

# Duties and Responsibilities of a Golden Valley Electric Director

## Trusteeship

Because the cooperative exists by and for the members, elected board members act as trustees of the members' assets and interests. Directors are expected to act in a manner that is fair and equitable to all members, not just the members of the district each represents.

The third largest electric utility in the state, GVEA owns and operates nine generation facilities in Healy, Fairbanks, North Pole and Delta Junction, serving nearly 45,000 meters from Cantwell north along the Parks Highway and from Fairbanks south to Fort Greely along the Richardson Highway.

Directors hold the responsibility for managing this multi-million-dollar business with assets of nearly \$744 million and annual operating income that exceeded \$240 million in 2019.

## Authority and Responsibilities

Board members are responsible for several strategic and operational functions, including:

- Hiring the President & CEO
- Delegating appropriate authority to the President & CEO to fulfill his/her responsibilities
- Reviewing the performance of the President & CEO annually
- Establishing strategic initiatives
- Analyzing and approving policies, plans and budgets

## Legal Responsibilities

In addition to the requirements of state regulations and statutes, the board is bound by the requirements of:

- GVEA's Articles of Incorporation
- GVEA's Bylaws
- Board Policies and Procedures
- IRS regulations
- Requirements of the Rural Utility Services (formerly REA) and financial lenders

## Board Member Traits and Abilities

An effective board member has the willingness and ability to:

- Gain sufficient knowledge of GVEA to become an effective director
- Commit the time necessary to fulfill the duties and responsibilities
- Balance district needs with goals, philosophy and plans of entire co-op
- Study all materials carefully
- Ask probing questions
- Assume an objective role and consider tradeoffs and consequences of decisions
- Communicate with the members and understand their concerns

## Educational Commitment

To become and remain current with industry trends and best practices, directors are required to obtain the National Rural Electric Cooperative Association (NRECA) Credentialed Cooperative Director (CCD) designation within two and a half years of becoming a director. The CCD prepares a director to fulfill their fiduciary duty as an elected official serving on behalf of the cooperative. The CCD is earned by attending all five required courses and successfully completing a learning assessment of each. The courses are: Director Duties and Liabilities; Understanding the Electric Business; Board Operations and Process; Strategic Planning and Financial Decision Making.

## Time Commitment / Meetings

Serving on GVEA's board takes a considerable amount of time. A director can expect to spend the equivalent of 35 to 40 days a year on GVEA business. This includes in-town and out-of-town meetings as listed below, as well as additional time and travel for any external trade associations a board member may sit on.

- Regular monthly board meetings: 12 meetings per year, typically held the fourth Monday of each month
- Special board meetings: Approx. 3 to 4 per year
- Committee meetings: One meeting every few months
- National trade association meetings: Approx. 10 days – usually scheduled late January to early March
- Regional meeting: Approx. a 5-day event – usually scheduled in September
- Statewide meeting: Approx. a 3-to-4-day event – usually scheduled in August
- Legislative conference: Approx. 2-to-4-day event – usually scheduled February/March
- Educational requirements, as explained above

Note: Times noted includes travel and attendance in meetings/classes.

## Compensation

Directors do not receive salaries, but are compensated by meeting fees, mileage and federal per diem rates when traveling.

- Meeting fees, depending on meeting length and location, range from \$300 to \$600 per meeting, plus expenses. A board member can typically expect to be compensated \$12,000 to \$22,000, annually.
- Standard mileage rates apply for roundtrip travel.

Notes: (1) Due to the COVID-19 situation, the board unanimously agreed, at the April 27, 2020 Board Meeting, to take a 20% reduction in board fees.

(2) Health insurance is available. Any director who opts for this coverage pays 100% of the premium. In 2020, this is approx. \$1,625 per month.

