

RESOLUTION NO. 11-13622

A RESOLUTION AMENDING AND
RESTATING RULES OF PROCEDURE
AND GOVERNANCE POLICIES

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County, Washington (the "District") is a public entity governed by the laws of the State of Washington. The District's Commission has the authority to establish rules of procedure and governance policies as deemed necessary for the transaction of District business. RCW 54.12.090 provides that the Commission shall adopt rules governing the transaction of District business and shall elect officers. Further, the Open Public Meeting Act, RCW 42.30.070, requires the Commission to establish the time, place and manner for holding regular meetings.

Pursuant to Resolution No. 05-12704, Rules of Procedure and Governance Policies ("Governance Policies") were adopted by the Commission on May 2, 2005. The Governance Policies have been subsequently amended and restated at various times.

Revisions to the Governance policies include a restatement of the District's Mission and Vision statements; adding a hyperlink to the Balanced Scorecard; and various wording changes throughout the policies.

The Commission has determined that it is in the best interest of the District and its customer/owners to amend and restate the Commission's Governance Policies. The amended and restated Governance Policies are attached.

These amended and restated Governance Policies comply with all statutory requirements applicable to the District.

ACTION

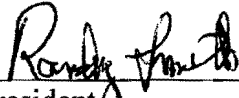
IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY
DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The amended and restated Governance Policies are hereby adopted and established by the Board of Commissioners of Public Utility District No. 1 of Chelan County, Washington and will be posted on the District's website and be on file with the District.

Section 2. All prior resolutions and motions that are inconsistent with these amended and restated Governance Policies are hereby rescinded.

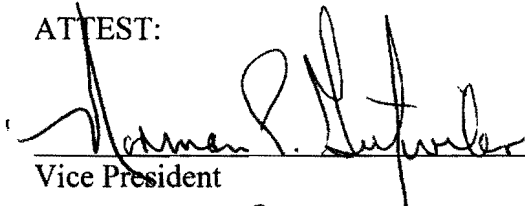
Section 4. These Governance Policies may be amended from time to time as deemed necessary or desirable by the Commission; provided, however, that such action shall be taken at a meeting at which all members of the Commission holding office at the date of such meeting are in attendance.

Dated this 24th day of January 2011.



President

ATTEST:




Vice President



Secretary



Commissioner



Commissioner

Seal



PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

GOVERNANCE POLICIES

**Originally Adopted May 2, 2005
and Amended Over Time**

Amended and Restated January 24, 2011

Table of Contents

	<u>Page</u>
I. STRATEGIC DIRECTION	1
Policy No. 1: Vision and Mission	2
II. ETHICS, CONFLICTS OF INTEREST, CULTURE OF COMPLIANCE AND TONE AT THE TOP	4
Policy No. 2: Ethics, Conflicts of Interest, Culture of Compliance and Tone at the Top	5
III. GOVERNANCE PROCESS	7
Policy No. 3: Purpose of Board of Commissioners	8
Policy No. 4: Governance Focus	9
Policy No. 5: Board Member Job Description	10
Policy No. 6: Board Members' Code of Conduct	12
Policy No. 7: Meetings of the Board	14
Policy No. 8: Officers of the Board and Election Thereof	17
Policy No. 9: Role of the Board President	18
Policy No. 10: Board Committees	19
IV. BOARD-STAFF RELATIONSHIPS	20
Policy No. 11: Unity of Control and Decision Making	21
Policy No. 12: Board-General Manager Relationship	22
Policy No. 13: Board-General Counsel Relationship	24
Policy No. 14: Board-Treasurer Relationship	25
Policy No. 15: Board-Internal Auditor Relationship	26
Policy No. 16: Board-Clerk of the Board Relationship	27



PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

GOVERNANCE POLICIES

I. STRATEGIC DIRECTION

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

I. STRATEGIC DIRECTION

POLICY NO. 1

TITLE: VISION AND MISSION STATEMENTS

The Board has determined that the following vision and mission statements include the appropriate strategic direction for the District. These principles are core values of the District and its customer/owners. All decisions by the Board shall be governed by these principles.

VISION

To be valued as an innovative, trusted and highly respected public utility for generations to come.

MISSION

To provide sustainable, reliable utility services that enhance the quality of life in Chelan County.

INDICATORS AND BALANCED SCORECARD

The Board periodically adopts and reviews objectives, metrics and a “balanced scorecard” to track and monitor appropriate indicators to review the success of the District’s Vision and Mission and strategic plan. The Board’s balanced scorecard and supporting materials can be found on the District’s website at <http://www.chelanpud.org/board-strategy-map.html>.



PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

GOVERNANCE POLICIES

II. ETHICS, CONFLICTS OF INTEREST, CULTURE OF COMPLIANCE AND TONE AT THE TOP

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

**II. ETHICS, CONFLICTS OF INTEREST, CULTURE OF COMPLIANCE AND
TONE AT THE TOP**

POLICY NO. 2

ETHICAL STANDARDS

The Board is committed to conducting business with high ethical standards and in accordance with all relevant legal and regulatory requirements. As such, each Board member will use good judgment, foster compliance with laws and regulations, will adhere to high ethical standards and will avoid situations that create an actual or perceived conflict between their personal interests and those of the organization.

There is no way to develop a comprehensive, detailed set of rules to cover every business situation. The tenets in this policy outline some basic guidelines for ethical behavior by Board members.

- Board members shall comply with RCW 42.23 “Code of Ethics for Municipal Officers – Contract Interests” and other laws and regulations regarding applicable ethical standards.
- Board members shall comply with RCW 42.17.130 which generally provides that District facilities, including office space, stationery, postage, copiers, computers or other equipment, will not be used to assist in the campaign for election of any person to any office or for the promotion of or opposition to any ballot proposition.
- The Board members will avoid conflicts of interests or perceived conflicts of interests. Conflicts of interest may arise when a Board member’s position or responsibilities present an opportunity for personal gain, or when a Board member’s personal interests conflict with the interests of the District. Conflicts of interest or unethical behavior may take many forms including, but not limited to, the acceptance of gifts from contractors, consultants, vendors or potential vendors of the District that are intended or could be perceived as intended to obtain favorable treatment. Gifts may be accepted if they have nominal retail value and on appropriate occasions (for example, a modest holiday gift; meals with contractors and others when District business is discussed; social event). Board members should not accept any form of remuneration or non-business related entertainment that may appear to be in exchange for favorable treatment of the vendor, contractor or consultant.
- Board members shall not use or provide to third parties any information, products, or materials acquired from or developed by the District or District employees for personal gain or to the District’s detriment.

CULTURE OF COMPLIANCE

The Board recognizes that the District is subject to a multitude of federal and state regulations and the accompanying compliance risks and opportunities. The Board is committed to the District meeting those regulatory requirements.

The Board encourages an active culture of compliance for each Board member and employees of the District. A culture of compliance means that Board members and District employees learn, understand and follow the laws and regulations that affect their job responsibilities.

The District's culture of compliance will continue to guide and reinforce decisions and choices made every day by the Board and District employees.

TONE AT THE TOP AND INTERNAL CONTROLS

The Board, in its governance responsibilities, is committed to the General Manager's establishment of an internal control environment as part of the District's culture of compliance. An effective internal control environment sets the tone for the District, influencing appropriate behavior. This "tone at the top" is important to the Board as a policy to be managed and carried out by the General Manager and General Counsel/Chief Compliance Officer.

The Board supports the General Manager's encouragement for all employees to report and discuss concerns regarding any compliance or ethical issues or situations. Employees should feel free to report concerns to the appropriate District staff as set out in the District's Administrative Policies. As stated by the General Manager in those Administrative Policies, retaliation for good faith reporting of issues or concerns will not be tolerated. The Board encourages the values of openness, transparency, integrity and cooperation among District staff under the leadership of the General Manager.

Further, the Board is supportive of the efforts by District management to proactively maintain the District's control environment.



PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

GOVERNANCE POLICIES

III. GOVERNANCE PROCESS

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 3

TITLE: PURPOSE OF BOARD OF COMMISSIONERS

The Board is the legislative body of Public Utility District No. 1 of Chelan County, Washington pursuant to the Public Utility District Act, RCW Title 54, and all other applicable statutes and laws. The powers of the District are exercised through a five-member Commission pursuant to RCW 54.12.010.

The purpose of the Board of Commissioners is to:

- Identify and define the strategic direction of the District, along with the results that the District is to achieve, and communicate them in the form of policy.
- Identify and define those results or conditions of the District that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- Review and approve the budget in a timely manner.
- Actively seek customer/stakeholder input.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 4

TITLE: GOVERNANCE FOCUS

The Board governs with an emphasis on (a) outward vision and the future, (b) encouragement of diversity in viewpoints, (c) strategic leadership, (d) clear distinction of Board and General Manager roles, (e) collaborative rather than individual decisions, and (f) being proactive rather than reactive.

Specifically:

- The Board cultivates an atmosphere of group responsibility. The Board is responsible for excellence in governing. The Board defines and initiates policy. The Board relies upon the expertise of individual members to enhance the ability of the Board as a body.
- The Board directs, evaluates and inspires the organization through the careful establishment of written policies reflecting the Board's values.
- The Board will establish and adhere to the standards needed to govern with excellence. Standards will apply to matters such as attendance at meetings, preparation for meetings, policymaking principles and codes of conduct. (Policy No. 6 and statutes)
- Continual Board development, which includes orientation of new Board members in the Board's adopted governance policies and processes, periodic training and education, Board discussion of process improvement for the Board members and review of the policies and procedures.
- The Board will regularly discuss and evaluate its performance. Self-monitoring includes comparison of Board activities to policies adopted by the Board. The Board will determine the appropriate manner of this feedback and evaluation.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 5

TITLE: BOARD JOB DESCRIPTION

The specific job duties of the Board as the elected representative body are to ensure appropriate organizational performance in reference to the Board's purpose as described in Policy No. 3.

Specifically, the Board:

- Regularly attend Board meetings.
- Identifies and defines the strategic direction of the District; leads the long-range planning and goal setting for the District; and reviews and revises, as appropriate, the Mission and Vision statements of the District and other guiding policy documents.
- Maintains written policies to ensure a high quality of governance and clear direction and roles in decision-making between the Board and General Manager.
- Recognizes their individual and collective fiduciary duties to protect and enhance the District as a customer-owned utility with due diligence using sound business judgment.
- Hires the General Manager to handle the day-to-day operations of the District and fulfill the duties outlined in Policy No. 12.
- Semi-annually monitors and evaluates the performance of the General Manager. Determines the proper compensation for the General Manager annually.

The Board's evaluation criteria will focus on the District's strategic objectives and will communicate to the General Manager any additional goals or objectives at the time of evaluation. Any new goals or objectives will be reviewed at the following evaluation.

- Annually evaluates the performance of General Counsel.

The Board's evaluation criteria will focus on the District's strategic objectives and will communicate to the General Counsel any additional goals or objectives at the time of evaluation. Any new goals or objectives will be reviewed at the following evaluation.

- Develops and uses outreach mechanisms to ensure the Board hears the strategic viewpoints and values of its customer/owners, the community and other interested stakeholders. Community relations is an ongoing activity for all Board members.
- Adopts the District budget on an annual basis, reviews the budget semi-annually and amends the budget as necessary and appropriate.
- Contracts with an external independent auditor to audit the District's finances and procedures. Assures that the District's Audit Committee operates appropriately as set forth by resolution. Individual Board members may meet with the external independent auditor upon completion of the audit.

- Make those operational decisions designated by statute.
- Make all decisions concerning the employment and performance evaluation of the General Manager and participate in the evaluations and hiring of General Counsel and other appointed positions as described in Policy Nos. 12, 13, 14, 15 and 16.
- Sets the rates, rules and regulations for services and products provided by the District.
- Takes such other actions as may be required by statute.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 6

TITLE: BOARD MEMBERS' CODE OF CONDUCT

The Board stands in a fiduciary relationship to the District. In a broad overview, the Board's duty of care requires the Board to be attentive to the District's business, including being reasonably informed as to decisions facing the Board, and to have a rational basis for decisions. Board members exercise utmost good faith in furthering the interests of the District and its customer/owners.

The Board commits itself and its members to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum. Board members will avoid even the appearance of impropriety to ensure and maintain public confidence in the District.

Specifically:

- Board members conduct themselves in accordance with all laws, including, but not limited to, the Open Public Meeting Act, RCW 42.30, and the Code of Ethics for Municipal Officers – Contract Interests, RCW 42.23.
- Board members conduct themselves with civility and respect at all times with one another, with staff and with members of the public.
- In their capacity as a Board member, Board members represent the interests of Chelan County PUD customer/owners. This supersedes any conflicting interest such as that to advocacy or interest groups and membership in other organizations. It also supersedes the personal interest of any Board member.
- A Board member will disclose any position of authority they hold with – or investment in – a business that contracts with the District or a business that is of the type which has contracted with the District, pursuant to applicable statutes.
- Board members will declare conflicts of interest between the position of Commissioner and his/her personal or business life and abstain from voting and involvement in discussion when appropriate.
- Board members may not attempt to exercise individual authority over Chelan County PUD or staff except as explicitly set forth in Board policies.
 - a) Board members recognize the lack of authority vested in them as individuals in their interactions with the General Manager or with staff, except where explicitly authorized by a Board decision.
 - b) In their interactions with the public and other entities, Board members recognize that until formal action is taken by the Board as a whole, individual members do not speak for the Board.

- c) Board members endeavor to express their individual opinions in a responsible manner.
- Board members recognize the organizational protocol within the District.
 - It is not unusual for a staff member to take a concern or complaint directly to a Board member. It is the responsibility of the Board member to remind the staff person of the appropriate organizational protocol and advise the staff person to take the issue up with his/her immediate supervisor, the supervisor's manager or, finally, the Human Resources Director and the General Manager.
 - In accordance with the Open Public Meetings Act, RCW Title 42.30, a quorum of the Board meets at publicly noticed meetings to take action as defined by that statute. As authorized by statute, Board members may meet individually or in small groups (less than the number needed for a quorum) with staff or others for the purpose of discussing District business.
 - Any performance evaluations within the purview of the Board will be performed in a closed executive session in accordance with the Open Public Meetings Act and with all members of the Board holding office at the date of the meeting being present. Action to hire or discharge the General Manager or General Counsel shall be taken at a meeting at which all members of the Board holding office at the date of such meeting are in attendance.
 - Board members may request and review the records of the District as necessary to carry out their responsibilities and in conformance with these Governance Policies. To coordinate communication, the Board members will make their best efforts to request records from the Clerk of the Board. District personnel files (other than the files of the General Manager and General Counsel) may be available to the Board members only to the extent the records would be available to a member of the public under the Public Disclosure Act.
 - Board members will respect the confidentiality of executive session discussions and issues regarding personnel, real estate transactions, proprietary matters, and attorney-client privileged communications.
 - Board members will be properly prepared for Board meetings and deliberations.
 - Board members will abide by applicable District policies and procedures, including policies regarding travel, use of credit cards, use of District vehicles, violence in the workplace, workplace harassment, health information privacy rights and the use of District Resources, computers, internet and electronic mail.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 7

TITLE: MEETINGS OF THE BOARD

- Regular Meetings. Regular meetings of the Commission, subject to the provisions of Section 2 hereof, shall be held on Monday of each week at the hour of 1:00 o'clock p.m. at the office of the District, 327 North Wenatchee Avenue, Wenatchee, Chelan County, Washington, and no notice of such meetings shall be required. A regular or special meeting of the Commission may be held in other locations within the District or outside the District where necessary. In such event notice of the time and place of such meeting shall be given in the same manner as is required for a special meeting under Section 4 hereof. If at any time any regular meeting falls on a non-working holiday, such regular meeting shall, unless otherwise rescheduled by the Commission, be held on the next business day at the same hour and place. If by reason of fire, flood, earthquake or other emergency it shall be unsafe to meet in the place designated, the meetings may be held for the duration of the emergency at such place as is designated by the President of the Commission. It shall not be a violation of this provision for Board members to travel together or gather for purposes other than a meeting, provided that no action is taken.
- Study Meetings. The Commission of the District finds that it is in the District's best interest for the Commission to commit meeting time to better understanding the District's problems and facilities by convening regular meeting study sessions and, on occasion, visitation to District facilities away from the Wenatchee office. In furtherance of the foregoing finding, the Commission hereby designates that every other week the Board's regular meetings may be Study Meetings pursuant to the published schedule. The Study Meetings shall commence at the hour of 1:00 o'clock p.m. A Study Meeting shall constitute a regular Commission meeting but, in the absence of a showing of immediate need for Commission action, shall be devoted exclusively to Commission study and education pertaining to District facilities and problems. In the event an item is determined by the General Manager to require Commission action during a Study Meeting, that item shall be published in the meeting agenda not later than the time of commencement of a Study Meeting.
- No Meetings on 5th Mondays. Meetings will not be regularly scheduled to occur on the fifth (5th) Monday of a month. A regular meeting will be scheduled, however, for the fifth (5th) Monday in November if such occurs in any year.
- Change of Time/Place. Meetings of the Commission held at the time and place specified in Section 1 and 2 hereof shall require no special notice. However, if the Commission shall convene a meeting at a time other than as specified or at a location other than at the office of the District in Wenatchee, Washington, written notice of the time and location of such meeting shall be posted on the entry door of the regular meeting room of the Commission in Wenatchee and such notice shall be provided in the manner specified in RCW 42.30.080 to each local newspaper and local radio or television station which has on file with the District a written request to be notified of any special meetings.
- Special Meetings. A special meeting of the Commission may be called at any time by the President of the Commission or by a majority of the members of the Commission as set forth in RCW 42.30.080 with notice being given at least 24 hours prior to the meeting.

- Adjournments and Continuances. The Commission may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place as specified. Such adjournments shall comply with RCW 42.30.090. Any hearing being held, noticed or ordered to be held by the Commission at any meeting may, by order or notice of continuance, be continued or recontinued to any subsequent meeting of the Commission in the same manner and to the same extent set forth above in compliance with RCW 42.30.100.
- Executive Sessions. The Commission may hold executive sessions during any regular or special meetings as authorized in RCW 42.30.110.
- Minutes. All proceedings of the Commission of the District shall be by motion or resolution recorded in its minute books. The minutes shall be kept by the Clerk of the Board and shall be a public record. When the Commission is in executive session, no minutes shall be required or taken. Minutes are not intended to be a verbatim account of meetings. Minutes will not be available to the public as final until the Board has reviewed and approved the minutes. This section is adopted in compliance with RCW 54.12.090 and RCW 42.32.030.
- Recording. Recording of regular meetings will be governed by Resolution No. 11-13612 as may be amended.
- Attendance/Appearance by Telephone. The Open Public Meeting Act is silent as to whether Board members may attend meetings via telephone. The Commission of the District determines that it is appropriate and in the best interests of the District to authorize Board members to attend/appear at a public meeting via telephone if such telephonic appearance can be accommodated given the place of the meeting. The Board member requesting to appear by telephone will make necessary arrangements with the Clerk of the Board. A Board member shall not attend more than two consecutive meetings nor a total of six meetings per calendar year via a telephone connection unless there are extenuating circumstances and the majority Board approves additional telephonic attendances by an individual Board member. A Board member attending by telephone will not vote on any agenda item; provided, however, that a vote via telephone connection may be allowed if such vote is necessary due to an emergency or time constraints related to action. District staff will advise the Commission as to the nature of the emergency or time constraints at the meeting and a majority of the Board members, including any member attending by telephone, will determine if the vote via telephone will be allowed. Unless approved by motion of the Commission for a specific issue, Board members shall not attend or appear at executive session discussions via a telephone connection.
- Quorum. A majority of the persons holding the office of public utility district commissioner at any time shall constitute a quorum of the commission for the transaction of business, and the concurrence of a majority of the persons holding such office at the time shall be necessary and shall be sufficient for the passage of any resolution, but no business shall be transacted except in the usual and ordinary course, unless there are in office at least a majority of the full number of commissioners fixed by law pursuant to RCW 54.12.090. Action to hire or discharge the General Manager or General Counsel shall be taken at a meeting at which all members of the Board holding office at the date of such meeting are in attendance.

- Resolutions and Motions. All proceedings of the Commission shall be by motion or resolution recorded in a book or books kept for such purpose, which shall be public records pursuant to RCW 54.12.090. Voting on all motions shall be by voice unless a recorded vote is called for by a member, in which case the Clerk of the Board shall record the vote of each Commissioner. All matters which, in the judgment of the Commission, are legislative in nature shall be embodied in the form of resolutions. Resolutions shall be numbered consecutively and the original copy of each resolution shall be signed by all of the Commissioners who voted for the passage of such resolution as required in RCW 54.12.090. All resolutions and motions shall be adopted at a meeting open to the public held on a date fixed by law or Commission rule or at a meeting of which notice has been given in accordance with the Washington Open Public Meeting law.
- Parliamentary Procedure. All questions of parliamentary procedure that may arise during the course of Commission meetings shall, unless contrary to the laws of the State of Washington or the specific rules established herein, be governed by the provisions of *Robert's Rules of Order (Revised)*. The Board may appoint a parliamentarian.
- Compliance with Open Public Meeting Act. All aspects of the Commission meetings shall comply with and shall be governed by the Open Public Meeting Act, RCW 42.30. Any questions as to the applicability of the Act or its requirements shall be directed to and answered by the District's General Counsel or attorney designated by the General Counsel.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 8

TITLE: OFFICERS OF THE BOARD AND ELECTION THEREOF

The officers of the Board of Commissioners shall be a President and a Secretary as specified in RCW 54.12.090. In addition, to facilitate the orderly transaction of District business, the Board shall annually elect a Vice-President to act in the absence of the President and Secretary respectively.

The Board shall elect each year a President, Vice-President and Secretary under the following terms:

- The selection of President, Vice-President and, Secretary for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in January if all five members of the Board are present or the next regularly scheduled meeting when the full Board is present.
- The terms of President, Vice-President and Secretary shall be for a period of one year, or until such time as a successor has been selected pursuant to these rules.
- During the absence of the President, the Vice President will preside and, in the event that both the President and Vice President are absent, the Secretary will act as President pro tem.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 9

TITLE: ROLE OF THE BOARD PRESIDENT

The President is the chief executive officer of the Commission and shall preside over and facilitate all Board meetings in accordance with these governance principles and *Roberts Rules of Order (Revised)*. The President:

- ensures that the Board acts consistently with its own rules and policies.
- ensures that meeting discussions focus on those issues which, according to Board policy, are to be made by the Board.
- ensures that deliberation is fair, open and thorough, but also timely, orderly and kept to the point. The President will also ensure that time is made available at the Board meetings for public comment.
- schedules and coordinates the process of evaluating the General Manager and General Counsel and setting the appropriate compensation for the General Manager.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

III. GOVERNANCE PROCESS

POLICY NO. 10

TITLE: BOARD COMMITTEES

The Board may establish ad hoc advisory and standing committees. All committees should include designation of members, chair and stated goals and outcomes.

The Board will review the committees at least annually to determine whether they should continue.

Specifically:

- Committees will ordinarily assist the Board by gaining education, considering alternatives and implications and preparing policy alternatives.
- Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- Board committees will not exercise authority over staff nor interfere with the delegation from the Board to the General Manager.
- Participation in committee meetings shall be in compliance with the provisions of the Open Public Meeting Act in that if three or more Board members are present, then the meeting must be properly noticed as a public meeting.
- This policy applies to any group which is formed by Board action, whether or not it is called a committee. It does not apply to committees formed under the authority of the General Manager.

The Audit Committee created by Resolution No. 04-12597 is an existing standing committee. Resolution No. 04-12597 appoints the President and Vice President of the Board as members of the Audit Committee. In the event the President or Vice President is unable to attend an Audit Committee meeting, the Secretary will serve as the alternate member of the Audit Committee for the purposes of the meeting(s).



PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

GOVERNANCE POLICIES

IV. BOARD-STAFF RELATIONSHIPS

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

IV. BOARD-STAFF RELATIONSHIPS

POLICY NO. 11

TITLE: BOARD DIRECTIVES (UNITY OF CONTROL AND DECISION MAKING)

Only decisions of the Board acting as a body are binding as directives.

Specifically, in or out of the Board meetings:

- Decisions or instructions of individual Board members, officers or committees are not binding on the General Manager, General Counsel, Treasurer, Internal Auditor, Clerk of the Board, Executive Managers or any staff members.
- Board members may communicate directly with District employees or contractors. However, individual Board members will not give directives to such employees or contractors.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

IV. BOARD-STAFF RELATIONSHIPS

POLICY NO. 12

TITLE: BOARD-GENERAL MANAGER RELATIONSHIP

The Board of Commissioners governs the Public Utility District of Chelan County, Washington. The Board operates under the provisions of the Public Utility District Act of the State of Washington, RCW Title 54, and other applicable statutes.

The General Manager is appointed by the Board as the Chief Administrative Officer of the District. As provided in RCW 54.16.100, the General Manager is responsible to the Board for the efficient and effective administration of the business of the District.

The General Manager is responsible for all operations of the District as well as the business affairs of the District within the strategic policies adopted by the Board. Specifically, the General Manager will:

- Attend Board meetings and report on the general affairs of the District.
- Regularly report to the Board circumstances or issues that impact the strategic direction and policies established by the Board and request appropriate action.
- Carry out the lawful directives of the Board of Commissioners.
- See that the laws pertaining to the operation of the District are followed.
- Keep the Commission advised as to the financial condition and needs of the District.
- Present an annual estimate of expenses of the District, a budget and work to be undertaken.
- Recommend to the Commission a scale of compensation to be paid for different classes of service within the District. The specific compensation to be paid to particular employees is within the discretion and control of the General Manager.
- Determine the appropriate staffing level for the District; job descriptions of employees; and hire, replace, promote, evaluate and discipline employees of the District, except as specifically outlined in these Governance Policies with respect to appointed positions of the Board.
- Achieve the results established by the Board pursuant to the applicable codes of conduct and statutes.
- Ensure the smooth and continuous operation of the District in the event of the planned or unplanned absence of the General Manager.
- Establish administrative policies for the operation of the District and its personnel.

- Interact with the public, other utilities, government agencies and other stakeholders of the District. The General Manager shall assure, in cooperation and consultation with the Board, that the District is appropriately represented in the community.
- Represent the District in a positive manner in the community and the utility industry.
- Be actively engaged in local, regional and national organizations related to the utility industry.
- Perform other responsibilities as may be delegated by the Board.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

IV. BOARD-STAFF RELATIONSHIPS

POLICY NO. 13

TITLE: BOARD-GENERAL COUNSEL RELATIONSHIP

The General Counsel is the attorney for the District. The General Counsel reports both to the Board and to the General Manager.

All matters of legal concern to the District shall be discussed with the General Counsel (or attorney designated by General Counsel).

The Board of Commissioners and General Manager are responsible for and will jointly participate in hiring or replacing the General Counsel.

The General Manager and the Board are each responsible for evaluating the General Counsel's performance. Further, the Board and General Counsel shall have discussions as needed regarding expectations and performance.

With respect to the Board, the General Counsel (or attorney designated by General Counsel) will:

- Attend Board business meetings as necessary and participate in committees as appropriate.
- Provide legal advice whenever deemed necessary by the General Counsel or when required by the Board.
- Inform the Board of material legal issues impacting the District or the Board.
- Provide advice independently of the General Manager and Executive Managers.
- Provide counsel to the Board and individual Board members with regard to conflict-of-interest issues and other ethical matters.
- Assist the District, the Board and Board members in complying with applicable statutes and laws.
- The General Counsel shall not provide legal counsel to Board members except in their role as Board members.
- Ensure continuous legal advice to the Board and General Manager in the event of the planned or unplanned absence of the General Counsel.
- Provide information to the General Manager to share with the Board as to use of outside counsel.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

IV. BOARD-STAFF RELATIONSHIPS

POLICY NO. 14

TITLE: BOARD-TREASURER RELATIONSHIP

Pursuant to RCW 54.24.010, the Commission may designate a person other than the County Treasurer to serve as the District's Treasurer. The Commission shall designate a District employee as the District's Treasurer. The Treasurer must have experience in financial or fiscal matters. The Treasurer shall be responsible to comply with applicable statutes regarding the finances of the District.

The Treasurer provides independent financial advice to the Board and management. The Treasurer reports to the Chief Financial Officer for administrative matters.

The Chief Financial Officer, with input from the General Manager and Board, is responsible for the hiring, evaluation and termination of the Treasurer.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

IV. BOARD-STAFF RELATIONSHIPS

POLICY NO. 15

TITLE: BOARD-INTERNAL AUDITOR RELATIONSHIP

Pursuant to RCW 54.24.010, the Board shall appoint an auditor who shall be responsible to approve orders or vouchers and issue warrants. In addition, the District's Internal Auditor will provide independent, objective advice to the Board and management designed to improve the District's operations and to ensure adequate internal controls and compliance with applicable laws.

The Internal Auditor reports to the General Counsel for all administrative matters and to the Audit Committee on audit activities. The Board may provide input into the audit planning process and may require that special projects and reviews be conducted through the Audit Committee.

The General Counsel, with input from the Board and General Manager, is responsible for hiring, evaluating and terminating the Internal Auditor.

The Internal Auditor shall conduct audit reviews as identified in an annual audit plan and special projects requested by the Board, the Audit Committee, General Manager or General Counsel. The work of the auditor shall provide reasonable assurance regarding the achievement of objectives in the following areas:

- Adherence to plans, policies and procedures.
- Compliance with applicable laws and regulations.
- Effectiveness and application of administrative and financial controls.
- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Safeguarding assets.
- Employee issues involved with reporting of improper/illegal government actions as outlined in the District's "whistle blowing" policy.
- The proper functioning of the District's Audit Committee.

The Internal Auditor shall have unlimited access to all activities, records, property and personnel of the District.

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
GOVERNANCE POLICIES**

IV. BOARD-STAFF RELATIONSHIPS

POLICY NO. 16

TITLE: BOARD-CLERK OF THE BOARD RELATIONSHIP

The Clerk of the Board assists the Board in fulfilling its various responsibilities. The Clerk of the Board serves under the direction and control of the Board and also may serve as the General Manager's administrative assistant.

The General Manager and the Board of Commissioners are jointly responsible for hiring and replacing the Clerk of the Board.

The General Manager is responsible for evaluating the performance of the Clerk of the Board after consultation with and input from the Board.

The Clerk of the Board will:

- Communicate Board members' requests to District management and staff related to constituent affairs.
- Coordinate with District management and staff in responding to Board member requests related to constituent affairs.
- Handle all other matters that are properly delegated to him or her by the Board.
- Notwithstanding these activities, the Clerk of the Board is not empowered to instruct or direct District management or staff.
- Keep and maintain Board minutes and resolutions.
- Ensure continuous assistance to the Board in the event of the planned or unplanned absence of the Clerk of the Board.
- Accept service of process as appropriate pursuant to statutes.