

NORTHERN WASCO COUNTY P.U.D.
WORK SESSION OF THE BOARD OF DIRECTORS

AGENDA

NOVEMBER 15, 2017 1:00 p.m.

PUD BOARD ROOM
2345 River Road
The Dalles, Oregon

- A.** Discussion on amending the Board Effectiveness Checklist.

***This Agenda is subject to last minute changes.
Meetings are ADA accessible. For special accommodations please contact the
Northern Wasco County PUD Office in advance, (541) 296-2226. TDD 1-800-735-2900.***

read out loud by President Gonser. Several copies of the letter have been left for the Board's review. A copy of said letter is hereto attached and marked as Exhibit 4.

- Members of the Oregon Legislature are beginning work on a proposed cap and trade bill for the next legislative session.
- A decision will be made this week in regards to the Energy Supplier Assessment (ESA) Lawsuit.

Some brief discussion occurred in regards to the ESA Lawsuit filed against the Oregon Department of Energy.

Foster stated that the final decision is appealable. He feels it is more than likely that one side or the other will appeal the Court's decision.

The final items reported on by President Gonser included some talk about other ballot measures on corporate taxes, franchise fees and environmental issues.

Director Howe noted that there are discussions on creating a toll for sections of Interstate 5 and Interstate 205.

Some discussion occurred in regards to the proposed toll and the upcoming solar eclipse. The District will have a service truck parked out in the Dufur area prior to the solar eclipse. It is estimated that it would take up to eight hours to travel from Madras to The Dalles during the eclipse.

Director of Utility Operations Kevin McCarthy stated that the final solar eclipse planning meeting of emergency responders is scheduled on August 2nd at Mid-Columbia Fire & Rescue.

Northwest Public Power Association (NWPPA)

Director Smith is not present so no report will be given this evening.

Energy Northwest Participants Review Board

No report was given since Director Smith is not present.

Board Effectiveness Checklist.

The Board of Directors reviewed and discussed the summary of the Board's responses to the Board Effectiveness Checklist. A copy of said summary is hereto attached and marked as Exhibit 5.

General Counsel Foster discussed with the Board the issue of declaring a conflict of interest. Foster stated that it is rare where a member of the Board of Directors has a conflict of interest requiring a disclosure. Foster noted that the Board of Directors does not have a conflict when setting District rates. The recent situation at the City of The Dalles is a clear example of a conflict that needs to be disclosed. You either excuse yourself or there may be instances where exceptions exist where you could participate if the matter was disclosed.

Foster recommended if a member of the Board has a concern, they should disclose it and then a determination can be made if a conflict of interest exists.

President Gonser informed Foster that Director Smith thought he had a conflict of interest when voting on a motion at last month's Board Meeting in regards to purchasing two pickup trucks.

Foster replied that Director Smith would only have a conflict of interest potentially if he had an ownership interest in Urness Motors. Director Smith's employment was not tied to revenues, nor was his salary tied to the revenues from the sale of the vehicles. He could not have gained personally.

Director Howe stated that he feels when the Board has a three to two vote then the Board needs to discuss the matter further. Director Howe prefers a unanimous decision or a four to one vote.

Director Karp stated that she felt a little uncomfortable with a recent three to two vote; she understands that it is a majority decision. Director Karp agrees with comments made by Director Howe.

Director Williams noted that Roberts Rules of Order states that the losing side of a motion has an opportunity to convince the majority to change their vote.

A lengthy discussion occurred.

Foster stated that members of the Board feel more comfortable if everyone agrees. Another theory however is if the Board always votes five to 0 then the Board is not acting effectively and independently evaluating what is being voted on. Foster does not feel the Board should feel uncomfortable if there is a three to two vote. There is nothing wrong with people making independent decisions. Foster feels once a motion is made and passed all Board Members should support the decision whether they voted for it or not unless it is illegal or immoral.

Director Howe suggested that the Board go a bit slower when there are heated topics or if a Board Member is passionate about the topic.

Director Williams stated that another option is for the Board to table the matter until the next meeting.

Kline stated that he would expect the Board to let him know if staff is not providing the Board with the right information to make an informed decision.

Foster encouraged new members of the Board to attend the American Public Power Association's Governance Training, which is for new Board Members. The training, in addition to the Governing for Excellence Publication, is the most effective way for the Board to be trained.

President Gonser stated that he feels it is important that all Board Members meet individually with the District's General Manager to learn what is happening.

Director Karp stated that these meetings with General Manager Kline do help, in addition to asking questions of other Board Members.

Other items discussed by the Board during the review of the Board Effectiveness Checklist included the Accounts Payable process and the submittal of Director expenses.

President Gonser stated that General Manager Kline's risk analysis is critical to him.

Director Howe added as well as General Counsel Foster.

President Gonser stated that he feels it is great that the District's General Manager and General Counsel meet once per month.

The Board began a long discussion on the possible use of APPA's Criteria for Board Self-Evaluation Form.

Director Williams stated that he could not answer the first question on APPA's Criteria for Board Self-Evaluation Form since he has not had a Board Manual for almost two years. The manual was turned in for updating.

Kline stated that the manual that Director Williams is referring to has a lot of copies of documents from Special Districts Association of Oregon and specific Board policies. Staff has discovered that the Manual does not include all of the Board's adopted policies and procedures.

Kline stated that he will be bringing back to the Board what he believes are appropriate policies for governance and a cross walk to what is in place currently and what is recommended to be adopted. Kline has forwarded to General Counsel Foster draft policies for his review.

Kline stated, when asked, that he is mostly writing the draft policies and McBride is gathering all the Policies that have been adopted by the Board. Director Karp feels that the Board should be using the APPA's Criteria for Board Self-Evaluation Form since the form is like a guideline and is more thorough.

Director Howe agreed with Director Karp. He feels there are issues in the APPA's Criteria for Board Self-Evaluation Form that the Board could go deeper in if we wanted to. It just depends upon how far the Board wants to go.

Director Williams stated that he tends to agree with the comments of Directors Karp and Howe, however he is a little reluctant. Director Williams released the original version of the Board Effectiveness Checklist that the Board has been using since the Northwest Public Power Association's Preconference Workshop that he attended. The Checklist was a good start. It has been modified over time. Director Williams stated that APPA's Criteria for Board Self-Evaluation Form may be the next step; it is a work in progress.

President Gonser stated that the APPA's Criteria for Board Self-Evaluation Form is from the APPA's Governing for Excellence Publication. That publication covers huge organizations and small organizations. All utilities do not function the same way.

President Gonser read the document again today. He feels there are areas that could be included as an evaluation tool, where the Board could answer yes or no to the question and have a place for comments. President Gonser feels comments are important. President Gonser does not think some of the questions on APPA's Criteria for Board Self-Evaluation Form are applicable to our situation. He would prefer to make it applicable to the District as a small Board and rural community.

Kline stated it was his interest for the Board to have this conversation. He thinks that the Board has gained more from this conversation; talking about areas that you agree or disagree on. The value the Board has placed on a majority vote versus a split decision. This is about opening the dialogue and having a conversation on how you feel the Board performs. This conversation can help direct staff or counsel to help guide the Board on governance policies and strategic directions on what you want the Board and the organization to look like in the future.

Kline suggested that the Board consider getting together annually in a Work Session to talk about the Board's evaluation and effectiveness.

Foster cautioned the Board about their expectations around this type of process. Since Foster has represented the District a significant number of the Board Members who have served would have done the checkmarks and not written a single comment. He feels that is still a possibility. The Board does not have the authority to tell other Board Members how they are to act. The Board needs to be prepared that they will not have

consensus on everything. It is not the Board's job to change someone's opinion; it is to give everyone the opportunity to be honest in how they feel.

Kline stated that this type of process has worked in other organizations. A strategic change could be made through the process.

Director Williams felt it was better to have the dialogue through the evaluation process.

Director Howe stated that he plans to go to upcoming trainings now that he is retired.

Kline stated that he will forward to the Board information on some upcoming Board Governance training.

Foster suggested that President Gonser review and compile a listing of questions which are applicable to the District using the current Board Effectiveness Checklist and APPA's Criteria for Board Self-Evaluation Form. The Board could then spend ten minutes at the August Board Meeting to review the suggested questions.

President Gonser stated that he prefers two Board Members compiling the proposed questions.

President Gonser and Director Karp will meet to review both documents and to come up with a suggested Checklist for the Board's consideration in August.

APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS

August 2, NRU Board Meeting - Dan Williams, Howard Gonser, Connie Karp and Roger Howe (Clay Smith?)

August 2, PPC Forum – Dan Williams, Howard Gonser, Connie Karp and Roger Howe (Clay Smith?)

August 3, PPC Executive Committee Meeting - Dan Williams, Howard Gonser, Connie Karp and Roger Howe (Clay Smith?)

August 11, Chamber Economic Development Committee Meeting –
The Board directed staff to remove the Chamber Economic Development Committee Meeting from the Future Meeting List

August 11, OPUDA Board Meeting – Dan Williams, Howard Gonser, and Connie Karp (Clay Smith?)

Staff was directed to remove the Chamber Economic Development Committee Meeting from the Future Meeting Listing.

Board Effectiveness Checklist:

President Gonser stated that he and Director Karp have not met yet to review both the current Board Effectiveness Checklist and the American Public Power Association's Criteria for Board Self-Evaluation Form. This matter will be tabled until next month's meeting.

BOARD REPORTS

Oregon People's Utility District Association (OPUDA):

President Gonser presented for the record a written report from the last Oregon People's Utility Districts Association Board of Directors Meeting. A copy of the written report from President Gonser is hereto attached and marked as Exhibit 1.

President Gonser reported on the following:

- At a recent meeting, Shane Scott, Fish Biologist for the Public Power Council, brought up something that was interesting to President Gonser. Scott stated that some of the issues that are happening are purely governmental issues. Scott noted a refurbishing project of a dam or lock, President Gonser did not get the name of the facility, where a 5' lead way is taken down to 3' during construction. That lead way was never brought back up causing a loss of 200 to 250 MW of power per year.
- September 18th through September 20th is Legislative Days in Salem, Oregon.
- The Unions have withdrawn Measure 97 due to a mess up on their part.
- There are expectations that there could be multiple Ballot Measures coming up for a vote next year.
- BPA reported that The Dalles Dam, January – August, was at 137 MAF; that is a 101.4% average.
- Danelle Romain brought in Ways and Means Committee Co-Chair Senator Richard Devlin. Senator Devlin talked about what is happening at the Ways and Means Committee. In Senator Devlin's presentation, he mainly focused on the PERS issue. Three of the Oregon People's Utility Districts are members of PERS.
- Senator Devlin stated that there is not a viable process or method to reduce the PERS benefits for Tier One Members. One way that the State can make some changes is in the retirees Cost of Living Allocation (COLA). The COLA has been changed from 2% to a 1.25% for \$60,000 in income. This change will reduce retirees buying power by 20% to 22% in 20 years.

Hall noted that letters are sent out in June to District customers. There is a 60-day comment period before the proposed Amended Pole Contact Rates are brought before the Board of Directors.

Hall noted that the formula used to calculate the rates are set by the Oregon Public Utility Commission (PUC).

Some discussion occurred regarding what determines non-compliance.

{{Director Smith moved to approve the following Amended Pole Contact Rates, effective July 1, 2017: Compliant Rate, \$12.54 per contact; Non-Compliant Rate, \$14.86 per contact. Director Karp seconded the motion; it was then passed unanimously.}}

OLD BUSINESS

Board Effectiveness Checklist:

Director Karp stated that a couple of Board Meetings ago she and President Gonser volunteered to review the current Board Effectiveness Checklist with the American Public Power Association (APPA) Governing for Excellence Criteria for Board Self-Evaluation. Both Directors reviewed both documents and then discussed them. Director Karp and President Gonser both agree that this is a big job and that it would be best to include the entire Board in the process.

Director Karp will be attending some Board trainings next month which will enhance her knowledge. Director Karp feels that she will be able to come back and speak about what she feels should be included on the Board Effectiveness Checklist after the training.

A lengthy discussion occurred.

President Gonser suggested that the Board conduct a Work Session to go through this review process.

Director Williams felt that a subcommittee could go through both documents to come up with a recommended Board Effectiveness Checklist.

Director Karp liked the idea on conducting a Work Session.

Director Smith feels that the Checklist needs to be as simple as possible.

Kline stated that he does not feel the value is in the number of questions. It is having the dialogue on how the Board values the organization and what is being measured. The answers to those questions will determine how the Board would evaluate yourself each year.

Kline offered to assist the Board as needed.

Kathy McBride, Executive Assistant, was directed by the Board to establish a date and time for the Board to meet in a Work Session to review these two Board Evaluation Forms.

BOARD REPORTS

Oregon People's Utility District Association (OPUDA):

No report was provided.

Northwest Public Power Association (NWPPA):

Director Smith reported that he did not attend the NWPPA Board meeting in September in Salt Lake City. The Board is working on House and Senate Bills that are appropriate for our region; specifically bills on vegetation management and cyber security.

Director Smith stated that NWPPA is in the black financially this year with 153 members. Director Smith's current term as a Trustee is coming up for renewal; he is interested in serving an additional three-year term.

Some discussion occurred amongst the Board regarding said Trustee appointment and what organization makes that appointment.

Director Williams and President Gonser suggested that the NWPPA Trustee appointment be discussed at the upcoming OPUDA Board Meeting scheduled on September 29th.

Energy Northwest Participants Review Board:

Director Smith reported that the Columbia Generating Station, located behind the Grand Coulee and Chief Joseph Dams in Washington State, has been closed for almost 13 days. A steam valve malfunctioned. The unit was repaired on September 2, 2017 only to 75% capacity.

Board Effectiveness Checklist

A. DIRECTOR DUTIES

- | | | |
|---|-----|----|
| 1. Do all directors demonstrate that they understand their legal duties? | Yes | No |
| 2. Does the board have an effective process to enable directors to address potential conflicts of interest? | Yes | No |
| 3. Do directors maintain confidentiality of sensitive information? | Yes | No |
| 4. Do directors publicly support decisions once made in the boardroom? | Yes | No |
| 5. Do all new directors receive a formal educational orientation when coming on the board? | Yes | No |

B. BOARD MEETINGS

- | | | |
|---|-----|----|
| 6. Can all directors get topics on the meeting agenda? | Yes | No |
| 7. Are reports to the board clear, relevant and to the point? | Yes | No |
| 8. Are all directors encouraged to participate during board discussions? | Yes | No |
| 9. When dealing with an important issue, does the board insist on hearing and discussing the pros and cons of various options to address the issue? | Yes | No |
| 10. Does the minority opinion have adequate opportunity to speak? | Yes | No |

C. DEALING WITH POTENTIAL RISKS

- | | | |
|---|-----|----|
| 11. Does the board enforce a transparent system where member-consumers can run for the board without any unreasonable obstacles? | Yes | No |
| 12. Is the board open to the need for change in response to changing industry or consumer factors? | Yes | No |
| 13. Does the board insist on having an objective, defensible process for formally reviewing director and management expenses? | Yes | No |
| 14. Does the board reach out to all segments of the membership and encourage consumers to bring any questions or concerns to the board? | Yes | No |
| 15. Does the board demonstrate that it has a "risk perspective" by aggressively asking about potential risks in any decision or new endeavor? | Yes | No |

D. RELATIONSHIPS

16. Are directors able to introduce and discuss controversial issues without personality conflicts or other obstacles getting in the way? Yes No

17. Do all directors understand the need for and demonstrate mutual respect when disagreeing with others? Yes No

18. Do all directors agree that the board has an effective process for appraising the Chief Executive/General Manager? (If you don't know, ask) Yes No

19. Do all directors agree that the attorney gives clear answers to legal questions? (if you don't know, ask) Yes No

20. Do all directors agree that the board has an open, deliberative process for discussing, evaluating and improving its own performance? (Ask) Yes No

21. Does the board receive the quality and quantity of information they desire or need from staff? Yes No

Please explain the circumstances for any questions that you answered "no".

22. Are there any other issues that the board should address: Yes No

CRITERIA FOR BOARD SELF-EVALUATION

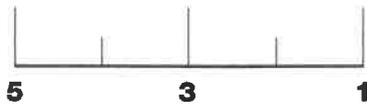
5 = ALL OF THE TIME

3 = SOME OF THE TIME

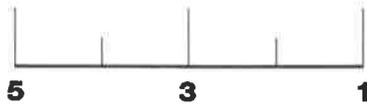
1 = SELDOM OR NOT AT ALL

Blank lines are provided following each question for additional comments or clarifications.

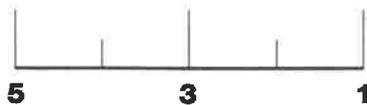
I. General Governance Processes



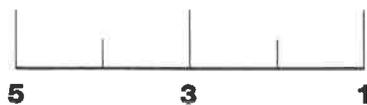
1. Does a board policy manual exist that addresses meeting procedures, committee roles and structure, procedures for conducting board business, and role definition and interactions between the board and chief executive?



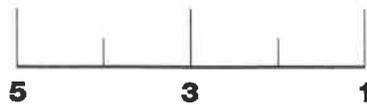
2. Do all board members participate in a formal orientation?



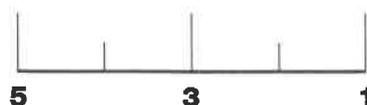
3. Are board members aware of requirements contained in bylaws, ordinances, open meetings and record statutes, compliance with regulations, and Robert's Rules of Order?



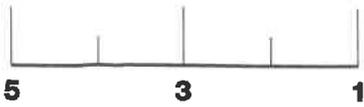
4. Are meeting briefing packets complete (with agenda, clearly written reports, and options and recommendations from the CEO on pending board decisions), and distributed with sufficient time prior to meetings?



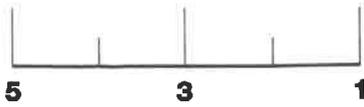
5. Are board meetings efficient and the appropriate length?



6. Is there an annual board calendar?



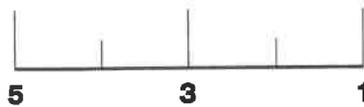
7. Does the board receive sufficient information from the CEO/general manager and other sources to make good decisions?



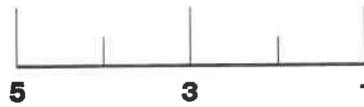
8. Are decisions made in a timely manner?

II. Board Policy Areas

1. Accountability

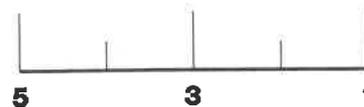


(A) Do board members understand their fiduciary duty to assure the board acts in the best interests of the utility and its owners/stakeholders?

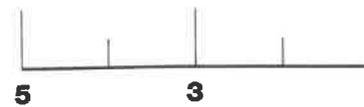


(B) Does board member behavior reflect their responsibility to act with reasonable care, good faith, and without bias on behalf of owners and stakeholders to whom they are accountable?

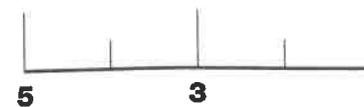
2. Roles: Board and Management



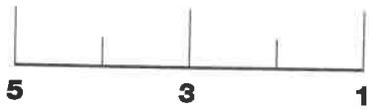
(A) Do board members understand their governance roles and responsibilities?



(B) Do board members understand the difference between their policy role and the CEO's management responsibility?

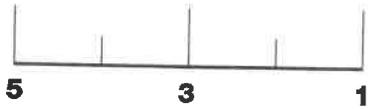


(C) Do board members' actions reflect this understanding?

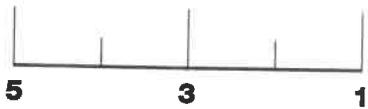


3. Policy Direction

(A) Do board members understand and meet their responsibility for setting direction of the organization?

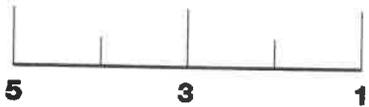


(B) Does the board give clear direction to management on their priorities and the policies they set for the organization?

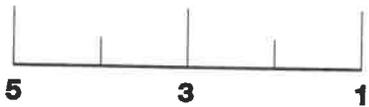


(C) Does the board spend appropriate time on policy considerations versus operational issues?

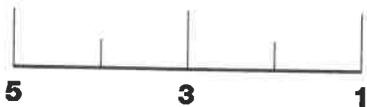
4. Performance Monitoring



(A) Have the board and the CEO established a process for receiving and monitoring information about the utility's performance?

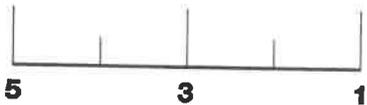


(B) Have the board and CEO agreed on key performance areas to monitor and key performance metrics to track?

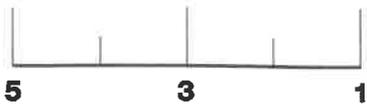


(C) Are goal-setting and achievement taken into account during the CEO's evaluation?

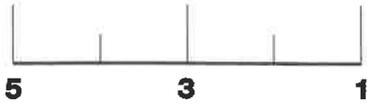
5. Owner Communication and Advocacy



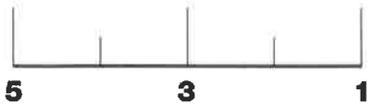
(A) Does the board represent the interests of the utility owners and the community it serves?



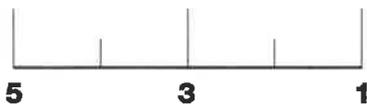
(B) Does the board seek input and involve its customers-owners in strategic considerations and policy decisions?



(C) Does the board communicate the value of the utility to its customers-owners?



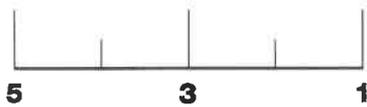
(D) Do board members support the utility publicly?



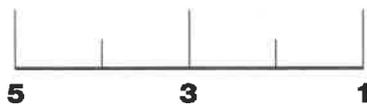
(E) Do board members advocate for the utility at local, state, and national levels?

III. Governance Duties

1. Legal

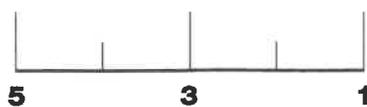


(A) Does the board adhere to the guidelines set by the articles of incorporation, statutes, ordinances, bylaws, and other local and state requirements?

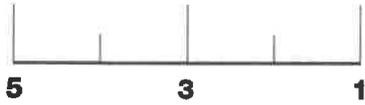


(B) Do written policies exist that address board ethics, conflicts of interest, and compliance with laws and regulations?

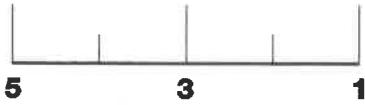
2. Financial



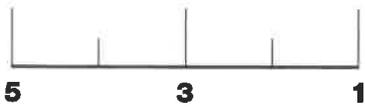
(A) Does the board approve annual operating and capital budgets and receive periodic (at least quarterly) progress reports on them?



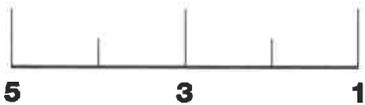
(B) Does the board review the financial plan for the utility and obtain sufficient information to monitor the utility's long-term financial strength and performance?



(C) Are operational goals and performance metrics established and does the board receive sufficient tracking information on them?

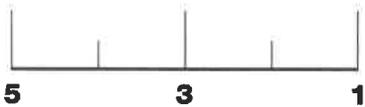


(D) Are the requirements for an annual audit met and does the board interact directly with the auditor in reviewing audit results?

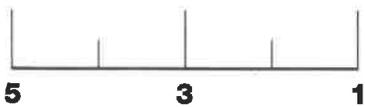


(E) Are the utility and the board indemnified sufficiently against insurable risk?

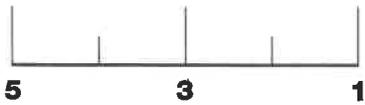
3. Planning



(A) Is the board informed regularly about the changing business environment in which the organization is operating?

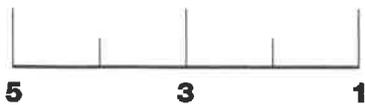


(B) Is the board appropriately involved with management in developing the utility's strategic plan?

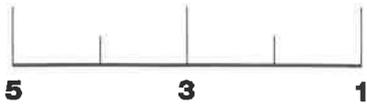


(C) Does the board review and approve the utility's mission, goals, and major strategic initiatives?

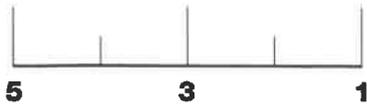
4. Assuring an Effective Chief Executive



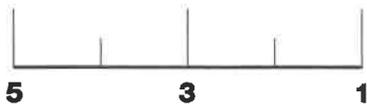
(A) Is there a written job description and/or employment contract for the CEO?



(B) Does the board conduct a formal, annual performance review of the CEO?



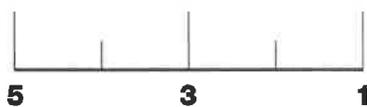
(C) Is the CEO's compensation linked to the results of this review?



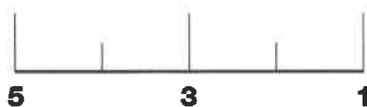
(D) Does the board make resources available for the CEO's continued professional development?



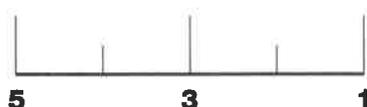
(E) Is there a succession plan for the CEO?



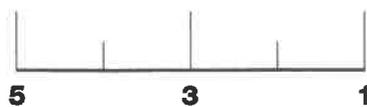
(F) Has the board established an effective working relationship with the CEO?



(G) Is there board/CEO alignment in determining the future direction of the organization?



(H) Are board/CEO roles defined sufficiently so the board focuses on its policy role instead of tactical and management responsibilities?



(I) Does the board provide overall human resources direction to the CEO, without becoming involved in specific personnel matters?



(J) Is the board explicit about the information it needs from the CEO to fulfill its governance function?

BOARD PERFORMANCE AND REVIEW

The Board of Directors has authority and responsibility to manage and direct the affairs of the Cooperative. With this comes the responsibility to determine whether the Board is acting prudently, efficiently, and with care and due diligence in carrying out its responsibility for governing the business in accordance with State and Federal laws, the Articles of Incorporation, and the Cooperative's Bylaws. The Board's primary governance responsibilities include planning, ensuring that the Cooperative operates within all applicable laws and regulations, serving in the capacity of trusteeship on behalf of the membership, and evaluating the Board's and management's performance.

An effective way to evaluate the Board's performance is through an annual board performance review. This is a process through which the Board assesses and evaluates its performance in key areas of responsibility. By undertaking an evaluation of itself, the Board is demonstrating a commitment to fulfilling its legal obligations and fiduciary responsibilities to the membership as effectively as possible.

Instructions

Please respond to each of the performance factor statements as they apply to the full Board of Directors using the following rating scale:

Not Met	The Board is not currently meeting expectations
Sometimes	The Board is only sometimes meeting expectations
Mostly	The Board is meeting expectations most of the time
Fully Met	The Board meets expectations virtually all of the time

For each of the six major performance factors, please circle one or two factors that you believe should be reviewed and discussed in more detail by the entire Board.

The value of this Board Performance Review requires your honest response to each of the performance factors and through an open and honest discussion of the results. All responses will be kept strictly confidential and anonymous and each Director will receive a summary of the results.

PERFORMANCE FACTORS

Statement	Not Met	Sometimes	Mostly	Fully Met	Don't Know
Board Leadership and Planning					
1. The Cooperative has developed written vision and mission statements.					
2. The Cooperative has adopted long term goals and objectives that support the vision and mission statements.					
3. Directors can effectively communicate the Cooperative's vision and mission.					
4. The Board monitors the progress toward achievement of strategic goals and operating budgets on a regular basis.					
5. The Board has directed management to develop a personnel development plan for the Cooperative.					
6. The Cooperative schedules annual strategic planning sessions for the Board and management staff.					
7. The Board makes adjustments in plans when conditions indicate that prior plans are no longer appropriate.					
Oversight and Control					
8. The Board makes decisions and establishes policies that conform to the Cooperative's Articles of Incorporation and Bylaws as well as Federal, State, and local laws.					
9. The Bylaws are periodically reviewed and updated as needed.					
10. The Cooperative's policies are reviewed annually and updated as needed.					
11. The Board abides by all policies.					
12. The Board and CEO responsibilities are clearly and specifically outlined and followed.					
13. The Board avoids interfering with the execution of responsibilities delegated to the CEO, including personnel management.					
14. Individual Directors refrain from acting on Cooperatives matters without full Board approval.					
15. The Board accepts its role as a policy making body that provides oversight and control rather than making operational decisions.					
16. The Board has identified and understands its key areas of responsibility and control including, monthly financial statements and financial audits, selection of the auditor, and selection of legal counsel.					

Statement	Not Met	Sometimes	Mostly	Fully Met	Don't Know
17. Confidential cooperative information is maintained by all Directors.					
18. The Board has a policy of what constitutes a potential conflict of interest and has a shared understanding of the proper and accepted standards of conduct for all Directors.					
19. The Board has policies and provides for programs and services to ensure the membership is continually served, educated, and informed about the cooperative's activities and issues.					
CEO Oversight					
20. Appropriate authority to accomplish the Cooperative's goals and objectives have been delegated to the CEO along with adequate resources for the CEO to perform their job.					
21. The Board utilizes a formal process to evaluate the CEO's performance on an annual basis.					
22. The CEO's performance is measured against performance factors and goals and objectives that have been agreed upon by the Board and CEO.					
23. The Board has a succession plan for the CEO to allow for the continued operation of the Cooperative.					
24. A compensation plan for the CEO is approved and reviewed annually.					
25. The Board has in place and understands the CEO selection process should it be necessary to hire a new CEO.					
26. The Board provides the CEO with ongoing performance feedback.					
Financial					
27. The Board reviews and approves the annual budget.					
28. Goals for important financial ratios are established and reviewed by the Board at least annually.					
29. The Board receives adequate financial reports and information in advance of each board meeting.					
30. A review of the annual audit report is presented annually by the Cooperative's auditor.					
31. The Board is given the opportunity to ask questions during the presentation of the annual audit report without management being present.					

Statement	Not Met	Sometimes	Mostly	Fully Met	Don't Know
32. The Board reviews the Cooperative's insurance coverage on at least an annual basis and approves changes in coverage as appropriate.					
33. The Board reviews the Cooperative's equity position annually and determines whether capital credits should be retired.					
34. The Board and management reviews the annual budget and assures that adequate resources are available to meet the Cooperative's work plan and budget.					
Communication					
35. Directors communicate the Cooperative's vision and mission and policies to cooperative members and the general public.					
36. There is clear communications between the Board of Directors and the CEO about what the Board expects from the CEO.					
37. An atmosphere exists at board meetings where all Directors feel they have the freedom to express their thoughts and opinions and they regularly exercise that freedom.					
38. Outside professionals such as auditors, attorneys, lenders, and other consultants are brought into board meetings when professional advice is required.					
39. The Board reviews and approves a communication plan for the Cooperative annually.					
Governance and Procedures					
40. The duties and responsibilities of the Board of Directors and board committees have been defined in writing.					
41. There is a procedure in place for recruiting director candidates.					
42. There is a formal orientation program for new Directors.					
43. The Board has a formal policy regarding Director training.					
44. The Board holds an organizational meeting as required by the Cooperative's bylaws.					
45. The Board has a formal process for the election of Board officers.					
46. The meeting agenda and supporting materials are available to each Director a sufficient amount of time prior to board and committee meetings.					
47. Director compensation is adequate to attract and retain qualified directors.					

Statement	Not Met	Sometimes	Mostly	Fully Met	Don't Know
48. Directors are asked to resign if they no longer meet the director qualifications per the Cooperative's bylaws.					
49. Directors voting in the minority support decisions approved by a majority of the Board.					
50. Directors take advantage of educational and training opportunities to increase their knowledge and governance skills.					
51. Each director has a copy of the Cooperative's policies and bylaws.					

Summary

What areas of the Board's responsibilities have been performed most effectively?

In what areas can the Board strengthen their performance?

What should the Board's priorities be for the coming year?

How can the CEO be more supportive of the Board's efforts to improve their performance?

How can the Board be more supportive of the CEO's efforts in managing and directing the operations of the Cooperative?