

**MORA - SAN MIGUEL ELECTRIC COOPERATIVE, INC.,
GENERAL BOARD POLICY
BOARD POLICY NO. 100**

NEW POLICY

SUBJECT: Define the Cooperatives Role - To provide the highest level of electrical service consistent with efficient and financially sound management principles.

OBJECTIVE: PHILOSOPHY - Develop an organization which will perpetuate its existence under all foreseeable conditions.

APPROACH - Provide leadership, consultation, management, effective administration of a well planned and efficient organization; maintain and develop community relations for mutual understanding and respect.

POLICY:

It shall be policy that the Board of Trustees ("Board") recognizes its full responsibility to the member-owners for the management of the internal affairs of the Cooperative, for good relations within the area served, and with Government and Public Agencies. It shall delegate detailed management to a full time Manager, but shall retain and exercise the functions of policy making, program planning, supervising and the execution of policies and programs, borrowing of money, letting of contracts, and general financial control.

The Board acknowledges its responsibility for assuring democratic functioning of the Cooperative, as provided for in its Bylaws, and for keeping its consumers fully informed. It acknowledges its obligation to promote consumer education in Cooperative principles and methods in effective use of electric energy, for the approval of the expenditure of funds, improvement and maintenance of facilities, good labor relations, building of community support, relations with other Rural Utility Services (RUS) Cooperatives and Associations, compliance with all provisions of the Loan Contract and mortgage covenants, and of other agreements to which the Cooperative is now or may hereafter become a party.

The Board is the governing body of the Cooperative which is locally owned, controlled and existing under State Law, and is responsible for the management of its own affairs, proper and successful construction and operation of its system, and the repayment of the RUS Loan. The relationship between RUS and this Cooperative is that of lender and borrower.

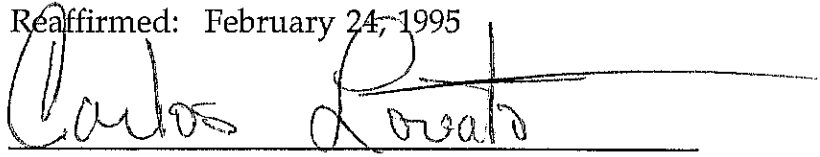
The Board, representing the Cooperative as a borrower, will request advice and assistance from the Lender (RUS), to enable the Borrower to move as fast as possible toward internal strength and soundness to guarantee its success as an independent local enterprise, thereby strengthening the security of the RUS Loan and establishing stronger consumer ownership and control.

The Board further recognizes its responsibilities as trustees for the government and the members of the Cooperative, in the receipt of all monies from the Government on requisitions, and that said monies shall be expended for the benefit of the Consumers in accordance with the RUS Loan Contract, the Bylaws of the Cooperative, and Administrative Policies of the RUS, that the affairs of the Cooperative are properly managed and that all monies received from the government and the consumers are duly accounted for, and that honest and capable personnel are employed and good service is rendered to Consumers.

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

Approved: April 13, 1993
Effective: April 13, 1993

Reaffirmed: February 24, 1995

A handwritten signature in cursive script, appearing to read "Carlos Rovato", written over a horizontal line.

Board Secretary