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| Policy Type:   | Board Policy  |
| Policy No:     | 104   |
| Title:         | Board of Directors – CEO/General Manager Relationship |
| Date Reviewed: | April 25, 2023  |
| Date Revised:  | April 25, 2023  |

**SUBJECT: BOARD OF DIRECTORS – GENERAL MANAGER RELATIONSHIP**

- I. OBJECTIVE: To establish the policy governing the relationship between the Board of Directors and the CEO/General Manager, including the principles involved in the delegation of authority.
  
- II. POLICY: The Board of Directors of San Miguel Power Association, Inc. has adopted Policy 102, “Functions of the Board of Directors,” and Policy 105, “Delegations from the Board of Directors to the General Manager,” and in this policy, the statement recognizes, establishes, and maintains the following guidelines in its relationship with the CEO/General Manager:
  - A. It is recognized that good governance is critical for the success of SMPA. In exercising this governance function, the Board of Directors reserves its responsibility to establish financial, Board, and member policies, approve plans and programs, and delegate organizational management authority to the CEO/General Manager, except where prohibited by law, the Articles of Incorporation, or Bylaws.
  - B. The CEO/General Manager shall, among other things, have the authority to hire capable personnel within established wage scales, train and supervise, and, when necessary, replace them.
  - C. All policies of the Board of Directors shall be promulgated at regular and special meetings acting collectively as a Board. The Board of Directors shall adhere to Policy 110, External Communications, that its executive office (CEO/General Manager), the President, or in their absence, the Vice President, shall be the spokesman for the Board, except in cases previously authorized by the Board.
  - D. It shall be the policy of the Board of Directors to refrain, as individuals, from discussing managerial issues with the personnel of SMPA, except in cases where the Board of Directors may deem it necessary to confer with personnel at regular or special meetings of the Board. This policy also applies to the case that an employee of SMPA, other than the CEO/General Manager, attempts to discuss work-related issues directly with a Board member. In this case, the Board member shall direct the employee to the CEO/General Manager or, in the case that the employee is not comfortable taking the issue to the CEO/General Manager, to take the issue to SMPA’s General Counsel.
  - E. The purpose of this policy is to define the relationship that shall exist between the Board of Directors, who are elected representatives of SMPA members, and the CEO/General Manager, who is employed by the Board of Directors. Efficient management of SMPA requires mutual understanding of roles and cooperation between the Board of Directors and the CEO/General Manager. The CEO/General Manager is expected to produce results and report back to the Board of Directors on their stewardship. The Board of Directors will provide the CEO/General Manager latitude to exercise independent judgment in executing policies of the Board of Directors.



III. RESPONSIBILITY: The President of the Board of Directors shall be responsible for discussions with any violating Board member and, if necessary, bringing to the attention of the Board of Directors any non-adherence to this policy.