



GLOBAL GOVERNANCE COMMITMENT

Governance Process

On behalf of the customer-owners of Snohomish County and Camano Island, the Board of Commissioners for Public Utility District No. 1 of Snohomish will govern to ensure the utility achieves desired results for customers-owners in accordance with strategic goals and objectives.

GOVERNING STYLE

Governance Process

The Board will govern with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and management roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board, not the employees, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to employee initiatives. The Board may call on the experience of individual members to enhance the ability of the Board as a body, rather than to substitute the individual judgments for the Board's values.
2. The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
3. The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, codes of conduct, and ensuring the continuance of governance capability.
4. Continual Board development will include orientation of new Board members in the Board's governance process and periodic Board discussion of process improvement.
5. Board members will elevate and reinforce the District and the Board's presence in the community through involvement in community events, associations, and meetings.
6. The Board will allow no individual Board member to hinder or be an excuse for not fulfilling its commitments
7. The Board will monitor and discuss the Board's process and performance. Self-monitoring will include comparison of Board activity and discipline to policies in the governance process and Board-CEO/General Manager linkage categories.

BOARD JOB DESCRIPTION

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Specific job outputs of the Board, as an informed agent of the people of Snohomish County and Camano Island, are those that ensure appropriate organizational performance.

Accordingly:

1. The Board will establish the link between the Public Utility and the people of Snohomish County and Camano Island.
2. The Board will establish and maintain written governing policies, which, at the broadest levels, address each of the following:
 - A. **Ends:** Organizational products, impacts, benefits, outcomes, and their relative worth for recipients.
 - B. **Executive Limitations:** Constraints on executive authority, which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - C. **Governance Process:** Specification of how the Board conceives, carries out and monitors its own task.
 - D. **Board-CEO/General Manager Linkage:** How power is delegated and its proper use monitored; the General Manager role, authority and accountability.
3. The Board will ensure the CEO/General Manager's performance (against policies in GP-3.2.A **Ends** and GP-3.2.B **Executive Limitations**).
4. To the extent required by law, as advised by the District's General Counsel from time to time, the Board will perform the following non-delegable, statutorily-assigned duties (which is not an inclusive list):
 - A. Personnel
 1. Fix compensation of employees by establishing a scale of salaries for specific classes of work.
 - B. Finance
 1. Adopt the District's yearly budget.

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2. Approve vouchers for all warrants issued.
3. Authorize certain banks as depositories of District funds and surety bonds therefor.
4. Create certain special funds, and authorize the issuance of revenue bonds.
5. Authorize the purchase of liability insurance for District officers and employees.

C. Rates/Fees

1. Establish and maintain rates and charges for electric energy and water and various other services, facilities, and commodities sold, furnished, or supplied by the District.

D. Local Utility Districts

1. Form and establish the method of procedure in all matters relating to local utility districts.

E. Contracts

1. Rule as to whether bids are “responsive” to call for bids and whether bidders are “responsible” under the conditions of bid.
2. Authorize certain wholesale contracts for the sale of energy or water.

F. Property

1. Authorize acquisition by condemnation and the disposition of certain properties and payment therefor.

G. Environmental

1. Adopt SEPA rules and procedures.

H. Other

1. Revise Commissioners’ district boundaries.

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5. Executive Session Materials and Information

The Board may convene an executive session as permitted by law. It is a violation of Washington State law and this Policy to disclose publicly what is discussed and reviewed in executive session. All comments made and all written materials reviewed during an executive session are confidential by law and shall not be publicly disclosed or removed from the premises of executive session by any Board member or attendee of the executive session absent a vote of the Board majority on the record in a public meeting. This restriction applies to all executive session discussions and materials regardless of whether the District's counsel is present or not.

6. Attorney-Client Privilege and Work Product

The District, and not any individual Board member, is the holder of any attorney-client privilege with the District's counsel or outside counsel and any attorney work product protection. No individual Board member shall make any disclosure or release any information, which would result in the waiver of the attorney-client privilege or work product protection absent a vote of the Board majority on the record in a public meeting.

AGENDA PLANNING

Governance Process

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda, which (a) completes a re-exploration of Ends policies annually and (b) continually improves Board performance through Board education and enriched input and deliberation.

1. The cycle will conclude each year on the last day of September so that administrative planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.
2. The cycle will start with the Board's development of its agenda for the next year.
 - A. Consultations with selected groups in the ownership, or other methods of gaining ownership input, will be determined and arranged in the first quarter, to be held during the balance of the year.
 - B. Governance education and education related to ends determination, (e.g., presentations by futurists, demographers, advocacy groups, employees, etc.) will be arranged in the first quarter, to be held during the balance of the year.
3. Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.
4. CEO/General Manager monitoring will be included on the agenda if monitoring reports show policy violations or if policy criteria are to be debated.
5. Any Board member may place an item on the agenda during a board meeting.
6. No item shall be placed on the Board's agenda without full reference to all associated Board policies.
7. During the month of February, CEO/General Manager remuneration will be decided after a review of his/her performance.
8. At the first regular Commission meeting in December of each year, the Commission shall elect officers of the Board to serve for terms of one-year or until such time as a successor has been selected for each such officer position. These terms will commence at the time of the first regular meeting in January of the year following election.

AGENDA PLANNING

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- A. Board Officers serve at the pleasure of the Board. Officers may be removed from their position by the vote of two Board members. Any Board member may decline serving as an officer. In the event of such removal or declination of service, the vacated officer position shall be elected by the Board at the next regularly scheduled meeting.

- B. The Board President shall assume any responsibility of the Board that is not specifically assigned to another Board member.

RULES OF PROCEDURES

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Regular Meetings. Regular meetings of the Commission generally shall be held on the first and third Tuesdays of each month at the office of the District, 2420 California Street, in Everett, Washington, except as such schedule may be adjusted by the Board from time to time. 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.

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. Every effort shall be made to ensure that all Board members can attend.

Attendance/Appearance by Electronic Means. The Open Public Meeting Act is silent as to whether Board members may attend meetings by telephone or other electronic means. The Commission of the District determines that it is appropriate and in the best interests of the District to authorize Board members to attend or appear at a public meeting via electronic means if such appearance can be accommodated given the place of the meeting. The Board member requesting to appear by electronic means will make the necessary arrangements with the Clerk of the Board in advance.

Attendance at Community Events and Conferences. Commissioners may attend community events and conferences if they are related to the District's business. Commissioners will annually budget for the attendance of Commissioners at community events and conferences. Any community events and conferences outside the approved budget will be brought to the Board for approval

Board members are expected to coordinate with or notify the Clerk of the Board of their planned schedule of attendance for the upcoming several months of attendance at activities and events.

To facilitate discussion and action while assuring consideration and decorum for all, the Board will abide by the following adopted Standing Rules of Order:

1. Introduction of Business

All business shall be brought before the Board by a motion. All motions, including those made by the Chair, are automatically seconded. At anytime prior to a vote on the main motion, the maker of the motion can modify it or withdraw it entirely. It is not necessary for the Chair to relinquish the gavel when making a motion.

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2. Motions and Their Order of Precedence

A. Privileged Motions

1. *To Adjourn.* It takes precedence over all other motions. It is not debatable; it cannot be amended; nor can a vote on it be reconsidered.

B. Incidental Motions

1. *Questions of Order or Appeal of a Ruling by the Chair.* It cannot be amended; it cannot be debated when it relates to indecorum; and it yields to Privileged Motions.

C. Secondary Motions

1. *To Table.* This motion takes precedence over all other Secondary Motions, and yields to any Privileged or Incidental Motion. It is not debatable, and cannot be amended or have any other motion applied to it. It removes the subject from consideration until the Board votes to take it from the table, either at the same or some future meeting.
2. *The Previous Question.* This motion takes precedence of every debatable question, yields to Privileged, and Incidental Questions, and to the motion to Table. It is not debatable, and cannot be amended. Its effect is to instantly close debate and bring the Board to vote upon the pending question.
3. *To Postpone to a Date Certain.* This motion takes precedence of a motion to amend or indefinitely Postpone, yields to any Privileged or Incidental Motion and to the motion to Table or a call for The Previous Question. Altering the time can amend it. It allows very limited debate, and it must not go into the merits of the item any further than is necessary to judge the reasonableness of postponement.
4. *To Amend.* This motion takes precedence over nothing but the question, which it is proposed to amend, and yields to any Privileged, Incidental, or Secondary Motion, except to Indefinitely Postpone. It can be amended itself, but the amendment of an amendment cannot be amended. An amendment may be made either: (1) by adding; or (2) by striking out words or paragraphs; or (3) by striking out certain words and inserting others; or (4) by substituting a different motion on the same subject; or (5) by dividing the question into two

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or more questions as specified by the mover, so as to get a separate vote on any particular point or points.

5. *To Postpone Indefinitely.* This motion takes precedence over nothing except the principal motion, and yields to any Privileged, Incidental, or Secondary Motion except to Amend. It cannot be amended; it opens to debate the entire question it is proposed to postpone.

D. Miscellaneous Motions

1. *To Rescind.* This motion has no privilege but stands on a footing with a new resolution. Any action of the Board can be rescinded regardless of the time that has elapsed.
2. *To Reconsider.* When the assembly has once acted upon any Principal Question or Amendment, it cannot be taken up again at the same session or any subsequent session, except by motion to Reconsider. A motion to Reconsider must be made by a member who voted with the prevailing side.

3. Debate and Decorum

A. Debate

Discussions should be confined to issues immediately before the Board. The Chair should entertain a motion at the earliest opportunity and discussions should focus on the motion. Repetitive comments should be minimized and can be declared out of order by the Chair. The following questions shall be decided without debate: to Adjourn, To Table, The Previous Question, To Reconsider, Withdrawing a Motion, and Closing Debate.

B. Decorum in Debate

Members should confine remarks to the question and avoid personalities. Members should try to limit their remarks to ten minutes or less. Members should respect one another and conduct themselves in a professional manner. The use of profanity is prohibited.

C. Closing Debate

The following motions, which are not debatable, can close debate: To Table or call for The Previous Question.

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4. Vote

- A. When a Vote is taken, the Chair should always announce the results.

5. Additional Comments

- A. Roberts Rules of Order will act as a guide on those issues not addressed by the above standing rules.

6. Resolutions

- A. In order to be valid, the original copy of a resolution must be signed by at least two Commissioners and will then be entered in a designated book and become public record.

7. Documentation of Decisions

- A. Board decisions shall be documented in the Board's policy manual, as relevant, as well as in the Board's minutes.
- B. Board minutes will contain the discussion and rationale leading to Board decisions.

BOARD OFFICER ROLES

Governance Process

1. **President's Role.** The President assures the integrity of the Board's process.
 - A. The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 1. Meeting discussion content will be only those issues, which according to Board policy, clearly belong to the Board to decide, not the CEO/General Manager.
 2. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.
 - B. The authority of the President consists in making decisions that fall within topics covered by Board policies on governance process and Board-CEO/General Manager linkage, with the exception of (a) employment or termination of a CEO/General Manager and (b) where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.
 1. The President is empowered to chair Board meetings with all the commonly accepted power of that position, e.g., ruling, recognizing.
 2. The President has no authority to make decisions about policies created by the Board within ends and executive limitations policy areas. Therefore, the President has no authority to supervise or direct the CEO/General Manager.
 3. The President may represent the Board to outside parties in stating chair decisions and interpretations within the area delegated to her or him.
 4. The President may delegate this authority but remains accountable for its use.
 - C. During the absence of the President, the Vice President will preside.
 - D. The President will represent the District when a Commissioner's presence is requested or needed.

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2. **Vice President's Role.** The Vice President of the Board shall:
 - A. Perform such duties as are assigned by the President.
 - B. Have all power and duties of the President in the absence or inability of the President to act.
 - C. Have all powers and duties of the Secretary in the absence or inability of the Secretary to act, when not otherwise acting as President.

3. **Secretary's Role.** The Secretary shall:
 - A. Perform all duties incident to the office of Secretary as may be required by law or assigned to such office by motion, rule, or resolution of the Board.
 - B. When appropriate, attest to instruments and documents duly authorized by the Board.
 - C. Have all the powers and duties of the President in the absence or inability of both the President and Vice President to act.

BOARD MEMBERS' CODE OF CONDUCT

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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 adequately 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. Board members will avoid even the appearance of impropriety to ensure and maintain public confidence in the District and the Board as a whole.

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly:

1. In their capacity as a Board member, Board members represent the interests of District 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.
2. In accordance with applicable law, members conduct themselves in accordance with all laws, including but not limited to, the Open Public Meeting Act, Chapter 42.30 RCW, and the Code of Ethics for Municipal Officers, Chapter 42.34 RCW, and must avoid conflict of interest with respect to their fiduciary responsibility. To avoid inadvertent violations of the Open Public Meeting Act, Board members may not "reply all" to any e-mail or other electronic communication received by all members of the Board.
 - A. The confidentiality of proprietary business information must be respected at all times. Board members are prohibited from disclosing such information, or in any way using such information for personal gain or advancement, or to the detriment of the District, or to individually conduct negotiations or make contacts or inquiries on behalf of the District unless officially designated by the Board to do so.
 - B. Board members are prohibited from acquiring or having a financial interest in any property that the District acquires, or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which the District does business. This does not prohibit the ownership of securities in any publicly owned company, except where such ownership places the Board member in a position to materially influence or affect the business relationship between the District and such publicly owned company.

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3. 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.
4. Board members recognize the following organizational protocols within the District. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
 - A. Members' interaction with the CEO/General Manager or with other employees must recognize the lack of authority vested in individuals, except when explicitly Board authorized.
 - B. Except for participation in Board deliberation about whether a reasonable interpretation of Board policy has been achieved by the CEO/General Manager, members will not make express individual judgments of either CEO/General Manager or other employees' performance.
 - C. It is not unusual for a customer owner or a staff member to ask questions of or express concerns directly to a Board member. It is the responsibility of the Board member to appropriately refer operational and personnel issues and concerns to the CEO/General Manager. If there are concerns expressed by customer owners or staff members that the Board member believes require a different course of action, or the concern involves the CEO/General Manager, the Board member has the responsibility to appropriately inform or discuss the matter with the entire Board.
5. Board members recognize that, until formal action is taken by the Board as a whole, individual members do not speak for the Board. Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions. Board members may not act in a manner, with respect to District business or policy that is contrary to the consensus or majority of the Board. Members of the Board may represent their own points of view. A vote of the Board majority shall be binding on all members of the Board insofar as official acts are concerned.
 - A. The Board acknowledges the right of each Board member to formulate and publicly express individual opinions regarding issues germane to their duties as District Commissioners. The Board further recognizes that Board members may articulate individual opinions on other matters of

BOARD MEMBERS' CODE OF CONDUCT

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civic affairs or public interest not directly related to their duties as Board members.

- B. When a Board member engages in communication of any type, he or she must recognize at all times that, in the eyes of the public, Board members are likely to be perceived as speaking as a District Commissioner, and as such, their communication will reflect on and impact the other Board members and District staff.
- C. When communicating on matters on which the Board has taken a formal position, it is acknowledged that any written correspondence be done under the signature of the Board President or entire Board, or by the CEO/General Manager on behalf of the Board.
- D. In the event the majority of the Board has not taken a position on an issue, or has taken a position different from an individual's position, the Board member holding a minority position, or any opinion a matter not yet before the Board for a decision, should, in any communication or correspondence on that matter clearly state that his or her opinion is their own, and is not the position of the Board or District as a whole. District letterhead shall not be used for such written communication.
- E. In the event an individual Board member fails to make the above-referenced disclosure, the Board may itself, or through the CEO/General Manager, issue a communication stating the District's position on the matter, which may include information explanatory and supportive of the District's officially adopted position. If no position has yet been taken by the Board on the topic, the communication should disclose that fact.
- F. Public Board meetings, as required by law, are intended to provide information from the staff and public to the Board members prior to decisions being made. Thus, Board members should refrain from taking or communicating positions on issues on which a public hearing is expected to be held prior to the holding of such hearings.
- G. Board members shall not publicly state or imply that the CEO/General Manager is out of compliance with any policies or decisions of the Board or District absent a determination of non-compliance by the Board.

BOARD MEMBERS' CODE OF CONDUCT

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- H. Board members shall not engage in nor encourage actions by others in any retaliatory conduct against any District employee, or any other Board member. This includes any action against District employees taken as a result of that employee reporting incidents of misconduct or violations of District policies by any Board member or other District employee.
6. Members will respect the confidentiality appropriate to issues of a sensitive nature. Unless required by law, there shall be no release of written materials, notes, or other privileged information distributed in Executive Session, unless each Commissioner agrees to such release, and any such release will be limited to a confidential basis to Commissioners and the CEO/General Manager.
 7. Members will be properly prepared for Board meetings and Board deliberation.
 8. Board members will obey parliamentary orders of the President and shall confine their remarks to the subject under consideration
 9. Board members will conduct themselves with the highest decorum and with civility and respect at all times with one another, with staff and with members of the public and at times of representing the District.
 10. Board members will endeavor to express their individual opinions in a responsible manner.
 11. Board members will share the information and rationale on which they are making significant Board policy decisions.
 12. Board members understand that all letters, memoranda and electronic communications or information, including email, that relate to conduct of the District or the performance of any District function are public records that may be subject to disclosure under the Washington Public Records Act, unless otherwise exempt by law. In the event the District receives a request for such records, the Board member shall provide the records to the Public Records Officer of the District.

COST OF GOVERNANCE

Governance Process

Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - A. Training and retraining will be used liberally to orient new members, as well as to maintain and increase existing member skills and understandings.
 - B. Outside monitoring assistance will be arranged as deemed necessary by the Board. The CEO/General Manager shall arrange external monitoring assistance necessary for the Board to exercise confident control over organizational performance.
 - C. The CEO/General Manager shall provide external/independent outreach as needed to ensure the Board's ability to listen and respond to owner viewpoints and values.
 - D. The CEO/General Manager shall provide internal resources and staffing in to support the Board's work.
2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.



BOARD COMPENSATION AND EXPENSES

Governance Process

Board members shall receive a monthly salary, and in addition, per diem compensation for appearances or participation in events primarily aimed at making District decisions, receiving information related to decision making, or speaking or directly participating in an activity representing the District in compliance with RCW 54.12.080. By submitting reimbursement for time spent, a Board member certifies that the request for reimbursement is made in compliance with the statute. Further compensation for expense reimbursement shall be in accordance with the District's travel policies and RCW 54.12.080, and Board members shall be afforded PERS, 401k, 457 plan and healthcare benefits consistent with other employees as appropriate, and as authorized by law and administered by staff.

VIOLATIONS OF GOVERNANCE POLICIES

Governance Process

The Board will conduct a biennial review of the Board's Governance Policies, update as warranted, adopt, and publish.

These governance policies are adopted with the intent that they are fully enforceable and that violations of the provisions of these policies will result in action against Board members as provided herein.

Accordingly:

1. A claim by a Board member of a violation of these Policies by a Board member shall be delivered to the Clerk of the Board for delivery to the entire Board. Any claim of violation must identify the conduct that is alleged to have constituted a violation and sufficient information to support the claim of violation.
2. If it is determined by a majority of the Board that the complaint is meritorious and the alleged conduct of the Board member constitutes a violation of these Policies, the board member may be subject to one or more of the following actions by a majority vote of the Board:
 - A. **Admonition.** An admonition shall be a verbal statement approved by a majority of the Board made in open session and recorded in the minutes.
 - B. **Reprimand.** A reprimand shall be administered to the Board member by letter. The letter shall be prepared by the Board and signed by a majority of the Board after action in open session to approve the letter. The letter shall be part of the minutes of the meeting at which it was approved.
 - C. **Censure.** A censure shall be a written statement administered to the Board member in public during a regular Board meeting. The statement shall be prepared by the Board and signed by a majority of the Board. The Board member may appear and may make any statement in opposition to or for mitigation of the censure. A censure shall be deemed administered at the time it is scheduled whether or not the Board member appears. The statement shall be included in the minutes of the meeting at which it is administered.
3. In the event a Board member does not cease conduct that has been deemed in violation of these Policies or of Washington law, the District may pursue legal action to remedy the violations. In the event a Board member intentionally violates provisions of these Policies, which cause harm or damages to the District, the Board may by affirmative votes, seek to recover those damages on behalf of the District.