

Chief Executive Officer Performance Evaluation Policy
Pedernales Electric Cooperative, Inc.
Board Adopted: November 19, 2012
Board Amended: December 17, 2012, November 17, 2014

Objectives:

The objectives of the Chief Executive Officer Performance Evaluation Process are to:

- Establish performance expectations
- Provide a vehicle with which to measure Chief Executive Officer performance against expectations
- Give feedback to the Chief Executive Officer
- Support compensation adjustment decisions

Policy Content:

The Board of Directors believes that a strong and effective relationship between the Board and the Chief Executive Officer is critical to the long-term success of the Cooperative. Furthermore, an effective Chief Executive Officer Performance Evaluation Process is a key factor in creating and maintaining a strong and effective relationship between the Board of Directors and the Chief Executive Officer.

Process:

- A. The Vice President of the Board is delegated the responsibility for facilitating the performance evaluation process on an annual basis.
- B. The Board will perform a formal evaluation of the Chief Executive Officer's performance annually. Performance will be based on the achievement of corporate metrics defined in the Cooperative's current strategic plan, the achievement of current year strategic initiatives and the fulfillment of the Chief Executive Officer's primary management responsibilities.
- C. The Chief Executive Officer will complete the self-assessment portions of the performance evaluation form and provide it to the Board of Directors, along with the relevant data from which to support the completion of their evaluations. Each Director will complete the Chief Executive Officer Performance Evaluation and submit them to the Vice President for compilation. The Board will meet in executive session to review the compiled results of the performance evaluation. The Chief Executive Officer will not be present during deliberations with respect to the Chief Executive Officer's performance evaluation.
- D. Once the Board has completed their deliberations and arrived at consensus regarding the Chief Executive Officer's performance, the Board of Directors will meet with the Chief Executive Officer to review the results of the performance evaluation and provide feedback to the Chief Executive Officer to enhance his effectiveness and discuss expectations and goals for the upcoming year's annual performance review.

Reference: Board Resolution adopted on October 15, 2012