consider the following questions when reviewing the personal qualifications of a nominee for appointment to the vacant seat.
   a. What is the business record of the individual and what has the management of his\her own affairs indicated as to the possession of sound business judgment?
   b. What is the proposed nominee's demonstrated capacity for leadership and reputation for honesty and integrity?
   c. What has the proposed nominee done that would demonstrate his\her capacity for working with others?
   d. What are the ideals and objectives of the proposed nominee as they relate to cooperative principles and philosophy?
   e. What are the problem areas which the proposed nominee might encounter when helping fellow members obtain a more complete understanding of the Cooperative and its activities and problems?

E. This policy shall be in addition to existing provisions of the Articles of Incorporation and approved Bylaws and is intended to serve as a guide in keeping the members informed on their nominating and voting obligations.

F. Potential nominees shall be provided with Section 100 of the Director Handbook prior to submitting their petitions for nomination.

105.3 <u>Responsibility</u>

A. The President shall make certain that a copy of this policy is given to each member considering nomination and those members nominated by petition.

B. The President is responsible for determining that this policy is adhered to and made known to interested persons at all times.

106 POLITICAL ACTIVITY OF DIRECTORS AND EMPLOYEES OF THE COOPERATIVE

106.1 Purpose

The purposes of this policy are as follows:

A. To recognize the rights and privileges of Directors and employees, as individual citizens, to express themselves on, and participate in political activities.

B. To also recognize that the exercise of these rights is necessary to foster and maintain our democratic form of government.

106.2 Policy

A. To provide clarification and understanding that will guide the political actions and activities of directors and employees of the Cooperative and to define the relationships that will be maintained by the Cooperative with candidates and elected representatives of political parties.

1. Directors
   Directors of the Cooperative are encouraged to be active in the political party of their choice but they shall not use their position with the Cooperative to endorse either political candidates or parties.
2. Employees
   a. Employees of the Cooperative are encouraged to be active in the political party of their choice but they shall not use their position with the Cooperative to endorse either political candidates or parties.
   b. Employees who are elected to government office shall resign their position with the Cooperative.
   c. All employees are encouraged to familiarize themselves with the position of candidates on the Rural Electrification Program.

106.3 Responsibility

The President of the Board and CEO, respectively, are responsible to ensure this policy is adhered to.

107 CONFLICT OF INTEREST

107.1 Purpose

The purpose of this policy is to spell out those areas where the Directors of the Cooperative shall avoid conflict of interest, or any appearance of conflict of interest, so that the affairs of the Cooperative will always be carried out in a business like and ethical manner.

107.2 Policy

A. Directors and employees are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, or financial houses, which obligates or induces them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts, with the best interests of the Cooperative uppermost in mind. This does not prohibit receiving gifts or favors of nominal value or casual entertainment, which meets all standards of ethical business conduct, and involves no element of concealment.

B. The complete confidentiality of business information must be respected at all times. Directors and employees are prohibited from knowingly disclosing such information to those who do not have the need to know, or whose interest may be adverse to the Cooperative, both inside or outside the organization; or in any way using such information for personal gain or advancement; or to the detriment of the Cooperative; or to individually conduct negotiations or make contacts or inquiries on behalf of the Cooperative unless officially designated to do so.

C. Directors and employees are prohibited from acquiring or having a financial interest in any property which the Cooperative acquires or a direct or indirect financial interest in a major supplier, contractor, consultant, or other entity with which the Cooperative does business. This does not prohibit the ownership of securities in a publicly owned company except in a substantial amount by those in a position to materially influence or affect the business relationship between the Cooperative and such publicly owned company. Any other interest in or relationship with an outside organization or individual having business dealings with the Cooperative, is prohibited if this interest or relationship might tend to impair the ability of the directors or employees to serve the best interests of the Cooperative. If members of the immediate family of a director or employee have a financial interest as specified above, such interest shall be fully disclosed to the Board which shall decide if such interest should prevent the Cooperative from entering into a particular transaction, purchase, or employment services. The term "immediate family" means a person who, by blood or in-law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal. Any person residing in the Cooperative Directors' or employees' households shall be regarded as "immediate family".

D. Each director and employee of the Cooperative is expected to avoid situations which might be construed as conflicts of interest since it is not feasible in a policy statement such as this to describe all the circumstances and conditions that might be or have the potential of being considered conflict of interest.

107.3 <u>Responsibility</u>

A. Each director of the Cooperative shall make every reasonable effort to comply with the letter and spirit of this policy.

B. The Board is responsible for reviewing all interpretations or violations of this policy. Decisions considered inconsistent with this policy are to be reported to the entire board.

C. Each director and employee must disclose any situation which in their opinion, violates, may violate, or could appear to violate the intent of this policy.

Attachment – Alaska Statute, Section 11.46.600, Scheme to Defraud

Attachment

Sec. 11.46.600. Scheme to defraud.

(a) A person commits the crime of scheme to defraud if the person engages in conduct constituting a scheme

(1) to defraud five or more persons or to obtain property or services from five or more persons by false or fraudulent pretense, representation, or promise and obtains property or services in accordance with the scheme; or

(2) to defraud one or more persons of $10,000 or to obtain $10,000 or more from one or more persons by false or fraudulent pretense, representation, or promise and obtains property or services in accordance with the scheme.

(b) Scheme to defraud is a class B felony.

Sec. 11.46.620. Misapplication of property.

(a) A person commits the crime of misapplication of property if the person knowingly misapplies property that has been entrusted to that person as a fiduciary or that is property of the government or a financial institution.

(b) It is not a defense to a prosecution under this section that it may be impossible to identify particular property as belonging to the victim at the time of the defendant's misapplication.

(c) For purposes of this section, "misapply" means to deal with or dispose of property contrary to

(1) law;

(2) a judicial rule or order; or

(3) the obligations of a fiduciary relationship.

(d) Misapplication of property is

(1) a class C felony if the value of the property misapplied is $500 or more;

(2) a class A misdemeanor if the value of the property misapplied is less than $500.

Sec. 11.46.630. Falsifying business records.

(a) A person commits the crime of falsifying business records if, with intent to defraud, the person

(1) makes or causes a false entry in the business records of an enterprise;

(2) alters, erases, obliterates, deletes, removes, or destroys a true entry in the business records of an enterprise;

(3) omits to make a true entry in the business records of an enterprise in violation of a duty to do so which the person knows to be imposed upon that person by law or by the nature of that person's position; or

(4) prevents the making of a true entry or causes the omission of a true entry in the business records of an enterprise.

(b) For purposes of this section,

(1) "business record" means a writing, recording, or article kept or maintained by an enterprise for the purpose of evidencing or reflecting its condition or activity;

(2) "enterprise" means a private entity of one or more persons, corporate or otherwise, engaged in business, commercial, professional, charitable, political, industrial, or social activity.

(c) Falsifying business records is a class C felony.

Sec. 11.46.660. Commercial bribe receiving.

(a) A person commits the crime of commercial bribe receiving if the person solicits, accepts, or agrees to accept a benefit with intent to violate a duty to which that person is subject as

(1) an agent or employee of another;

(2) a trustee, guardian, or other fiduciary;

(3) a lawyer, physician, accountant, appraiser, or other professional adviser;

(4) an officer, director, partner, manager, or other participant in the direction of the affairs of an organization; or

(5) an arbitrator or other purportedly disinterested adjudicator or referee.

(b) Commercial bribe receiving is a class C felony.

Sec. 11.46.670. Commercial bribery.

(a) A person commits the crime of commercial bribery if, knowing that another is subject to a duty described in AS 11.46.660 (a) and with intent to influence the other to violate that duty, the person confers, offers to confer, or agrees to confer a benefit on the other.

(b) Commercial bribery is a class C felony.

Sec. 11.46.710. Deceptive business practices.

(a) A person commits the crime of deceptive business practices if, in the course of engaging in a business, occupation, or profession, the person

(1) makes a false statement in an advertisement or communication addressed to the public or to a substantial number of persons in connection with the promotion of the sale of property or services or to increase the consumption of property or services;

(2) uses or possesses for use a false weight or measure or any other device for falsely determining or recording any quality or quantity;

(3) sells, offers for sale, exposes for sale, or delivers less than the represented quantity of a commodity or service;

(4) sells, offers for sale, or exposes for sale adulterated commodities; or

(5) sells, offers for sale, or exposes for sale mislabeled commodities.

(b) As used in this section,

(1) "adulterated" means varying from the standard of composition or quality prescribed by law or, if none, as set by established commercial usage;

(2) "false statement" means an offer to sell or provide property or services made with intent not to sell or provide the advertised property or services

(A) at the price or of the quality advertised;

(B) in a quantity sufficient to meet the reasonably expected public demand unless quantity is specifically stated in the advertisement; or

(C) at all;

(3) "mislabeled" means

(A) varying from the standard of truth or disclosure in labeling prescribed by law or, if none, as set by established commercial usage; or

(B) represented as being another person's product, though otherwise labeled accurately as to quality and quantity.

(c) Except as provided in (d) of this section, deceptive business practices is a class A misdemeanor.

(d) Deceptive business practices is a class C felony if the person uses the Internet or a computer network to commit the offense. In this subsection, "Internet" means the combination of computer systems or networks that make up the international network for interactive communications services, including remote logins, file transfer, electronic mail, and newsgroups.

Sec. 11.46.720. Misrepresentation of use of a propelled vehicle.

(a) A person commits the crime of misrepresentation of use of a propelled vehicle if, with intent to deceive any person, the person sells, leases, or offers or exposes for sale or lease a propelled vehicle knowing that a usage registering device on the vehicle has been disconnected, adjusted, or replaced so as to misrepresent the distance traveled by the vehicle or the hours of engine use.

(b) As used in this section, "usage registering device" means any odometer, speedometer, recording tachometer, hobbsmeter, or other instrument that registers the distance traveled by the vehicle or the hours of engine use.

(c) Misrepresentation of use of a propelled vehicle is a class A misdemeanor.

Sec. 11.46.730. Defrauding creditors.

(a) A person commits the crime of defrauding creditors if

(1) knowing that property is subject to a security interest, the person

(A) with intent to defraud, fails to disclose that security interest to a buyer of that property; or

(B) destroys, removes, conceals, encumbers, transfers, or otherwise deals with that property with intent to hinder enforcement of that security interest;

(2) the person destroys, removes, conceals, encumbers, transfers, or otherwise deals with the person's property with intent to defraud an existing judgment creditor; or

(3) knowing that proceedings have been or are about to be instituted for the appointment of an administrator or that a composition agreement or other arrangement for the benefit of creditors has been made or is about to be made, the person, with intent to defraud any creditor,

(A) destroys, removes, conceals, encumbers, transfers, or otherwise disposes of any part of or interest in the debtor's estate;

(B) obtains a substantial part of or interest in the debtor's estate;

(C) presents to any creditor or to the administrator a writing or record relating to the debtor's estate knowing that it contains a false statement; or

(D) misrepresents or fails to disclose to the administrator the existence, amount, or location of any part of or interest in the debtor's estate or any information which that person is legally required to furnish to the administrator.

(b) As used in this section, "administrator" means an assignee or trustee for the benefit of creditors, a liquidator, a receiver, or any other person entitled to administer property for the benefit of creditors.

(c) Defrauding creditors is a class A misdemeanor unless that secured party, judgment creditor, or creditor incurs a pecuniary loss of $500 or more as a result to the defendant's conduct, in which case defrauding secured creditors is

(1) a class B felony if the loss is $25,000 or more;

(2) a class C felony if the loss is $500 or more but less than $25,000

108 INSURANCE FOR DIRECTORS

108.1 Purpose

The purpose of this policy is to indemnify directors, former directors, employees, and the CEO against liability and to provide insurance.

108.2. Policy

A. The Cooperative Bylaws provide in Section 6.12, *Compensation; Indemnification* based upon good faith business judgments.

B. Directors', officers', and employees' liability insurance shall be provided by the Cooperative, which provides up to $5,000,000 in the aggregate for claims made against them while acting on CVEA business, individually or collectively, for a wrongful act.

C. Accidental Death & Dismemberment (NRECA) $20,000

D. Business Travel Insurance (NRECA) $100,000

108.3 Responsibility

A. The CEO shall annually report to the Board insurance availability, cost, and recommend appropriate revisions.

B. Each board member shall be aware of limits and limitation of insurance coverage.

109 DIRECTOR PARTICIPATION IN COOPERATIVE MEETINGS

109.1 Purpose

The purposes of this policy are as follows:

A. To establish guidelines for director participation in Cooperative meetings by electronic means.

B. To establish procedure for payment of fees and reimbursement of expenses for attendance at Cooperative meetings, community and public meetings in the CVEA service area, and meetings regarding Cooperative business outside the CVEA service area.

109.2 Authority

A. Article V of the Cooperative's Bylaws sets forth the rules governing regular and special meetings of the Board.

B. Section 5.01(c) of the Bylaws provides that regular and special board meetings may be conducted via remote communication devices.

C. Section 5.05 of the Bylaws authorizes the Board to define terms and conditions for director participation in board meetings.

D. Corporate counsel is authorized to participate in all meetings of the Board by electronic means when requested.

109.3 General Policy

A. Regular or special board meetings may be held by video or teleconference in the event of adverse weather or when the topics require attention but do not justify the time and travel to meet. Video and teleconference should not overshadow the importance of face-to-face meetings.

B. Attendance

1. Directors are expected to attend, in person, all regular monthly board meetings.
2. Directors may participate in regular and special board meetings by video or telephonic means at the director's option.
3. Directors who participate via teleconference or videoconference will be counted as attending under the same privileges as in-person attendance.

4. Directors missing 5 regular meetings in any 12 consecutive months will be deemed to have resigned their seat on the Board. (Section 5.05(a) of the Bylaws).

5. For purposes of Section 4.02(b)(2) of the CVEA Bylaws, the term "permanent year round resident within or in close proximity to an area served by the Association" includes a person who is a legal resident of Alaska for voter registration or Permanent Fund Dividend purposes whose principal residence is located within or in close proximity to the CVEA service area, even if such a person may be absent from such area for an extended period of time, so long as that person otherwise complies with the attendance requirements stated in this Subsection B.

C. Directors not able to participate at a regular monthly meeting are responsible for contacting the Board President and the CEO or Executive Assistant, in advance of the meeting.

D. Weather Considerations

1. Winter weather constraints on the day of a regular or special board meeting will be evaluated for consideration for participation by videoconference. The Board President will contact at least one director from the other district to determine if the meeting should be conducted via videoconference.
2. Weather constraints to be considered:
   a. Richardson Highway is closed between Valdez and Glennallen
   b. Temperature is colder than 40° below zero (Fahrenheit)
   c. High winds and/or excessive precipitation forecast
   d. Other considerations by the President

109.4 <u>Meeting Fees & Expenses</u>

A. Cooperative Meetings (in service area)

1. The Board will receive a daily fee of $300 for each board meeting, committee meeting, work session, or other Cooperative meeting attended within the service area. Where one or more meetings are held the same day, one daily fee will be paid.
2. In addition, the Board may receive mileage to and from their principal residence to approved meetings at the standard federal mileage rate and be reimbursed for reasonable expenses.
3. If a regular meeting is held and a quorum is not present, the attending directors will receive the daily fee plus mileage at the standard mileage rate to and from such meetings and may be reimbursed for any expenses.

B. Community and Public Meetings Where Cooperative Business is Discussed (in service area)

1. Expenses and mileage will be paid for Directors attending community meetings in their own district when there is discussion regarding Cooperative business.

2. If Directors travel to the other district for such meetings, director fees, expenses, and mileage will be paid.
3. Director attendance at these meetings does not require advance approval of the Board.

C. Cooperative Business (outside the service area)

1. The Board of Directors will receive a daily fee of $300 for each day of attendance at state, regional, and national meetings or other approved meetings or training sessions outside of the service area.
2. Where one or more meetings are held the same day, one daily fee will be paid.
3. If a director participates in an approved training session via electronic means, e.g., webinars, the daily fee of $300 will be paid if the session last four hours or more. If the session last less than four hours, a fee of $150 will be paid.
   a. Directors are responsible for documenting their fees on the Cooperative expense sheet.
   b. Any expenses associated with electronic participation shall be documented on the Cooperative expense sheet.
4. Travel Fee Reimbursement
   a. In-state travel – fees will be paid for documented official travel days for attendance at all approved Cooperative meetings.
   b. Out-of-state fees – fees will be paid for documented official travel days up to two days each way for attendance at approved Cooperative meetings.
   c. Directors are responsible for documenting the official travel days upon which fees are calculated on the Cooperative expense sheet.
5. Per Diem
   a. Board members are eligible to receive a per diem allowance to cover meals and lodging expenses incurred while performing official cooperative duties. The per diem is provided as a daily allowance in lieu of submitting individual receipts.
   b. Rates
      - Meals Only: $100 per day
      - Meals and Lodging: $150 per day
   c. Per diem will be paid in accordance with established cooperative reimbursement procedures. Directors are responsible for ensuring their travel and related expenses remain within these guidelines.

Expense Reimbursement

a. Directors may be reimbursed for reasonable and necessary business expenses including airfare, ground transportation, and incidental expenses.
b. All requests for reimbursement must provide the time, place, business purpose, business relationship of person involved, and the amount to qualify for reimbursement.
c. Except for lodging and meals, all reimbursements greater than $25 must be supported by a receipt.

e. Travel by personal automobile to and from approved meetings or the appropriate airport will be reimbursed at the standard mileage rate.

f. To the extent reasonably convenient, the most economical means and combination of transportation will be used. Payment for meals and room expenses for travel time (especially when the trip is made by automobile as a personal preference to public transportation) shall not exceed such expenses as might be incurred if the trip was made by airline, to the extent such transportation is available. Where extenuating circumstances prevent compliance with this limitation, an itemized statement of expenses may be presented to the Board for approval.

g. Directors are responsible for completion of a CVEA expense sheet to claim reimbursement for per diem mileage, director fees, travel day(s) fees, and out-of-pocket expenses.

h. Director expense packets can be provided for Board review upon request.

109.5 <u>Responsibility</u>

A. The CEO is responsible for communicating to the Board President expenses claimed which are inconsistent with this policy.

B. Each director shall be responsible for adhering to this policy.

C. The Board President shall be responsible for the administration of this policy.

110 BOARD TRAVEL POLICY

110.1 Purpose

The purposes of this policy are as follows:

A. To provide effective means and procedures for the Board in rotation of duties and responsibilities.

B. To establish procedures and guidelines for board members to travel to non-CVEA related events.

110.2. Policy

A. It shall be the policy of the Board to give each board member the opportunity to received equal training and attendance at non-CVEA related meetings.

1. Approval
   a. When a director has been selected by the Board to serve as the Cooperative's representative on a standing industry board or committee, it is presumed that appropriate travel and expenses are also approved.
   b. No approval will be required when board members travel to regular board meetings, special board meetings, annual membership meetings, board work sessions, board committee meetings, and other meetings within the service area. Reimbursement of travel expenses and daily fees will be as prescribed in the Policy 109. The Board reserves the right to review the reasonableness of expenditures.
   c. Those directors not selected to represent the Cooperative and who wish to travel outside the service area will be by approval of the Board. This includes: APA meetings, regional meetings, national meetings, and educational meetings/schools. In the event that the presence of at least one board member is required for a meeting within the state, but outside the service area, approval may be granted by the President if circumstances do not allow for Board approval at a regular meeting.
2. Discretion should be used by the Board when approving out-of-area travel. It may not be necessary that the entire Board be present at a meeting outside the area to represent the Cooperative.
3. When approving board member travel for educational purposes, the following criteria should be considered:
   a. length of time on the board;
   b. the board member's desire to remain on the board;
   c. the educational courses that have been taken by the board member;
   d. the board member's reason for wanting to attend a particular training session.

4. When board members travel to meetings outside of the service area, a verbal or written report of the meeting will be provided at the next regular board meeting. The board meeting minutes will include a summary of the report to reflect the meeting name, date, location and key points provided by the attending director.
5. Under no circumstances will the travel expenses for a spouse or friend of a board member be paid by the Cooperative.
6. All board expenses will be reimbursed by the Cooperative according to Policy 109.
7. In the event that travel for a particular meeting may be lengthy and require considerable monetary outlay by the board member, a request may be submitted for a travel advance not to exceed 75 percent of the projected costs including air fare, personal vehicle use, room and board, taxi and bus fares, and other miscellaneous expenses.
8. Following approved travel, the board member will prepare an expense sheet with receipts, which will be presented to the CEO for reimbursement minus any travel advance.
9. Each board member is responsible to review his/her expenses and meeting attendance. Board members should be willing to travel in order to increase their knowledge of state, national, and political influences on the Cooperative.

110.3 <u>Responsibility</u>

A. Each board member shall be responsible for adhering to this policy.

B. The Board President shall be responsible for the administration of this policy.

C. The CEO shall bring instances of non-adherence of this policy to the President of the Board.

111 PARLIAMENTARY AUTHORITY

111.1 Purpose

The purposes of this policy are as follows:

A. To set forth general parliamentary authority for conduct of board and committee meetings.

B. To adopt standing rules for conducting Cooperative board and committee meetings.

111.2 Policy

A. Parliamentary procedure at all meetings of the members, of the Board, and any committee provided for in the Bylaws, and of any other committee of the members of the Board, which may from time to time be duly established, shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws by resolution of the Board or any policy adopting standing rules of parliamentary authority.

B. As a supplement to *Robert's Rules of Order* the following standing rules are adopted.

1. Board members requesting to place a topic on the agenda shall do so a minimum of 10 days prior to the meeting date.
   a. Documentation in support of the agenda topic shall be provided when the request is made.
   b. The CEO and/or Executive Assistant should be notified by submittal of the requested topic for inclusion.
2. Agenda items that have not been received by the stated deadline shall only be considered after a majority vote of the Board. These late agenda items will be added to the agenda as the last items of Other Business, after all other items have been considered.
3. The presiding officer will follow the six steps to a motion procedure. The presiding officer may require that motions be made in writing. Motion forms may be available at each meeting if requested by the President.
4. At board meetings, each board member may speak a second time to a motion only if no other board member who has not already spoken desires to speak. The Board may choose to extend debate by a majority vote. No member may speak for more than three minutes each time they are recognized. Motion makers may not speak against their own motions.
5. The presiding officer may keep a speaker's list as necessary and recognize each member in turn, alternating between speakers for and against each motion.

6. Votes will be taken by show of hands or any other method approved by the Board. Unless excused, the presiding officer will vote on all motions.
7. Board members will be expected to perform due diligence by having read all of the material provided in a timely manner before the board meeting.

C. These rules can be suspended by 2/3 vote of the Board.

111.3 <u>Responsibility</u>

A. The presiding officer or committee chair is responsible for ensuring parliamentary procedure is followed.

B. Each Director is responsible for adhering to parliamentary rules and for maintaining proper decorum in board and committee meetings.

112 REPLACEMENT OF THE CHIEF EXECUTIVE OFFICER

112.1 Purpose

The purposes of this policy are as follows:

A. To establish procedures for the resignation, termination, incapacity, or death of the CEO.

B. To establish procedures whereby an Acting CEO is appointed in the event of the termination, death, or incapacity of the CEO.

C. To establish procedures for appointing an Interim CEO until such time as a successor CEO is named.

D. To define the process by which the Board shall undertake the search for and selection of a competent and qualified CEO for the cooperative.

112.2 Policy

A. Resignation of the CEO

1. The CEO shall give the Board as much advance notice as possible of his resignation and in no case less than 120 days.
   a. The outgoing CEO shall continue to work until the last day of employment. Terminal leave will not be permitted.
2. The departing CEO will assist the Board as required in recruiting and selecting a successor CEO.

B. Termination of the CEO

1. The CEO may be terminated by the cooperative for misconduct or failure to perform the duties required of the CEO. In such a case, termination shall be "for cause" and termination shall occur only after written notice has been provided to the CEO and he has been extended an opportunity to respond to the allegations of cause. Termination shall occur only for substantial and material failure to perform or misconduct.
2. In the event of proposed disciplinary action for alleged incompetence, the Board shall conduct a special evaluation of the CEO and provide the CEO written notice of the Board's concerns before taking any such action.
3. A termination for failure to perform or misconduct shall be finalized in writing and shall state the basis of the termination. The termination document shall be confidential between the Board and the CEO.
4. In the event of the death, incapacity, or termination of the CEO, the Acting CEO will ensure that all cooperative property is recovered.

C. Assumption of CEO's Responsibilities in the Event of the Death or Incapacity of the CEO

1. In the event of the death or incapacity of the CEO, the Board President shall appoint a senior management employee to the position of Acting CEO.
2. The Acting CEO will immediately notify the following persons and organizations:
   a. Members of the Board
   b. Cooperative General Counsel
   c. Regional Vice President of the National Rural Utilities Cooperative Finance Corporation
3. The Acting CEO, in consultation with the President of the Board, will schedule a Board meeting within 30 days to discuss replacing the CEO.

D. Appointing an Interim CEO

1. At the board meeting referred to in 113.2.C.3 of this policy, the Board, by majority vote, shall appoint an existing employee to serve as the Interim CEO until such time as a successor CEO is named.
2. In the event there are no qualified, existing employees, the Acting CEO shall be directed to contact NRECA to secure a list of qualified interim candidates.
3. In appointing the Interim CEO, the Board shall consider the educational background, professional experience, leadership skills, and qualifications of the individual to serve as the Interim CEO of the cooperative.

E. Hiring a Replacement CEO

1. The Board has two options for recruiting and selecting a CEO. Those options include retaining a consultant to assist with the process or alternatively conducting the process themselves. As an alternative to the second option, the Board may elect to create a special CEO Search Committee to conduct the process.
2. Activities required in an external search effort include such services as preparing and placing advertisements for the position, rewriting the position description, receiving and reviewing resumes from the candidates, performing background checks, assisting with interviews or performing preliminary screening and establishing a short candidate list, and performing other services which may be desired by the Board.
   a. If the Board determines that one or more internal candidates are qualified to fill the CEO position, the Board may elect to conduct interviews or appoint such internal candidate by an affirmative vote of not less than six members of the Board as a whole.

3. Background Verification

Each prospective candidate shall authorize the cooperative to perform a complete background review including his military, criminal, civilian, employment, credit and educational attainments. In addition, candidates shall be required to provide five professional and three personal references. The candidate shall be advised that the results of the review may be subject to disclosure during the review process. The results of the review shall be made available to the Board but shall otherwise be deemed confidential information not subject to disclosure except by court order entered by a court of competent jurisdiction.

4. Short List

   a. The professional consultant or board committee shall recommend to the Board those candidates that appear to warrant further consideration.
   b. In the case where there is no consultant or committee, the full board shall determine those candidates that appear to warrant further consideration.
   c. While there can be no specific number for such a short list, it is understood that the purpose is to focus on those candidates who appear to have the best credentials required for the position, and to have that number be small enough for interview and final selection purposes.

5. Interviews

   a. The entire board, and in no event less than six members, shall interview the candidates on the short list.
   b. Interviews of the candidates should take place at the cooperative's headquarters, or at a facility customarily used for meetings of the Board. The Board may, at its discretion, send members of the Board to a site for the purpose of conducting background checks if deemed necessary. The costs of bringing prospective candidates and their spouses to the service area for interviews shall be borne by the cooperative.
   c. The Board shall determine the process for conducting interviews.

6. Selection

Selection shall be made upon the affirmative vote of not less than six members of the Board as a whole. The vote shall be taken as soon as practicable after the interview process.

7. Offer of Employment

   a. Once a candidate is selected, an employment offer acceptable to the Board should be made.
   b. Terms and conditions of employment including at a minimum, start date, salary, benefits, housing, relocation expense, discipline and termination of employment, appraisal, and probationary period should be set forth in a written employment agreement acceptable to General Counsel. The agreement should be executed by the candidate and the Board President.

F. Notifications

Subsequent to the selection of the CEO, the following notifications shall be made via electronic communications or resolution of the Board.

1. NRECA Designate and Alternate
2. CFC Designate and Alternate
3. National Rural Utilities Cooperative Finance Corporation
4. Use of Commercial Paper
5. First National Bank Alaska Signature Authorization (resolution)
6. SelectRE Pension Plan Adoption Agreement
7. Investment Authorization – National Rural Utilities Cooperative Finance Corporation
8. Investment Authorization – First National Bank Alaska
9. Use of CFC Line of Credit
10. First National Bank Alaska Wire Transfer Authorization
11. APA Board of Directors Representative and Alternate (resolution)
12. Federal Energy Regulatory Commission
13. Delegation of Authority to CEO (resolution)
14. Other

112.3 Responsibility

It shall be the responsibility of the President of the Board to administer this policy.

113 BOARD OF DIRECTOR MEETING DOCUMENTATION

113.1 Purpose

The purposes of this policy are as follows:

A. To establish procedures for recording and transcribing minutes of meetings of the Board and to accurately document said meetings.

B. To establish a consistent manner in which to accurately record votes cast by board members.

C. To establish a retention period for board meeting recordings which is in the best interest of the Cooperative.

D. To establish procedures for the systematic disposal of board meeting recordings.

113.2 Policy

A. It is a duty of the recording secretary to record all board meetings. Handwritten or electronic notes will be taken to accurately document the actions of the Board as backup in the event of a technical failure of the recording platform or device. Electronic meeting recordings will be utilized as follows:

1. to transcribe meeting minutes;
2. to clarify any discrepancies which may arise in the written minutes;
3. will be retained until after the regularly scheduled board meeting following the meeting in which the minutes were approved as presented or amended by the Board; and
4. will be retained by the recording secretary and deleted promptly after the prescribed retention period.

B. Consistent with Robert's Rules of Order and parliamentary procedures, the minutes of meetings of the Board will be produced in summary fashion. Motions made during the meeting and acted upon will be recorded verbatim. To ensure accuracy, the recording of the meetings will be used to validate motions.

C. Consistent with Alaska Statute 10.25.175, a vote shall be conducted in such a manner that the members attending the meeting may know how each board member voted, apart from when voice votes are authorized.

1. The recording secretary will record the votes of the Board by documenting whether the resolution or other item being voted upon passed or failed to pass.

2. The minutes of the meetings will reflect whether the resolution or other item being voted upon passed or failed to pass, as well as the noting the number, if any, of dissenting votes from the result.
3. In the event of a video conference meeting, the Board will conduct voting via voice, text, or polling platform, whereby the overall votes will be documented as noted above.
4. When a roll-call vote is requested for a specific matter, the actual roll-call voting will be documented in the minutes.

113.3 <u>Responsibility</u>

A. The Executive Assistant will provide day-to-day administration of this policy to the best interests of the Cooperative.

B. The CEO has final responsibility to ensure the Cooperative's overall policies are adhered to.

114 ELECTION OF OFFICERS

114.1 Purpose

The purpose of this policy is to establish that all officers shall be nominated and elected by secret ballot.

114.2 Policy

A. The Board will elect officers at the first regular board meeting following the annual meeting.

B. The nomination and election process will be as follows:

1. The CEO will preside over the nominating and election proceedings for the office of President. Once the election for President is concluded, in accordance with the following procedures, the newly elected President will preside over the nominating and election proceedings for all other officers. At the President's direction, the CEO may preside over the proceedings for the remaining officer elections.
2. Nominations and the election of each officer will be carried out in the following order: (a) President, (b) Vice President, (c) Secretary, and (d) Treasurer. The election of each position in the above listed order will be completed before proceeding to nominations for the next position. An election involves nomination and election ballots.
3. Nomination and elections will be by secret ballot. Each board member desiring to nominate a candidate for any position may do so at the time a nominating ballot for the position is called for. It is not mandatory for each Director to submit a nominating ballot. If only one person is nominated, that person will be deemed to be elected. In the event all nominees decline to serve if elected, an additional nominating ballot will be taken. Any nominee for a position listed above must be a board member.
4. If more than one person is nominated for a position, all nominees for the position will be candidates for election to the position. If a candidate receives a majority of votes cast on the first election ballot, that person is elected to the position. If no candidate receives a majority of the first election ballot, the candidates with the two highest numbers of votes will be voted on with a second election ballot. In the event of a tie vote among the top vote getting candidates, election ballots will be taken until a candidate receives a majority of the votes cast.

114.3 Responsibility

The Board President shall be responsible for administration of and compliance with this policy.

COPPER VALLEY ELECTRIC ASSOCIATION, INC.
Glennallen, Alaska

POSITION DESCRIPTION
Board of Directors
President

I. OBJECTIVE

To describe the major responsibilities of the Board President.

II. AUTHORITIES AND RESPONSIBILITIES

A. Satisfy the duties and responsibilities of the President, as set forth in Section 6.05 of the Cooperative's Bylaws, which states the President shall:

i. Be the principal executive officer of the Board of Directors and shall preside at all meetings of the Board of Directors and, unless determined otherwise by the Board of Directors, at all meetings of the members;

ii. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and

iii. In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

B. Develops agenda in concert with the CEO.

C. Administer the most recent version of *Robert's Rules of Order* at board and member meetings, and maintain the decorum of all such meetings and ensure that board debate and discussion is conducted consistent with such rules and in keeping with the agenda adopted by the Board.

D. Within the scope of the Board's delegations, act as a partner with the CEO in achieving the organization's mission. Provide leadership to the Board, who sets policy and to whom the CEO is accountable.

E. Encourage the Board's role in strategic planning.

F. Appoint committees after consideration of board member desires.

G. Appoint the chairpersons of committees.

H. Serve as an *ex officio* member of all board committees.

I. Discuss issues confronting the organization with the CEO.

J. Help guide and mediate board actions with respect to organizational priorities and governance concerns.

K. Review with the CEO any issues of concern to the Board.

L. Ensure the performance of the CEO is evaluated annually.

M. Administer Board and Committee policies.

III. NOTE

The Cooperative reserves the right to revise or change position authorities and responsibilities as the need arises.

Approved: _____

Date: _____

Rev. 7/24
Est. 8/03

COPPER VALLEY ELECTRIC ASSOCIATION, INC.
Glennallen, Alaska

POSITION DESCRIPTION
Board of Directors
Vice President

I. OBJECTIVE

To describe the major responsibilities of the Board Vice President.

II. AUTHORITIES AND RESPONSIBILITIES

A. The Vice President shall have the authorities and duties set forth in Section 6.06 of the Cooperative's Bylaws, which states:

In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties from time to time which may be assigned to him by the Board of Directors.

B. Work closely with the President and CEO.

III. NOTE

The Cooperative reserves the right to revise or change position authorities and responsibilities as the need arises.

Approved: _____

Date: _____

Rev 7/24
Est. 8/03

COPPER VALLEY ELECTRIC ASSOCIATION, INC.
Glennallen, Alaska

POSITION DESCRIPTION
Board of Directors
Secretary

I. OBJECTIVE

To describe the major responsibilities of the Board Secretary.

II. AUTHORITIES AND RESPONSIBILITIES

A. The duties of the Secretary of the Cooperative are set forth in Section 6.07 of the Cooperative's Bylaws. These duties may be delegated to others under Section 6.09 of the Bylaws. The duties of the Secretary include the following:

i. *Keep, or cause to be kept, the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose.*

ii. *See that all notices are duly given in accordance with the Bylaws or as required by law.*

iii. *Be custodian of the corporate records and of the seal of the Association, and see that the seal of the Association is affixed to all documents the execution of which, on behalf of the Association under its seal, is duly authorized in accordance with the provisions of the Bylaws.*

iv. *Keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Association by such member.*

v. *Have general charge of the books of the Association in which a record of the members is kept.*

vi. *Keep on file at all times a complete copy of the Association's Articles of Incorporation and Bylaws together with all amendments thereto, which copies shall always be open to the inspection of any member, and at the expense of the Association, furnish a copy of such documents and of all amendments thereto upon request to any member.*

vii. *Perform all duties incident to the office of the Secretary and such duties as from time to time may be assigned to him by the Board of Directors.*

B. In addition, the Secretary should be sufficiently familiar with legal documents (articles, bylaws, IRS letters, etc.) to note applicability during meetings.

III. NOTE

The Cooperative reserves the right to revise or change position authorities and responsibilities as the need arises.

Approved: _____

Date: _____

Rev. 7/24
Est. 8/03

COPPER VALLEY ELECTRIC ASSOCIATION, INC.
Glennallen, Alaska

POSITION DESCRIPTION
Board of Directors
Treasurer

I. OBJECTIVE

To describe the major responsibilities of the Board Treasurer.

II. AUTHORITIES AND RESPONSIBILITIES

A. The duties of the Treasurer of the Cooperative are set forth in Section 6.08 of the Cooperative's Bylaws. These duties may be delegated to others under Section 6.09 of the Bylaws. Section 6.08 of the Cooperative's Bylaws states the duties of the Treasurer are as follows:

i. Have charge and custody of and be responsible for all funds and securities of the Association;

ii. Receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit or invest all such monies in the name of the Association in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws; and

iii. In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

B. Approve and sign expenditures of the CEO.

C. Ensure development and periodic board review of financial policies and procedures.

III. NOTE

The Cooperative reserves the right to revise or change position authorities and responsibilities as the need arises.

Approved: _____

Date: _____

Rev. 7/24
Est. 8/03

201 COMMITTEES OF THE BOARD OF DIRECTORS

201.1 Purpose

The purposes of this policy are as follows:

A. To provide for the establishment of committees; and to ensure that the functions are clearly defined and reviewed periodically.

B. The Cooperative Board functions as a whole to conduct business that may otherwise be assigned to committees. The 200 Series policies are provided to define committee duties in the event the Board determines a committee is necessary.

201.2 Policy

A. Establishment of Committees

1. It shall be the responsibility of the Board to establish or abolish committees, approve changes in committee functions, and receive and act upon their reports or recommendations.

B. General Functions of Committees

1. The full Board shall serve as members of all committees, unless otherwise established by the Board.
2. The number of committee members is determined by written policy.
3. Each committee shall have such powers and duties as may be delegated to it by the Board. Functions of the committee shall be defined in written policy that shall be reviewed periodically by the Board.
4. The Committee Chair may convene a committee meeting. Dates of all committee meetings shall be coordinated with the CEO, or his designee(s), to avoid conflict and to assure completion of any required staff study or support.
5. Each committee member and all Directors will be notified at least five days in advance of the committee meeting.
6. The CEO, or his designee(s), shall attend each committee meeting to provide staff advice and assistance.

7. The committee chair shall provide a report to the Board at its next regular board meeting.
8. Committee meetings attended by a quorum of the Board shall be conducted in accordance with the rules governing open meetings and executive sessions.

201.3 <u>Responsibility</u>

A. The President of the Board shall make every reasonable effort to ensure that this policy is implemented and adhered to.

B. The CEO shall assist the President to carry out these functions.

COPPER VALLEY ELECTRIC ASSOCIATION, INC.
Glennallen, Alaska

POSITION DESCRIPTION
Board of Directors
Committee Chair

I. OBJECTIVE

To describe the major responsibilities of the Committee Chair of the Board.

II. AUTHORITIES AND RESPONSIBILITIES

A. Preside at committee meetings, call committee meetings, propose an agenda for committee meetings, assign work to the committee members, and keep and distribute committee meeting minutes.

B. Set tone for the committee work, and ensure that the committee's work is within the scope of any delegation or direction of the Board to the committee.

C. Ensure that members have the information needed to do their jobs.

D. Oversee the logistics of committee's operations.

E. Report to the Board President.

F. Report to the full board on committee's decisions/recommendations.

G. Work closely with the CEO and other staff as agreed to by the CEO.

III. NOTE

The Cooperative reserves the right to revise or change position authorities and responsibilities as the need arises.

Approved: _____

Date: _____

Rev. 07/19
Est. 8-03

202 FUNCTIONS OF THE FINANCE COMMITTEE

202.1 Purpose

The purpose of this policy is to describe the functions of the Finance Committee.

202.2 Policy

A. Functions

1. Review and approve work plans and budgets in terms of achieving the desired end results in the operations of the Cooperative and providing the best possible service to the members.
2. Consider and adopt financial plans and policies essential to maintaining a sound financial structure for the Cooperative.
3. Review the annual financial audit and the management letter, with the auditor present, and ensure that any necessary action is taken.
4. Establish policies governing the investment of funds of the Cooperative.
5. Other assignments deemed appropriate by the Board.

B. Committee Membership

1. The Committee shall be comprised of all Directors.

202.3 Responsibility

A. The Chair of the Finance Committee shall make every reasonable effort to ensure that this policy is implemented and adhered to.

B. The CEO shall assist the Committee to carry out its functions.

203 FUNCTIONS OF THE POLICY COMMITTEE

203.1 Purpose

The purpose of this policy is to describe the functions of the Policy Committee.

203.2. Policy

A. Functions

1. Follows Policy 101, Policy Formation and Approval, as the overall guideline in discharging its duties.
2. Reviews, in consultation with the CEO, proposed policies and adopt such policies as appropriate, and ensuring that these policies are reviewed periodically.
3. Reviews, in consultation with the CEO, proposed policies, and adopts policies essential to provide opportunities for growth, development, retention and administration of personnel.
4. Serves the Board in other areas as may be specifically assigned to it by the President.

B. Committee Membership

1. The term of such member runs for one year or until a successor is appointed.
2. The Committee shall be comprised of not less than four Directors.

203.3 Responsibility

A. The Chair of the Policy Committee shall make every reasonable effort to ensure that this policy is implemented and adhered to.

B. The CEO shall assist the Committee to carry out its functions.

204 FUNCTIONS OF THE BYLAWS COMMITTEE

204.1 Purpose

The purposes of this policy are to describe the functions of the Bylaws Committee and to establish the process for amendments to the Bylaws.

204.2 Policy

A. Functions

1. Review the Articles of Incorporation and Bylaws as necessary with the CEO, and legal counsel if appropriate, to determine if modifications are necessary for the benefit of the Cooperative and its members.
2. Notice members of procedures and requirements for proposing Bylaws amendments and review responses.
3. Hold public meetings in each district to receive member input on proposed Bylaws changes.
4. Attend the annual meeting to report to the Membership on the proposed amendments.

B. Process for Bylaws Amendments

1. Board Initiated Changes
   a. Bylaws Committee meets to review proposals from the Board.
   b. Committee will seek member input on proposed amendment(s).
   c. Committee makes recommendation to the Board.
   d. With Board approval, proposed amendment goes on ballot for consideration by the Membership.
2. Amendments by Petition
   a. Goes on ballot if:
      i. filed a proposed amendment petition in writing
      ii. 10 percent of the members sign the petition,
      iii. and submitted to the Secretary of the Cooperative at least 90 days before a regular or special membership meeting.
   b. Committee will review amendment by petition and may seek member input on the amendment.
3. Motion from the Floor of a Member Meeting
   a. A motion for an amendment, duly seconded and carried by majority vote, will be placed on the ballot for the next scheduled meeting of the members.
   b. Committee will review amendment by motion with the Board for recommendation.
   c. Committee will seek member input on the amendment by motion from the floor.

C. Committee Membership

1. The term of each committee member runs for one year or until a successor is appointed.
2. The Committee shall be comprised of not less than four Directors.

204.3 <u>Responsibility</u>

A. The Chairman of the Bylaws Committee shall make every reasonable effort to ensure that this policy is implemented and adhered to.

B. The CEO shall assist the Committee to carry out its functions.

205 FUNCTIONS OF THE CEO EVALUATION COMMITTEE

205.1 Purpose

The purpose of this policy is to establish the functions of the CEO Evaluation Committee.

205.2 Policy

A. Functions

1. Meet with CEO in December to discuss project.
2. Send out evaluation packet.
3. Collect responses.
   a. Prepare raw data in form suitable for board review
   b. Summarize data into draft evaluation
4. Secure compensation information.
5. Discuss draft evaluation with CEO and plan Special Board Meeting.
6. Prepare packet for executive session.
7. Preside over executive session meeting.

B. Organizational Relationships

1. Reports to the Board.
2. The committee selects its own chair.
3. The committee shall meet only as necessary to complete the annual CEO evaluation.
4. The committee consists of two Directors, appointed by the President, and the CEO.

C. Committee Membership

1. The committee is a continuing one.
2. The term of each member is indefinite or until a successor is appointed.

205.3 Responsibility

1. The Chair of the CEO Evaluation Committee shall make every reasonable effort to ensure that this policy is implemented and adhered to.
2. The CEO shall assist the committee in carrying out its functions.

206 FUNCTIONS OF THE GOVERNANCE COMMITTEE

206.1 Purpose

The purpose of this policy is to describe the functions of the Governance Committee.

206.2 Policy

A. Functions

1. Periodically review governance policies, particularly those pertaining to conducting meetings.
2. Periodically conduct a self-assessment exercise.
3. Periodically arrange for a facilitated board appraisal.
4. Discuss succession planning to include cooperative officers and director recruitment.
5. Periodically review the Director Code of Conduct and address noncompliance as necessary.
6. Develop a training program for the Board; consider education requirements.
7. Planning the annual board calendar.
8. Conduct new director orientation from a board member perspective.
9. Accept special projects as assigned by the Board.

206.3 Responsibility

1. The Chair of the Governance Committee shall make every reasonable effort to ensure that this policy is implemented and adhered to.
2. The CEO shall assist the committee in carrying out its functions.

207 CODE OF DIRECTOR CONDUCT

207.1 Purpose

The purpose of this policy is to set forth standards of conduct for the CVEA Board.

207.2 Policy

A. Preamble

CVEA believes that a fundamental aspect of strong corporate governance is a commitment to the highest ethical standards of conduct by the members of the Board, corporate officers and employees. In recognition of this principle, the Board has adopted this Code of Director Conduct. Every Director is expected to maintain and to foster these standards, and every Director has an obligation to disclose any action that is believed to be inconsistent with them.

B. Duties of Care and Loyalty

1. Duty of Care
The law (AS 10.25.145) requires Directors to perform their duties as members of the Board and members of committees within the scope of the person's duties for CVEA, and with a reasonable belief that the conduct was in, or not contrary to, the best interests of CVEA. This requirement is similar to (but still different from) the duties of directors in for-profit corporations under 10.06.450(b) that they perform their duties in good faith, with sound business judgment and with the care, including reasonable inquiry, of an ordinarily prudent person. The Board and its committees take action as a body and Directors' duties are exercised as a part of those bodies. CVEA's interests are served by full and open participation by all Directors in meetings. It is the policy of CVEA that Directors shall conduct themselves professionally, with the highest standards of honesty, truth, accuracy, fairness and responsibility to CVEA and all its members. Directors shall not knowingly disseminate false or misleading information, and shall act promptly to correct erroneous communications for which they are responsible. Attached, as Attachment A, is a partial listing of certain requirements imposed by the Duty of Care.

2. Loyalty
Directors must be loyal to CVEA and act at all times in the best interest of CVEA and its members. Their loyalty must be to CVEA and all its members, not just to one group of members. Directors must put the corporate and member good before their personal interest. Once the Board

has acted, a Director may seek change through Board meetings, but shall not publicly undermine public or member confidence in the Board. A partial listing of requirements of the Duty of Loyalty is attached as Attachment B.

The following discussion of the Duty of Loyalty highlights some aspects of this issue that are important to CVEA and its directors:

a. Corporate Business Opportunities

Except as prohibited elsewhere in this code, a Director may engage in business other than CVEA's business. However, a Director may not personally exploit a corporate business opportunity. A corporate business opportunity is (1) a business opportunity in CVEA's line of business, or proposed expansion or diversification, (2) which CVEA is financially able to undertake, and (3) which may be of interest to CVEA. A director who learns of such a business opportunity in any way should disclose that opportunity to CVEA and determine if CVEA is interested in taking advantage of the opportunity. If CVEA is not interested in the opportunity, then and only then, can a director or directors personally take advantage of the opportunity.

This restriction on personal exploitation of corporate business opportunities shall continue after a Director leaves the Board - no former Director may exploit for personal advantage corporate opportunities that he or she learned of as a Director.

b. Conflicts of Interest

As a general matter, business dealings that represent or appear to represent a conflict between the interests of CVEA and those of a Director should be avoided. Such conflicts may arise because of employment or business activities of a Director or Relative. While serving on committees, Board members must avoid conflicts and either disclose such conflict and avoid participating in decisions or resign from the committee.

Directors should be aware of the specific provisions of Section 4.02 of the CVEA Bylaws and of CVEA Policy 107, Conflict of Interest.

First, Bylaws Section 4.02 provides, in part, that no person may serve as a director who is an employee of CVEA or is the close relative of an incumbent director or employee, or who is in any way employed by or financially interested in a competing enterprise, including selling electric energy or electric supplies to CVEA. 'Close Relative' means a person who, by blood or in-law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the board member, CEO, or managers and supervisors. (See Bylaws Section 12.04 (defining close relative), Employee Handbook Policy 208 (defining close relative), and Policy 107 (defining immediate family in the same words).

Second, Policy 107 prohibits Directors and employees from receiving gifts, fees, loans, or favors from those doing business with CVEA that obligates or induces the Director or employee to compromise their responsibilities to CVEA. (This does not include gifts of a nominal value or casual entertainment.)

In addition, Policy 107 states a strong interest in avoiding matters that could be construed as a conflict of interest: *Every Director and employee of the Cooperative is expected to avoid situations which might be construed as conflicts of interest since it is not feasible in a policy statement such as this to describe all the circumstances and conditions that might be or have the potential of being considered conflict of interest.*

The following are examples of potential conflicts of interest:

i. Contracts with CVEA

As provided in Section 4.02 (c) of the Bylaws, no person may serve as a Director if he is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy and electric supplies to CVEA.

Section 4.10 (d) of the CVEA Bylaws states: *No Director shall receive compensation for serving the Cooperative in any other capacity. Nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by the Board of Directors after determination of the need thereof.* This provision means no Director may be paid for serving CVEA in any other capacity, for instance as a consultant or as a supplier.

Policy 107 prohibits any Director or employee *from acquiring or having a financial interest in any property which the Cooperative acquires or a direct or indirect financial interest in a major supplier, contractor, consultant, or other entity with which the Cooperative does business. If members of the immediate family of a Director or employee have a financial interest as specified above, such interest shall be fully disclosed to the Board of Directors which shall decide if such interest should prevent the Cooperative from entering into a particular transaction, purchase, or employment services.* This provision means that no Director may sell property to CVEA, nor may a Director have a financial interest in an entity with which CVEA does business.

To the extent consistent with the policies and the Bylaws, a contract in which a Director (or a close relative) has a personal interest or in which there is or might appear to be a conflict by reasons of the Director's role or a relative's connection as an

owner, officer, director or otherwise with a business can be approved by the Board provided (1) that the nature of the relationship is fully and completely disclosed to other members of the Board, (2) that the contract is approved by a majority of the Board without the participation of any director who has such an interest and (3) the contract is just and reasonable for CVEA. If any Director has a personal interest in matters which come before that Board or a subsidiary's Board, he or she should ensure that interest is fully disclosed to the Board, that the director does not participate in the decision on the matter and that his or her non-participation is noted in the minutes of the meeting.

ii. Relationship with Competing Enterprise

As set forth above, under Section 4.02 (c) of the Bylaws, no person may serve as a Director if he is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy and electric supplies to CVEA. As expanded by this Code of Director Conduct, Directors or close relatives may not participate as owners, officers or directors of any enterprise that is in competition with CVEA. 'In competition' means engaged in an enterprise that performs business activities that CVEA also is engaged in. Directors in violation of this provision should either resign from the competing enterprise or resign as a Director of CVEA.

iii. Gifts

As set forth above, Policy 107 prohibits Directors and employees from receiving gifts, fees, loans, or favors from those doing business with CVEA which obligates or induces the Director or employee to compromise their responsibilities to CVEA. (This does not include gifts of a nominal value or casual entertainment.) As expanded by this Code of Director Conduct, no Director or close relative shall solicit or accept gifts, entertainment, services, loans or other things of value (Gifts) where these would or might appear to improperly influence the Director in the performance of his or her duties on behalf of CVEA. Nor should any Director give Gifts to others where these might appear designed to improperly influence others in their relations with CVEA.

Directors and relatives may accept merchandise or advertising novelty gifts of nominal value, occasional meals and infrequent entertainment or social invitations if they are wholly in keeping with good business ethics and do not suggest an improper relationship. They should not be extravagant or excessive, nor result in any favored treatment for the donor or impose any sense of obligation upon the Director. This section is not intended to prevent Directors or relatives from accepting appropriate gifts from other relatives,

or arising from friendship. Nor is it intended to prevent reasonable compensation for legitimate services actually provided. Acceptance of any Gift with a value of over $200 from a single source that has or may be seeking business relations with CVEA shall be immediately disclosed to the President. Any Gift or Gifts from a single source which total over $500 in value and which have been given to a Director in his or her capacity as a Director may be required by the Board to be remitted to CVEA.

iv. Close Relatives

The term 'close relative' means a person who, by blood or in-law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the Director of CVEA, the CEO, or managers and supervisors. Any person residing in a Cooperative Director's or employee's households shall be regarded as immediate family. Spouse includes persons involved in a legal marital relationship or a relationship which, in CVEA's judgment, is characterized by the permanence, stability and duration normally associated with a legal marriage.

C. Role of Directors

1. General

It is important to the growth and success of CVEA that Directors play an active role on the Board. They should be familiar with the business of CVEA, participate fully in board meetings, and ask questions when appropriate. Subject to the President's ability to appoint members to committees, board members should exercise independent judgment in their actions and not hereby act at the direction of others. As set forth in Policies 102 and 104, the Board's role is to set general policy and guidance to be implemented by the officers and management. Individual Directors do not have direct hiring or disciplinary authority over any employees of CVEA. The Board, as a group, has authority over corporate officers, including hiring authority over the CEO. Unless specifically authorized by a vote of the full Board of Directors, no Director shall make commitments on behalf of CVEA. Directors shall avoid making or permitting use of CVEA's name in ways which could imply endorsement by CVEA or which could embarrass CVEA or its members.

2. Outside Activities

The Directors are leaders in the CVEA region and communities and are encouraged to participate actively in organizations which seek to advance the welfare of members when that involvement does not create a conflict of interest with their duties as a Director.

3. Personal Behavior

CVEA is best served by Directors who recognize that their conduct extends beyond the confines of the boardroom and corporate offices. Even after work or while not on CVEA business, customers, members and others see Directors as representatives of CVEA wherever they may be. By following the highest standards of conduct in their business and personal lives, Directors contribute to the integrity and image of CVEA and thus advance the goals and objectives of all members. When dealing with people as a Director or in other capacities, Directors should act in a manner consistent with this Code of Business Conduct and which reflects favorably upon CVEA.

D. Personal Benefit

No Director shall use corporate property for personal benefit unless such use has been specifically authorized as a part of a compensation benefit or employment contract. Corporate property shall be used only to benefit CVEA's business interests and to achieve corporate goals and objectives.

Directors will be reimbursed for the travel to attend board and committee meetings and on other corporate business in accordance with policies or procedures adopted from time to time by the Board.

Employee Handbook Policy 208, Hiring of Relatives, prohibits hiring any close relative of a Director. Section 4.02 of the Bylaws prohibits any person from serving as a Director if a close relative is a Director or employee of CVEA. Policy 107 requires that: *If members of the immediate family of a Director or employee have a financial interest as specified above, such interest shall be fully disclosed to the Board of Directors which shall decide if such interest should prevent the Cooperative from entering into a particular transaction, purchase, or employment services.*

E. Corporate Information

Policy 107.B. provides as follows: *The complete confidentiality of business information must be respected at all times. Directors and employees are prohibited from knowingly disclosing such information to those who do not have the need to know, or whose interest may be adverse to the Cooperative, both inside or outside the organization; or in any way using such information for personal gain or advancement; or to the detriment of the Cooperative; or to individually conduct negotiations or make contacts or inquiries on behalf of the Cooperative unless officially designated to do so.*

Directors have access to private CVEA information obtained or developed in the course of CVEA's business. This may include information concerning employees, customers, competitors, business opportunities, potential future plans, partners, proposed or current investments, proposed or contemplated contracts or acquisitions, strategies concerning litigation, business negotiations, labor negotiations, or other information. All such private corporate information obtained by a Director shall be used only for legitimate CVEA purposes. Such information shall not be used by the Director or relatives for any personal benefit or gain or to harm CVEA while the

Director serves as Director or after he or she leaves office. Such information shall be provided by any Director only to those who have a legitimate need for the information in the normal conduct of the business of CVEA, or as otherwise may be required by law.

The restriction on use of corporate information shall continue after a Director leaves office. No Director or former Director shall make any use of such information in a way that is contrary to this Code.

Directors should refrain from the purchase or sale of securities or other property where such purchase or sale is based on confidential information or special knowledge acquired in connection with the business of CVEA.

F. Political Contributions

No Director shall make, authorize or permit any unlawful contribution, expenditure or use of corporate funds or property for political purposes. Directors shall not be reimbursed by CVEA for political contributions made as an individual.

G. Discrimination/Harassment

CVEA is committed to human dignity, the protection of its employees and to the creation of a positive work environment. No Director shall engage in any illegal discrimination against employees or Directors of CVEA for any reason, including on matters relating to race, color, religion, natural origin, sex, physical or mental disability, marital or family status or otherwise. No Director shall engage in harassment of other Directors or any employee of CVEA. 'Harassment' shall include any unreasonable, repeated or inappropriate verbal or physical conduct, or requests for such conduct, where (1) such conduct has the purpose or effect of unreasonably interfering with a person's work performance, or creating an intimidating, hostile or offensive working environment; (2) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; or (3) submission to or rejection of such conduct by an employee is used as a basis for employment decisions affecting such individual.

H. Self Evaluation

To be most effective in providing the corporate leadership required to make CVEA a success, the Board must engage in a regular process of evaluating how the Board is functioning, how effective it is at setting corporate policies, goals and objectives, and how it is working to realize CVEA's strategic plan. Periodically, the Board shall conduct a self-evaluation to make sure it is being as effective as possible. The purpose of that evaluation is to be certain that the Board is fulfilling its function of providing effective leadership, setting policy and monitoring the performance of management.

In conducting this self-evaluation, each board member may be asked to carefully evaluate his or her performance, the performance of other Directors, the performance of the Board as whole, and the performance of Board Committees with an eye towards changes or improvements which could be made to ensure that adequate information, in an understandable format, is provided to board members, that meetings are conducted in a way which promotes open and effective discussion of options among board members leading to appropriate and logical decisions, that Directors are able to reach consensus on general corporate goals and objectives, that decisions of the Board are appropriately communicated to management and members, and that management complies with board direction and that otherwise the Board functions effectively. After the Directors have each engaged in such a self-evaluation, the Board as a group should also evaluate changes or improvements that Directors feel need to be made.

The evaluation process should be done in a professional and business-like fashion and personal attacks or criticism should be avoided. The purpose of the evaluation is to make certain that the members are being effectively represented by the Board. Some factors that Directors may wish to consider are listed on Attachment C.

I. Litigation

Particular problems arise when a Director, individually or as a Director or officer of another Cooperative or corporation or other entity, participates in litigation against CVEA. While CVEA does not and could not take away the right of a Director to seek a judicial determination of legitimate good faith disputes against CVEA, a director who participates in litigation against CVEA must be very careful to act in a way that is consistent with his or her duty of loyalty. Any such Director shall (1) not be permitted to participate or vote on any matter relating to the litigation, (2) not make any use of private corporate information obtained in his or her capacity as a Director, and (3) not seek to enlarge the litigation beyond that which is necessary to obtain a determination of the dispute at issue. Where the litigation is likely to be prolonged, involves issues of importance to the Director or to CVEA, the Director, in consultation with the Director's own counsel, should consider whether it has become impossible to fulfill the duties of a Director to CVEA and consider resigning as a Director.

J. Drug, Alcohol and Tobacco Use

CVEA prohibits the use, possession, distribution or being under the influence of alcohol or illegal mind-altering drugs in the work place. Smoking is also prohibited in company buildings. Directors shall abide by these policies.

K. Compliance with Law

It is the policy of CVEA to comply with all laws governing its business operations. All Directors shall act in compliance with all laws and regulations and shall immediately report to the President of the Board (or Vice-President if the allegation involves the President) if they believe CVEA, any director, officer or employee of CVEA is operating in violation of any law or regulation.

L. Director Participation

CVEA is best served by directors who actively participate in CVEA. Regular attendance at board and committee meetings is essential to ensure that directors remain informed about the affairs of CVEA. Pursuant to Section 5.05 of the Bylaws, if a Director is absent from 5 regular board meetings in any 12 consecutive months with or without good cause, he shall be deemed to have resigned from the Board of Directors, and the vacancy thereby resulting will be filled as provided in Section 4.09 of the Bylaws.

207.3 <u>Responsibility</u>

A. An allegation that a Director has violated this code shall be brought to the full Board at the next regularly scheduled meeting.

B. A Director who has been found to have violated this Code of Conduct shall be subject to any or all of the following sanctions as determined by the Board.

1. Private reprimand by the Board.
2. Public censure and disclosure of the violation and sanctions.
3. Request by the Board that the charged Director resign as a Director.
4. To the extent permitted by law or bylaws, loss of indemnification by CVEA.
5. Commencement of lawsuit against the Director or former Director for injunctive relief or for damages caused by breach of this Code.
6. Pursuit by CVEA of the removal of the Director in accordance with applicable law, or as provided in the Bylaws.

The Board shall establish the appropriate sanction and the duration of that sanction. The Board may select any sanction listed above, or others deemed appropriate, without regard to whether other lesser sanctions have been imposed or considered. In determining the sanctions the following factors, as well as others, may be considered: the seriousness of the infraction and the expected harm to the reputation or finances of CVEA that has resulted, its likelihood of repetition, prior violations by the Director or others, whether the director or his close relatives personally profited from the violation, the Director's willingness to disclose the conduct and his or her efforts to mitigate the harm cause by the violation.

ATTACHMENT A

The Duty of Care owed by a CVEA Director to CVEA requires that a Director:

- Perform his or her duties in good faith, in what the Director believes is in the best interests of CVEA and with the care expected of a prudent person engaged in similar activities
- Attend CVEA Board and committee meetings regularly
- Comply with all applicable laws and regulations and all corporate policies
- Review and, if necessary, ask reasonable questions on important matters requiring Board action
- Read all board packet material distributed to the Board in advance of the meeting
- Keep informed of work delegated to the committees of the Board and serve usefully when assigned to committees
- Question information provided to the Board where the validity of the information is subject to doubt
- Participate in board and committee discussions and contribute usefully to the analysis of proposals that come before the Board or committees
- Respect the boundaries between the Board's role in policy development and oversight and Management's role in the implementation of board policy
- Act in good faith in making decisions guided by honest and fair business judgment

ATTACHMENT B

The Duty of Loyalty to CVEA requires that a CVEA Director:

- Never use his or her position on the Board or on a committee to make a personal profit
- Disclose personal interest before board or committee action on transactions involving real or apparent conflicts of interest or personal advantage in the transaction
- Abstain from voting on actions where personal advantage is involved
- Does not serve on the Board of, or act as an employee or officer of, a business in competition with CVEA
- See that conflicting interests are recognized and treated objectively
- Be concerned that all members are dealt with fairly
- Inform CVEA of corporate business opportunities appropriate for CVEA before pursuing them personally
- Protect the confidentiality of information received
- Does not use information gained while serving on the Board to personal advantage after leaving the Board

ATTACHMENT C

Issues to be Considered During Evaluation of CVEA Directors:

Board Meetings

a. Do directors attend board and committee meetings?
b. Do directors arrive on time?
c. Do directors stick to agenda?
d. Do directors come prepared for the discussion of agenda items?
e. Do directors help the President of the Board run an effective meeting?
f. Do directors listen to other directors and build on others' comments?
g. Do directors view failure as education?

Decision Making

a. Do directors complement ideas and not change the focus to meet their own needs?
b. Do directors keep an open mind, ask questions, and learn from prior decisions?
c. Do directors recognize their personal decision-making bias?
d. When making a decision affecting others, do directors share the reasoning behind the decision?
e. Do directors overcome fear of change and never burn bridges?

Management Evaluation

a. Do directors establish and communicate performance standards for the CEO?
b. Do directors regularly participate in evaluation of CEO?
c. Do directors fairly evaluate performance based on those communicated performance standards?
d. Do director suggest changes/improvements that can improve performance?

Monitoring Financial Performance

a. Do directors understand the key financial statements?
    i. balance sheet
    ii. income statement
    iii. cash flow statement
    iv. statement of patronage capital
b. Do directors read the auditor's communications?
c. Is the audit clean, i.e., in conformance to generally accepted accounting principles (GAAP)?
d. Do directors participate in review of the annual budget?

Legal Obligations

a. Do directors generally support Duty of Care, Duty of Loyalty, follow Articles, Bylaws and Code of Business Conduct?
b. Do directors make certain CVEA complies with laws and regulations?
c. Do directors accept and meet the fiduciary responsibility of directorship?
d. Do directors recognize and address conflicts of interest and the appearance of conflicts of interest?
e. Do the officers and committee chairs fulfill their responsibilities as described in their respective position descriptions?

f. Do the directors respect the divisions of authority and responsibilities between the Board and CEO as set forth in Policies 103 and 104?

Training/Improvement

a. Do directors expand knowledge by attending board workshops, retreats, and training sessions?
b. Do directors request additional information when needed to make a good decision?
c. Do directors refer, rely upon and follow the strategic plan?
d. Do directors assess and work on team building?

Community Service

a. Are directors involved in community service?
    i. involved in unpaid public service in their community, i.e. city councils, not for profits, etc.
    ii. involved in other policy organizations - profit and nonprofit consistent with duties to CVEA

Assessment

a. Do directors, during appraisal of directors' performance, maintain credibility, avoid personal attacks and remain professional?
b. Do directors foster and create teamwork culture and loyalty to company?
c. Do directors approach self-assessment process as an opportunity to improve performance?
d. Do directors focus on behaviors, not personalities or inference?
e. Do directors conclude with a clear understanding of what was discussed and what to change?

208 DIRECTOR OATH OF OFFICE

208.1 Purpose

The purpose of this policy is to confirm each director will fairly, impartially, and to the best of his/her ability, perform the duties to protect and preserve the assets of the Cooperative.

208.2 Policy

The attached Director Oath of Office form identifies specific criteria required to be in legal compliance to serve on the Cooperative's Board.

208.3 Responsibility

A. The President of the Board shall make every reasonable effort to ensure that this policy is adhered to.

B. The CEO will ensure that each director completes the form.

C. The Executive Assistant is responsible for providing the form to each director, notarizing the signature, and filing in the corporate records as required.

DIRECTOR'S
OATH OF OFFICE

STATE OF ALASKA
Third Judicial District

I, _____, the undersigned, as an elected director of Copper Valley Electric Association, Inc., (CVEA) do solemnly swear that I will fairly, impartially, and to the best of my ability, perform my duties to protect and preserve the assets of this Corporation, so help me God.

I further swear:

1. That I am a member in good standing of CVEA;

2. That I am a bona fide resident of the district from which elected;

3. That I am not in any way employed by or financially interested in a competing enterprise or business primarily selling electric energy or supplies or services to CVEA;

4. That I will inform the Board of Directors of CVEA immediately if any of the conditions recited in paragraphs 1 through 3, above, should change;

5. That I will uphold the Code of Director Conduct and will disclose to the Board of Directors any action inconsistent with the Code of Director Conduct;

6. That I will at all times uphold, and act in accordance with, the policies and procedures of CVEA, as may from time to time be amended or supplemented; and

7. That in connection with my service on the Board of Directors of CVEA, I will at all times act in accordance with all applicable laws, and in good faith, in a manner I reasonably believe to be in the best interests of CVEA, and with care, including reasonable inquiry, that an ordinarily prudent person in a like position would use under similar circumstances.

Signature: _____ Date: _____, 20xx

ACKNOWLEDGEMENT

Subscribed and sworn to me this _____th day of_____, 20xx, in _____ _____, Alaska, at the Copper Valley Electric Association, Inc. Board of Director's meeting of _____, 20xx, lawfully assembled.

_____
Notary Name

Notary Seal

_____
Notary Signature

In and for the State of Alaska,
My Commission Expires:_____

301 PURCHASING POLICY

301.1 Purpose

The purpose of this policy is to establish purchasing procedures of the organization.

301.2 Policy

A. In accordance with Director Policy 103, *Delegation of Authority from the Board of Directors to the Chief Executive Officer*, Section C.3, *Delegated Areas of Authority*, the CEO has authority to determine and approve purchasing procedures.

B. All purchases must be in accordance with Admin Policy 303, *Purchasing Procedures*, as approved by the CEO.

C. Admin Policy 303 establishes the following purchasing controls:

1. Proper authorization
2. Supporting documentation
3. Purchasing methods
4. Purchasing authority
5. Purchases over $1,000
6. Purchases requiring bids
7. Check requests
8. Corporate credit cards
9. Invoice approval
10. Employee reimbursements

301.3 Responsibility

The CEO is responsible for administration of this policy.

302 SALES OF SURPLUS PROPERTY

302.1 Purpose

The purpose of this policy is to define the Cooperative's policy with respect to disposition of assets.

302.2 Policy

A. The Cooperative's Bylaws and Alaska Statute 10.25 address disposition of 15 percent or more of the Cooperative's property.

B. Disposition of less than 15 percent of the Cooperative's property shall be approved by the Board as follows:

1. Real estate,
2. electric plant, and
3. individual assets other than real estate or electric plant in excess of $500,000.

302.3 Responsibility

The CEO will administer this policy on behalf of the Board.

303 COMMUNITY SUPPORT

303.1 Purposes

The purposes of this policy are as follows:

A. Provide community support to local programs which benefit a substantial portion of the Cooperative's membership.

B. Define community support.

C. Provide for accountability of use of Cooperative resources for community support.

D. Educate members as to the advantages of cooperative membership.

303.2 Policy

Policy Statement CVEA supports nonprofit organizations in a variety of ways, including expenditures of advertising or promotional dollars, donations of equipment and labor*, donation of promotional items for giveaways and fundraising, direct expenditure of funds, and the promotion of employee volunteer efforts.

It is CVEA's goal to provide the maximum benefit to the greatest number of members in the communities we serve. Due to the large number of requests received, many cannot be fulfilled.

A. Community Support Defined

1. Community support consists of expenditures of advertising or promotional dollars, donations of equipment and labor*, or direct expenditure of funds.
2. Donations of in-kind services and materials shall be limited to broad-based community organizations and providing materials for nonprofit community activities.
3. Donation of equipment and labor* are subject to Cooperative work requirements and equipment availability.
4. Direct expenditure of funds, not to exceed $500, will be limited to those programs where benefits to the membership are maximized.
   a. Funding requests for new projects and programs should be directed to the Community Foundation for consideration during the annual contribution season. (see Contribution Guidelines at cvea.org)
5. Advertising or promotional expenditures should focus on the benefit of cooperative membership.

B. Community Support Requirements

1. The organization must be a nonprofit organization.
2. The organization must benefit the public welfare or have a charitable, educational, or scientific benefit to the membership.
3. The organization's program or event must provide broad membership benefit.
4. The organization must support members in the CVEA service area. Community support should be provided consistently throughout the service area.

C. The following organizations and events are not eligible:

1. Individuals
2. Religious organizations
3. Political organizations
4. Organizations outside CVEA's service area or organizations whose mission is to support those outside CVEA's service area

D. Community Support Application Requirements

1. CVEA Contribution Guidelines and Contribution Request Form, which is available online as part of the application packet.
2. Form letters and telephone solicitations will not be accepted.
3. There shall be no automatic arrangements as to donations, contributions, sponsorships, or advertising designating sponsorships. Requests will be evaluated and funded based on the amount of funds available and how well the request meets CVEA's requirements.

E. Other

Employees are encouraged to support community activities by giving their time and resources.

303.3. **<u>Responsibility</u>**

A. The CEO is responsible for administration of the community support program.

B. The Director of Communications may periodically report to the Board on the program.

*The donation of labor is exclusive of any labor for services provided to all members via the CVEA Tariff.

304 RETENTION AND DISPOSAL OF COOPERATIVE RECORDS

304.1 Purpose

The purposes of this policy are as follows:

A. To provide for the orderly and systematic retention and disposal of Cooperative records.

B. To ensure that records are maintained for minimum prescribed periods in accordance with federal law, state law, REA requirements, and Cooperative policy.

C. To ensure that disposition procedure protects the confidentiality of current and former Cooperative members, employees, and vendors.

D. To ensure that records destroyed will be identified for necessary future reference.

E. To ensure that records meet all requirements for electronic retention when allowed as a replacement for paper records.

304.2 Policy

A. Legal Requirements

1. Cooperative policy will endeavor to comply with:
   a. Title 18 CFR 125, Preservation of Records of Public Utilities and Licensees;
   b. REA Bulletin 180-2, Manual for Preservation of Borrowers' Records (Electric);
   c. Federal Record-Keeping Requirements according to the Fair Labor Standards Act;
   d. State of Alaska Statutes;
   e. Internal Revenue Service requirements, and
   f. Other applicable laws and regulations.

B. Policy Documentation

1. Retention Schedule
   a. The Cooperative will maintain a Retention Schedule that documents at a minimum the following information:
      i. Document name.
      ii. Code of Federal Regulation Citation reference.
      iii. Minimum legal retention period.
      iv. Cooperative prescribed period if longer than iii above.
   b. Revisions to the retention schedule will be approved by the CEO in writing.

2. Inventory of Records
   a. To the extent practical, an inventory of records will be maintained which will reflect the location of documents within the Cooperative filing system.
3. Destruction Log
   a. Destroyed records will be logged to facilitate future determination as necessary. The Destruction Log will reflect at a minimum the following information:
      i. Document name and originator.
      ii. Chronological dates of document destroyed.
      iii. Date destroyed.
      iv. Initials of person destroying the documents.
   b. A copy of the Destruction Log will be stored offsite for security purposes.

C. Procedure

1. Annually the Retention Schedule shall be reviewed for compliance with Section 2 A above, prior to the time disposition of documents occurs.
2. Policy documentation, as outlined in Section 2 B, shall be updated as part of the annual process.
3. Confidentiality/Proprietary Information
   The disposition method of documents microfiched and/or scheduled for destruction shall be adequate to protect the confidentiality of parties involved.

304.3 <u>Responsibility</u>

A. The CEO has overall responsibility for this policy.

B. The Admin & HR Manager has direct responsibility for the implementation and the day-to-day administration of this policy.

305 CAPITAL CREDITS

305.1 Purpose

The purposes of this policy are as follows:

A. To provide for retirement of capital credits on a systematic and equitable basis and to provide parity in capital credits returned to those members who have furnished the capital.

B. To establish policy to account for member patronage capital that is in accordance with State and Federal law and the Cooperative's Bylaws.

C. To provide for assessing the overall financial health of the Cooperative prior to scheduling specific retirements of capital credits.

D. To provide for refunds to estates of deceased members.

E. To provide for disposition of unclaimed capital credits.

F. To provide for assignment of capital credits in certain situations.

305.2 Policy

A. Calculation and Accounting for Capital Credit Retirements

1. The Board will generally retire capital credits on a percentage of patronage capital basis unless approved specifically by the Board.
2. Retired amounts will generally be applied fully to the earliest year.
3. The Board may also apply other methods of making general capital credit retirements, including “first-in-first-out” or a hybrid combination of different methods. Alternate methods of making general capital credit retirements will be adopted by formal action of the Board.

B. Authorization

1. As provided by NRUCFC loan covenants, total amount of any scheduled retirement is limited to 30 percent of the previous year’s margins until equity as a percentage of total assets reaches or exceeds 20 percent.
2. Management will report to the Board as to the financial integrity of the Cooperative prior to scheduling a specific retirement.
3. The Cooperative will meet minimum requirements for debt service coverage and cash flow prior to scheduling a specific retirement.
4. No capital credits shall be paid or otherwise retired until the Board approves the retirement.

C. Payments to Estates

To the extent such action does not conflict with the provisions of the Cooperative's Bylaws or long-term debt instruments, capital credits may be paid to the estates of deceased persons prior to normally scheduled retirement.

1. Requests must be submitted to the Cooperative in writing by the executor or executrix of the deceased patron's estate and must be accompanied by appropriate documentation.
2. The deceased member-owner must have been a natural person and not have been deceased prior to January 1, 1982.
3. The deceased member-owner must have been the sole owner of the capital credits to be retired. Capital credits will not be paid to estates of deceased member-owners when the account was owned jointly with a surviving member-owner.
4. Subject to satisfaction of the foregoing requirements, through this policy the Board approves estate payments in the aggregate of $20,000 per calendar year. In the event a request for payment is denied or only partially paid due to the $20,000 limitation, the portion of that year not paid in full will receive priority status in the subsequent year.
5. In the event a request for an early retirement is received, and acted upon, before the capital credits have been allocated for the last year in which the deceased member provided patronage, said amount will receive priority status once the final allocation is completed. The estate may opt to receive the payment prior to the last allocated year however the estate will receive no further capital credits.
6. All payments made to the estates of deceased persons prior to normally scheduled retirements will be discounted at one percent (1%) simple interest for each year remaining in the normal rotation period.

D. Delinquent Amounts

1. No check or billing credit shall be issued in payment of a member-owner's capital credits unless the Cooperative's records shall have first been reviewed to determine whether the member-owner has any outstanding past due accounts owed to the Cooperative.
2. To the extent such member-owner has an outstanding past due balance with the Cooperative, any capital credits to be retired, including estate retirements, shall be applied to that balance, including collection costs, late fees and interest, and no check or billing credit shall be issued to the member-owner until the sum of the capital credit payments so applied equals the amount owing the Cooperative.

E. Method of Payments

1. Payments to current members
   a. Payments shall be by check or credit to members' bills at the option of the Cooperative.
   b. Minimum check amount shall be $50.
2. Payments to former members
   a. Payments shall be by check.
      i. Minimum check amount shall be $50.
      ii. Any amounts not paid due to the minimum check amount will be accumulated until such time as the total accumulated reaches $50.00, at which time a check will be issued.
      iii. If the amount accumulated represents the final balance of authorized but unrefunded capital credits and said amount will not total $50 the amount shall be retired in full.
3. Payments to estates
   Payments to estates shall be by check and shall not be subject to minimum check amounts except as otherwise limited by this policy.

F. Noticing of Unclaimed Capital Credits

1. Members are responsible for providing the Cooperative with a current address.
2. The Cooperative will comply with the noticing requirements of the *State of Alaska Uniform Unclaimed Property Act* AS 34.45.200(e).
3. Capital credits owed to members who cannot be located revert to the Cooperative, subject to noticing requirements.

G. Allocation of Margins

1. It is the policy of the Cooperative to allocate margins on the revenue-less-power cost method. Margins will be allocated at the end of each calendar year based on the audited financial statements.
2. Capital credits from associated organizations: except insofar as the Cooperative's Bylaws may require the application of such items to offset losses incurred in the current or prior fiscal years, capital credits received by the Cooperative from associated organizations will not be segregated or otherwise treated differently from the remaining allocable margins of the Cooperative.
3. Not later than June 30 of each year, the Cooperative shall provide written notice to the last known address of each member-owner from whom patronage was received in the preceding year, a statement showing the amount of patronage received and the amount of patronage capital credited to the members account as a result of such patronage, provided, that such statements shall not be required for years in which:
   a. the Cooperative fails to earn assignable margins as defined in Article VII of the Bylaws, or

b. the amount of assignable margins earned is determined to be insufficient to warrant the assignment of capital credits and issuance of statements.

H. Disposition of Unclaimed Capital Credits

1. Escheated unclaimed capital credits shall be reflected in a deferred account in the books and records of the Cooperative pending final disposition.
2. Escheated unclaimed capital credits shall be contributed to the Copper Valley Electric Association Community Foundation to assist the Foundation with fulfilling its corporate purpose.

I. Legal Compliance

1. The Cooperative will at all times seek to comply fully with lender requirements, applicable State and Federal laws and the Cooperative bylaws.
2. For purposes of early estate retirement under this policy, sole proprietorships, or "doing business as" (DBAs) ventures, are considered to be natural persons.
3. The *Alaska Unclaimed Property Act* (AS 34.45.200) allows for unclaimed capital credits to escheat to the Cooperative subject to certain specific requirements.

J. Assignment of Capital Credits

A key part of the obligation to allocate and retire capital credits is to ensure that capital credits are paid to the proper party. This section of the CVEA Capital Credits Policy is designed to ensure that capital credits are paid to the proper party in circumstances where a change of name, change in legal status, death or other circumstance requires that a change be made in the payment of capital credits.

1. <u>General policy</u>
A person may request the assignment of a capital credit retirement check or capital credit account balance under the following circumstances:
a. the owner of the account is no longer living; or
b. the owner of the account is a business entity that no longer exists; or
c. the joint owners of an account have been divorced.

CVEA has a duty to its members and former members to ensure that capital credits are paid to the proper recipient. The information required to substantiate a request that capital credits should be paid to someone other than the person reflected as the owner on CVEA's books and records requires clear and conclusive proof of ownership and entitlement to such payment. The request process detailed below is intended to ensure payment of capital credits to the proper person and to protect CVEA and its members from improper payment of capital credits.

If ownership and entitlement to payment of said capital credits are not established by clear and conclusive proof, which shall be decided by CVEA in its sole discretion, CVEA will follow the unclaimed capital credit procedures permitted by AS 34.45.200(e) and this Policy.

2. Request submission

All requests must be submitted in writing using forms issued by CVEA. All claims must be accompanied by substantiating documents and other information based on the nature of the request, as detailed below.

a. Claims following death of owner

i. Claim by heir: If the individual requesting the assignment of the capital credits is an heir, the individual must provide a copy of the reported owner's death certificate (certified copy required if the request is $5,000 or more), and the following:

- If the deceased owner left a will that was probated, a certified copy of the court order directing distribution of the estate to the heir;
- If the estate has been closed, a certified copy of the court documents verifying final closing and distribution for the estate in addition to the copy of the probated will;
- If the capital credits were held in a trust, a copy of a trust agreement (or other documentation deemed acceptable by the Cooperative) showing that the credits are an asset of the trust, in which case checks will be made payable to "[Name of Trustee] on behalf of [Full Name of Trust];
- If the deceased owner did not leave a will or the will was not probated, a notarized *Affidavit for Collection of Personal Property*[1] and an executed copy of CVEA's Form, *Assignment of Capital Credits for Deceased Member.*

ii. Claim by administrator/executor: If the individual requesting the assignment of capital credits is an administrator or executor, the individual must provide a copy of the reported owner's death certificate (certified copy required if the request is $5,000 or more), and the following:

- A court document appointing the administrator/executor;
- An executed copy of CVEA's Form, *Assignment of Capital Credits for Deceased Member.*

b. Business entities that no longer exist

If the individual is requesting the assignment of capital credits for a business entity that no longer exists, the individual must provide proof

[1] Under Alaska Statute 13.16.385, CVEA can pay or deliver capital credits to a person providing such an affidavit as if the person were the personal representative of the estate. CVEA is not required to ensure the property is paid to the heirs or inquire into the truth of any statement in the affidavit.

of ownership and proof of the right to transact business for the former business entity as follows:

i. Proof of ownership of capital credits:
   - If the business or entity no longer exists but was purchased or sold, provide an executed copy of the sales agreement or bill of sale.
   - If the business entity experienced a name change, merger, or had am account under an assumed name (DBA or 'doing business as'), provide a certified a copy of the corporate documents and state fillings reflecting the change or merger or proper legal name.
   - If the business entity is no longer in existence, provide a copy of the *Articles of Dissolution* filed with the State of Alaska or *Corporate Liquidation* form filed with the Internal Revenue Service.

ii. Proof of the right to transact business for the former business entity:
   - If the person is an officer or other company official of the former business entity, the person must submit documents substantiating that the person holds or held that position; or
   - The person must submit documents otherwise showing that the person has legal authority to act on behalf of the former business entity (biennial report, corporate resolutions, minutes, partnership agreements, affidavit of another officer, etc.).
   - The individual must provide an executed copy of CVEA Form, *Assignment of Capital Credits from a Business Entity*.

c. Divorce/dissolution

If the individual is requesting assignment of capital credits after a divorce or dissolution of a marriage or domestic partnership, the individual must provide:

i. A copy of the court order assigning ownership of the capital credits to the individual as a part of the divorce or dissolution proceeding; or

ii. Executed copy of CVEA Form, *Certification of Ownership of Capital Credits after Divorce,* completed by the individual requesting the assignment of the capital credits and consented to by the other party to the marriage or domestic partnership.

d. Individual name change

If the individual is requesting assignment capital credits after a legal name change, the individual must provide a copy of the court order reflecting the name change (certified copy required if the request is for $5,000 or more).

3. Processing claims

a. CVEA staff consideration

i. After receipt and review of this information, CVEA staff will advise the individual in writing if the information is sufficient to allow the capital credits to be assigned. The information required to substantiate a request that capital credits should be assigned to someone other than the person or business entity reflected as the owner in CVEA's books and records requires clear and conclusive proof of ownership and entitlement to such payment, which shall be decided by CVEA in its sole discretion. Requests in excess of $500 may be subject to independent verification by CVEA. All requests must be reviewed and approved by the CFO.

ii. If a request is denied by CVEA staff, the individual has the right to request reconsideration. The request will then be reviewed by the CEO.

b. Reconsideration by CEO

The individual must request reconsideration of the denial of a request in writing within 30 days of the date of the notice that the request has been denied by CVEA's staff. The CEO will consider whether the information submitted establishes by clear and conclusive proof that the capital credits should be paid to someone other than the person or business entity reflected as the owner in CVEA's books and records. The CEO will respond in writing to the request for reconsideration within 90 days of receipt of the written request for reconsideration. If the CEO denies the request, the individual may request reconsideration by the Board.

c. Reconsideration by the Board of Directors

The individual must request reconsideration of a request by the Board in writing within 30 days of the date of the notice that the request has been denied by the CEO. The Board will consider whether the information submitted establishes by clear and conclusive proof that the capital credits should be paid to someone other than the person or business entity reflected as the owner in CVEA's books and records. The Board shall respond to the request for reconsideration in writing within 90 days of receipt of the written request for reconsideration.

305.3 Responsibility

A. The CEO will be responsible for administration of this policy.

B. The Finance Manager will provide day to day administration of this policy to the best interests of the Cooperative.

306 AVAILABILITY OF COOPERATIVE RECORDS

306.1 Purpose

The purposes of this policy are as follows:

A. The Board recognizes the need to define the availability of the records of the Cooperative to the Membership; and

B. The Board of CVEA is required to establish and maintain an accounting system according to the laws of Alaska by the rules governing loans of its creditors, by its responsibility to account to its members for all receipts and expenditures, and by its obligation to show the amount of capital, if any, credited each year and in total to each individual member's account; and

C. The Board wishes to provide the members with information about their Cooperative, including an explanation of such information in order to gain the understanding and support of its members.

D. The Board desires to provide a policy which, while protecting members' rights to access to information about their Cooperative, also protects employees, members, and the Cooperative from an unwarranted invasion of personal or corporate privacy.

306.2. Policy

A. General Information

1. Members, through the Chief Executive Officer's office, will upon reasonable request be readily provided information which directly affects their involvement in and patronage of the Cooperative, such as rate schedules, service rules and regulations, Articles of Incorporation, the Bylaws, published policies, operating statistics, member publications, members billing history, etc. If they have questions about any of this, they will be promptly answered.
2. Members requesting the Cooperative to research, develop, and/or assemble records will be required to pay for that effort if it interferes with the normal duties of a Cooperative employee. The Chief Executive Officer will approve or disapprove all such requests. If, in the opinion of the Chief Executive Officer, developing such records will cost the Cooperative members additional employee time and expense, the Chief Executive Officer will estimate the cost of furnishing such information. The requesting member will then be required to pay in advance based upon that estimate. If the actual effort in producing the records is less than the estimate, the difference will be refunded to the member.
3. This policy is subject to any laws governing such access, including 3 AAC 48.050 and AS 10.25.235.

B. Financial Information

Financial books and records of the Cooperative, excluding accounts receivable, membership lists, or other information deemed confidential, are open to the members of the Cooperative for inspection at the principle offices of the Cooperative at all reasonable times during the business hours which are from 7 a.m. to 6 p.m., Monday through Thursday, excepting holidays.

C. Minutes of Board of Directors Meeting

1. Copies of the approved minutes of board meetings shall be distributed or regularly made available to the members of the Board, the CEO and, at his option, to members of his staff. The approved minutes shall be posted to cvea.org.
2. A complete file of the approved minutes shall be kept in the Cooperative Glennallen headquarters business office and shall be open to inspection by members of the Cooperative during regular office hours.
    a. As is permitted by law, all approved minutes may be retained in electronic form only.

D. Agenda for Board Meetings

1. Agendas for regular and special meetings of the Board will be posted in both Cooperative offices and to cvea.org when the official notice of meeting is provided to the Board.
2. Agendas for regular and special meetings of the Board will be posted to cvea.org and provided to members attending meetings of the Board.

E. Board Meeting Packets

1. Meeting packets constitute documentation necessary for the Board's consideration and deliberation in making decisions jointly as the Board.
2. Meeting packets may consist of documentation provided prior to or during regular board meetings, special board meetings, committee meetings, or work sessions.
3. Packets will be distributed to the Board, the CEO, and at the CEO's option, to the senior staff.
4. Specific documents may be provided to persons in attendance at board meetings for the purpose of conducting business before the Board.
5. Executive session board packets will not be open to inspection by the Membership. A public packet, limited to the most recent three months and which would contain no documentation or information of matters discussed in executive session, may be available for inspection by the Membership. Requests for specific information included in board packets will be responded to on a case-by-case basis within the scope of this policy.

F. Confidential Information

1. Other information will be provided except that which is confidential or private information concerning the individuals employed by the Cooperative such as:
   a. Hourly wages or salaries and fringe benefits of specific employees, or
   b. Any employee's personnel file or records, or any other person's similar file or record, if and to the extent its release would violate subparagraph 1 above or would otherwise entail or run significant possibility of entailing an invasion of such employee's or other person's privacy.
2. If a member wants to know how the Cooperative determines the compensation of employees, the CEO or his designee will explain.
3. Information of a confidential corporate nature will not be provided to the Membership. An example would be any information which constitutes a trade secret, process, program, trademark, or other legally protractible confidential information or item owned or protected in confidentiality by contract by the Cooperative.
4. Information involving matters in litigation or negotiation. The Cooperative shall not release documents, memoranda, contracts, or exhibits which have been placed in dispute or which are evidentiary in matters which are in litigation or about which the Cooperative has been notified will be placed in litigation. Similarly, the Cooperative will not release proposals, reports, or data associated with the development of contract proposals and negotiation proposals in any contract negotiations which the utility is then undergoing or is scheduled to commence. Such records are considered proprietary and exempt from release.
5. Attorney-client communication and work product. The Cooperative shall not release or reveal communications from its attorney, and such communications shall be maintained in a separate file marked "Confidential-Attorney Client Communication." This prohibition shall extend to attachments forwarded with attorney-client communication, reports developed by the attorney or attorney's office or in conjunction with the attorney's office and Cooperative staff. This prohibition shall also extend to itemization of attorney's bills and invoices that contain information which may reflect the nature of communications between attorney and client.
6. Strategic information.

G. Membership List

1. Members of the Cooperative are entitled to access to the membership list for proper corporate purposes, such as for use in connection with the Board elections. The Cooperative has the right and the duty to safeguard the disclosure of the Cooperative's membership list against such list use for improper purposes. Therefore, the Cooperative shall provide a member with the membership list for proper corporate purposes at a cost of $100 with the understanding that the member requesting the membership list must execute a stipulation agreeing to use the list for the stated purposes and no others.

The Cooperative's membership list consists of only the member's name and member number.

2. The only exception to the above would be in a case where the CEO may have reason to believe that the use of the membership list may be for improper purposes, and in such a case, the CEO may request the Board to seek judicial protection or court-imposed conditions on the use of the membership list.
3. The member shall request such a list by executing CVEA Form 439, *Request for Membership List*, and submitting such form to the CEO for approval.

H. Customer Names, Addresses and Telephone Numbers

1. When a customer provides the Cooperative with their address, this information is to be used by the Cooperative only as necessary to conduct Cooperative business. The Cooperative has no express or implied permission to provide the information to any other customer or groups, except as may be required by law.
2. The Cooperative has an obligation to protect the confidentiality of member information.
3. The names, addresses, or telephone numbers of individual members, past and/or present, will not be provided except with the approval of the member or in response to requests by subpoena or court order.

I. Bill Stuffers

The Cooperative's mailings shall not be used for non-Cooperative material nor will the Cooperative include in its mailings materials from other organizations.

J. The Cooperative will make every effort at all times to keep the members fully informed and to be completely open and frank with its member-owners.

306.3. **<u>Responsibility</u>**

A. Department managers shall be responsible for the implementation of this policy.

B. The CEO will administer this policy.

C. In the event that a request for record release arises which raises issues or concerns as the propriety of the release, questions shall be referred to the CEO before record release and, where necessary, the CEO shall seek advice of counsel.

307 ANNUAL MEETING ELECTION PROCEDURES

307.1 Purpose

To establish consistent and accurate procedures for mail-in ballot counting and reporting election results.

307.2. Policy

A. Prior to Annual Meeting

1. Envelopes and Ballots
   a. Information packages, including the appropriate ballot, return envelope, and election and annual report information, are to be mailed no later than fifteen (15) days nor more than sixty (60) days prior to an annual or special membership meeting. (See Bylaw Section 3.03, *Notice of Members Meeting and Mail Balloting*.)
   b. The Customer Service Supervisor certifies the ballots are mailed to all members.
   c. Required items to be returned for voting:
      i. Return mail envelope with member's signature and label with full name and member number on the backside.
      ii. Executed ballot.
2. Security and Verification Prior to Annual Meeting
   a. Special mailboxes have been established in both the Glennallen and Valdez post offices.
   b. Return envelopes will be picked up by two designated Credentials and Elections Committee members and transported to the CVEA office for securing under committee direction. Return envelopes will be date stamped by the committee members, organized in r, and secured.
   c. Return envelopes can be picked up weekly or as needed depending on the volume.
   d. The week before the meeting, the return envelopes must be picked up at 5 p.m. by C&E Committee members, as required by the Bylaw Section 3.05, *Voting*.
   e. Signatures on the back of return envelopes will be verified against the membership cards. C&E Committees may use the member files, if necessary, for verification.
   f. After being verified, the return envelopes with the ballots inside will be secured in a designated place for safekeeping until the counting process begins.
   g. Ballots may not be accepted at either CVEA office – all ballots must be mailed.
3. Replacement Ballots
   If a member needs a replacement ballot, the following procedures will be used:
   a. Both CVEA offices will be allocated five replacement-ballot packets and will be required to account for these packets at all times.

b. A member who goes to their respective district office and requests a replacement ballot will be asked to sign an affidavit indicating why a replacement ballot was requested. Replacement ballots will only be issued for the following reasons:

i. The member requesting the replacement ballot did not receive a ballot in the mail.

ii. The member requesting the replacement ballot damaged their ballot and cannot use it.

iii. The member requesting the replacement ballot misplaced their ballot.

The member name and member number, followed by an "R" (for replacement), will be printed on the return envelope so the standard verification procedures can be used.

(a) The replacement ballot package will include the appropriate ballot/s, the white postage-paid return envelope, election information, and a copy of the annual report.

(b) A log will be maintained in each district that lists member name, member number, and date member received replacement package.

c. The balloting package will then be given to the member to vote and mail to the appropriate post office box. Replacement ballots may not be delivered to CVEA offices in lieu of mailing.

d. Any unused replacement ballots will be destroyed at the CVEA office by the C&E Committee before the counting of ballots begins. The employee in custody of the replacement ballots will then submit the list of members who requested and received replacement ballots and their completed affidavits to the C&E Committee.

B. Counting of Ballots

Counting procedures may begin after signature verification is complete and when a quorum of 10 percent of ballots from the district membership has been received. Counting must be completed before the first district meeting is held.

1. The responsibility for the counting of ballots lies ultimately with the C&E Committee.
2. All C&E Committee members must sign the Oath of Office on the back of each tally sheet, to ensure confidentiality of the voting results.
3. Before the counting begins in each district, all unused ballots will be destroyed by the C&E Committee.

a. Ballot envelopes will be opened by appointed C&E members and stacked in piles of twenty-five (25) for tallying.

b. Two members will count on paper (tally) the votes as they are read. When the last vote is read, these members will count the total votes to compare with the original count.

c. Tally sheet marking will be done with two different colored pens; i.e., red and black. After each stack of 25 ballots is read, the counters will change pen colors.

d. If ballots are received with no vote cast, are illegible, or there are extra marks on the ballot to include any written name, the ballot is invalid. These votes will be counted as invalid to ensure all ballots are accounted for. They are then batched and secured with the other ballots. The C&E Committee has sole responsibility to invalidate ballots.

e. The votes will be totaled per nominee and invalid votes. For amendments and other issues, the votes will be totaled "for," "against," and "invalid."

f. Questioned ballots must be resolved prior to the counting of ballots. All questioned ballots will be resolved by a majority vote of the C&E Committee.

g. All materials used (paper for counting, etc.), along with all batched envelopes and ballots, will be secured with one copy of the Tally Sheets for at least six months in the CVEA office.

C. Election Results

1. Director Election

a. The nominee receiving the greatest number of votes for director shall be declared the winner.

b. In cases where more than one director position is to be elected and the terms of the director positions are not equal, the nominee receiving the greatest number of votes shall be elected to the directorship with the longest term. The nominee with the second-greatest number of votes shall be elected to the directorship with the next longest term. A drawing by lot will resolve any tie votes.

c. The Chair of the district C&E Committee shall report the election results at the annual meeting.

2. Other Voting

The C&E Committee Chair shall coordinate communications to comply with Bylaw Section 3.05, *Voting*, and to determine election results for reporting purposes.

3. Reporting Results

The C&E Committee Chairs shall report all voting results to the Membership at each district meeting.

307.3 Responsibility

A. Each C&E Committee Chair shall ensure compliance with this policy.

B. The Chief Communications Officer shall provide support as necessary to the C&E Committee.

C. The CEO is responsible to ensure all Cooperative policies are adhered to.

400 PERSONNEL POLICIES

400.1 Purpose

The purpose of this policy is to recognize the need for a staff of efficient, loyal, and well-trained employees who are vitally interested in the operation of the Cooperative. Employees need to know that loyalty, cooperation and growth in skills and effectiveness on the job will be recognized and rewarded. Therefore, it is advisable to define the employer-employee relationship through a series of personnel policies so that there may be mutual understanding of the special employment conditions under which the Cooperative employees function in their jobs. While an effort is made to identify most relationships and conditions, those not specifically identified remain the absolute prerogative of the Cooperative.

400.2. Policy

It shall be the policy of the Cooperative to adopt policies that will assure the Cooperative's personnel that loyalty, cooperation and growth in skills and effectiveness on the job are of mutual benefit to the Cooperative and the employees. Such personnel policies will be adopted to establish and define clearly in written form the special conditions relating to employment which will ensure a spirit of confidence, cooperation, understanding and loyalty so necessary in a successful business enterprise.

A. Provisions

The Board shall consider the personnel policies recommended by the CEO and adopt those policies that are consistent with sound personnel practices and with other policies and programs of the Cooperative. The Board reserves the right to amend all such personnel policies at such time as the Board considers such an amendment necessary. The Board retains the unilateral right to make such amendments, with or without the consent of the employees involved. When such policies, practices and procedures are amended by the Board, the amendment, where applicable, shall take effect and be effective as if the policy practice or procedure had always been written in the manner amended by the Board. In cases where the Board has delegated authority to management to promulgate administrative policies, such policies may be amended by management in the same manner as board policies.

B. In the event, that any conflict is found to exist between this policy manual and the Union agreement, the Union agreement shall prevail, providing that the affected employee is a Union member. Where no conflicts exist between the two documents, all employees shall be guided by this policy manual.

C. These policies will be used to ensure fair and equal treatment to all employees of the Cooperative. Any references within these policies to a gender shall be interpreted as applicable to either, interchangeably.

D. These policies are not intended to be all encompassing for all matters of concern to employee-employer relationships, rather the intent is to provide reasonable structured guidance.

IN ABSOLUTELY NO FASHION SHALL THESE POLICIES AND PROCEDURES BE, OR BE CONSTRUED TO BE, A CONTRACT, AGREEMENT, UNDERSTANDING OR OTHER CONTRACTUAL UNDERTAKING BETWEEN THE COOPERATIVE AND ANY APPLICANT FOR EMPLOYMENT OR EMPLOYEE.

400.3. **Responsibility**

The Board and the CEO shall administer these policies.