

NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT
WORK SESSION
February 6, 2018

PRESENT: Dan Williams, President
Connie Karp, Vice President
Roger Howe, Secretary
Clay Smith, Treasurer
Howard Gonser, Director

President Williams called the Work Session to order at 4:00 p.m.

The following individuals were present during the Work Session:

Attorney: James Foster

DISCUSSION ON BOARD PERFORMANCE AND REVIEW CHECKLIST

The Board of Directors had a lengthy discussion with General Counsel James Foster on the Board Performance and Review Checklist. A copy of said Checklist is hereto attached and marked as Exhibit 1.

The Board discussed their thoughts on each of the items listed on the Checklist and whether those items are currently being met.

The Work Session adjourned at approximately 4:55 p.m.



President

ATTEST:



Secretary

BOARD PERFORMANCE AND REVIEW

The Board of Directors has authority and responsibility to manage and direct the affairs of the Utility. 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 Board's primary governance responsibilities include planning, ensuring that the Utility operates within all applicable laws and regulations, serving in the capacity of trusteeship on behalf of the ratepayers, 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 ratepayers 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 Utility has developed written vision and mission statements. | | | | | |
| 2. The Utility has adopted long term goals and objectives that support the vision and mission statements. | | | | | |
| 3. Directors can effectively communicate the Utility'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 makes adjustments in plans when conditions indicate that prior plans are no longer appropriate. | | | | | |
| Oversight and Control | | | | | |
| 6. The Board makes decisions and establishes policies that conform to ORS Chapter 261 and applicable Oregon laws. | | | | | |
| 7. The Utility's policies are reviewed as needed. | | | | | |
| 8. The Board and General Manager (GM) responsibilities are clearly and specifically outlined and followed. | | | | | |
| 9. The Board avoids interfering with the execution of responsibilities delegated to the GM, including personnel management. | | | | | |
| 10. Individual Directors refrain from acting on Utility matters without full Board approval. | | | | | |
| 11. The Board accepts its role as a policy making body that provides oversight and control rather than making operational decisions. | | | | | |

| | | | | | |
|--|----------------|------------------|---------------|------------------|-------------------|
| 12. 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 |
| 13. Confidential Utility information is maintained by all Directors. | | | | | |
| 14. The Board has a shared understanding of the proper and accepted standards of conduct for all Directors. | | | | | |
| 15. The Board has policies and provides for programs and services to ensure the ratepayers are continually served, educated, and informed about the Utility's activities and issues. | | | | | |
| GM Oversight | | | | | |
| 16. Appropriate authority to accomplish the Utility's goals and objectives have been delegated to the GM along with adequate resources for the GM to perform his/her job. | | | | | |
| 17. The Board utilizes a formal process to evaluate the GM's performance on an annual basis. | | | | | |
| 18. The GM's performance is measured against performance factors and goals and objectives that have been agreed upon by the Board and GM. | | | | | |
| 19. A compensation plan for the GM is approved and reviewed annually. | | | | | |
| 20. The Board provides the GM with ongoing performance feedback. | | | | | |
| 21. There is clear communications between the Board of Directors and the GM about what the Board expects from the GM. | | | | | |

| Financial | | | | | |
|--|----------------|------------------|---------------|------------------|-------------------|
| 22. The Board reviews and approves the annual budget. | | | | | |
| 23. The Board receives adequate financial reports and information in advance of each board meeting. | | | | | |
| 24. A review of the annual audit report is presented annually by the Utility's auditor. | | | | | |
| 25. The Board is given the opportunity to ask questions during the presentation of the annual audit report. | | | | | |
| Statement | Not Met | Sometimes | Mostly | Fully Met | Don't Know |
| 26. The Board reviews the Utility's insurance coverage on at least an annual basis and approves changes in coverage as appropriate. | | | | | |
| 27. The Board and management reviews the annual budget and assures that adequate resources are available to meet the Utility's budget. | | | | | |
| Communication | | | | | |
| 28. 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. | | | | | |
| 29. Outside professionals such as auditors, attorneys, lenders, and other consultants are brought into board meetings when professional advice is required. | | | | | |
| 30. The Board reviews and approves a communication plan for the Utility. | | | | | |
| Governance and Procedures | | | | | |
| 31. There is a formal orientation program for new Directors. | | | | | |

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|---|----------------|------------------|---------------|------------------|-------------------|
| 32. The Board has a formal policy regarding Director training. | | | | | |
| 33. The Board has a process for the yearly rotation of Board officers. | | | | | |
| 34. Director compensation is adequate to attract and retain qualified directors. | | | | | |
| Statement | Not Met | Sometimes | Mostly | Fully Met | Don't Know |
| 35. Directors voting in the minority support decisions approved by a majority of the Board. | | | | | |
| 36. Directors take advantage of educational and training opportunities to increase their knowledge and governance skills. | | | | | |
| 37. Each director has a copy of the Utility's policies. | | | | | |

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 GM be more supportive of the Board's efforts to improve their performance?

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

Other Comments