RULES AND REGULATIONS	NO. A-2

SUBJECT: Functions of the Board of Directors

I. OBJECTIVE

A. To establish, clarify, and interpret the responsibilities and authorities of the Board of Directors as set forth by law, the Articles of Incorporation, the Bylaws, and accepted business principles.

B. To provide direction to individual Directors in the performance of their duties and responsibilities.

C. To provide guidance to the member-owners in the selection of Directors.

II. POLICY

A. Statement of Accountability

The Board of Directors derives its authority from, and is directly accountable to, the member-owners of the Association. The Board of Directors is empowered by the member-owners and required by law to establish such actions as are necessary to attain the objectives of the Association by the protection of the Association's rights, interests, and assets, except such actions which by law, the Articles of Incorporation, or the Bylaws, are conferred upon or reserved to the members. Therefore, it shall be the policy of the Board of Directors of the Gunnison County Electric Association to use the following outline of relationships and responsibilities as a guideline for action and behavior of the Board as a whole and of the individual and collective members of the Board of Directors in fulfilling the Board's responsibilities and obligations to the member-owners of the Association.

B. Relationships

1. The Board of Directors reports to:

a. As a Board—the member-owners through the elected officers and others; and

b. As Individuals—the President as the chief presiding officer, or, in his absence, the Vice-President.

4th Revision Effective Date August 28, 2007 John P. Vader
Signature

Cancels 3rd Revision Dated January 27, 2004 President
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C. Responsibilities

The Board of Directors is expected to fulfill the following responsibilities:

1. To maintain the legal entity of the Association by:

   a. Complying with the provisions of the Articles of Incorporation, Bylaws, and regulatory and contractual requirements placed upon the Association by, but not limited to, federal, state, and local statutes and ordinances, the Rural Utilities Service (RUS) and other lending agencies, and the regulations of federal, state, and local commissions and agencies;

   b. Approving and recommending bylaw revisions to the membership as necessary or required;

   c. Executing, or having executed, all necessary legal contracts; and

   d. Ensuring that complete and accurate minutes of the Board and the annual membership meeting are prepared, maintained and approved.

2. To act as trustee for the member-owners by:

   a. Protecting the assets and interests of the Association;

   b. Complying fully with the provision of the Bylaws and policies;

   c. Assisting new members of the Board to develop a greater understanding of GCEA and to become oriented in their responsibilities;

   d. Informing or having the members informed of the objectives, plans, and programs of the Association;

   e. Participating in activities which add to the Association and help to fulfill its responsibilities to the area it serves; and

   f. Keeping informed and improving their knowledge and skills as members of the Board of Directors and using their knowledge and skills to contribute to the effective management of the Association.

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3. To provide organization and operational direction by:

   a. Formulating, approving, and periodically reviewing general policies for the operation of the Association; and

   b. Selecting a Chief Executive Officer and delegating to him/her the responsibility and authority for the operation of the Association within the limits of the general policies established by the Board of Directors.

4. To consider and adopt or approve in consultation with the Chief Executive Officer:

   a. Retail rates and classifications;

   b. Terms and conditions governing the provisions of electrical service to members;

   c. Major contracts such as, but not limited to, loan agreements, wholesale power contracts, franchises and construction contracts;

   d. Plans for meeting of members;

   e. Basic organization structure, wage and salary plan, and employee benefit program;

   f. Selection of legal, accounting, engineering, management, and other consultants working in the areas that affect the functions of the Board;

   g. Long and short range financial plans as required and necessary to maintain the economic stability of the Association;

   h. Long and short range engineering plans as required and necessary to maintain acceptable reliability and to provide for anticipated future demands of the Association's membership; and

   i. Annual work plans and operating budget.

5. To provide for the continuing operating and capital requirements of the Association by:

a. Considering the results of studies and recommendations prepared by the Chief Executive Officer;

b. Adopting rate changes and financial practices necessary to provide for operating requirements; and

c. Initiating loan applications.

6. To establish and periodically review measures and controls as recommended by the Chief Executive Officer to:

a. Prevent unauthorized action;

b. Determine progress in major areas;

c. Predict trends and forecast results;

d. Determine where action may be required;

e. Measure performance in relation to goals, plans, and budget; and

f. Measure the Board of Directors' progress in accomplishing the stated goals and objectives of the Association.

III. RESPONSIBILITY

A. The Board of Directors is responsible for the administration of this policy and may seek the advice of General Counsel regarding compliance.