

RESOLUTION NO. 2015-011

**A RESOLUTION OF THE COMMISSION OF
PUBLIC UTILITY DISTRICT NO.1 OF JEFFERSON COUNTY ADOPTING
THE "GOVERNANCE OF THE JEFFERSON COUNTY PUD NO. 1 COMMISSION"**

WHEREAS, The Commission of Jefferson County PUD NO.1 values the responsibilities and authorities granted it through the legislature in the form of laws codified in large part under Title 54, Revised Code of Washington; AND

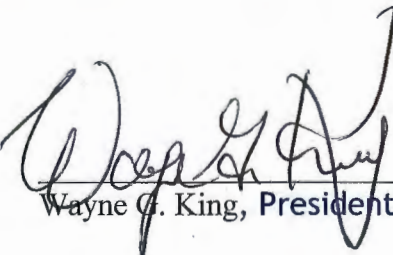
WHEREAS, The Commission of Jefferson County PUD NO.1 recognizes the responsibilities placed upon it by the citizens of Jefferson County in guiding the District through defined purposes, values and vision, for the betterment of its customers and the community in which it serves; AND

WHEREAS, The Commission of Jefferson County PUD NO.1 understands that effective board governance can be accomplished through strategic leadership, collaborative decision-making, and the identification of appropriate board-staff relationships; AND


WHEREAS, annually the Governance Policy will be reviewed to ensure appropriate laws, fiduciary responsibilities, Commission and staff-delegated authorities in are alignment with Commission expectations and business needs.

NOW THEREFORE BE IT HEREBY RESOLVED That the Commission adopts the policy, "Governance of the Jefferson County PUD NO.1 Commission" attached hereto as a part of this resolution.

ADOPTED By the Commission of Public Utility District No. 1 of Jefferson County at an open meeting, with notice of such meeting being given as required by law, this 4th day of August, 2015.


Wayne G. King, President

ATTEST:


Barney Burke, Secretary

Initiative No. 1, upon approval by Washington voters in 1931, allowed for the formation of municipal corporations known as public utility districts (PUDs) within the State of Washington.

The Revised Code of Washington, principally Title 54, codifies the authorities of PUDs.

RCW 54.12.010 states in part: "The powers of the PUD shall be exercised through a Commission consisting of three members in three commissioner districts."

The purpose of Jefferson County PUD NO.1's Commission is to:

- a) Identify and define the purpose, values and vision of the District, along with the results the District is to achieve, and communicate them in the form of policy.
- b) Make certain operational decisions as are designated by law.
- c) Hire, evaluate, and terminate the General Manager.
- d) Ensure accountability for financial oversight by an appointed members participation in the year end financial exit audit performed by State Auditor

The Commission governance focus will primarily be on:

- a) Strategic leadership more than administrative detail.
- b) Encouragement of diversity in viewpoints.
- c) Clear distinction of Commission and General Manager Roles.
- d) Collaborative rather than individual decisions.
- e) Future rather than past or present.
- f) Being proactive rather than reactive.

Specifically, the Commission will direct, evaluate and inspire the organization through the careful establishment of written policies reflecting the Commission's values and vision. The Commission's major policy focus will be on Jefferson County PUD NO.1's long-term impacts outside the organization, not on the administrative or programmatic means of achieving those effects.

The specific job duties of the Commissioners as elected representatives are to ensure appropriate organizational performance.

Contents

GOVERNANCE PROCESS

Purpose of the Commission.....	2,3
Agenda Planning	4
Role of the Commission President.....	5
Role of the Commission Vice-President.. ..	6
Role of the Commission Secretary.....	7
Commission Members' Code of Conduct... ..	8, 9,10
Board Training, Orientation	11
Commission Review of District Public Records.....	12
Commission Committees	13

COMMISSION-STAFF LINKAGE

Unity of Control.....	14
Commission-General Manager Relationship.....	15
Commission-General Counsel Relationship	16
Commission-Relationship with Auditor	17,18
Delegation to the General Manager	19
Budget and Procurement Authority.....	20
Evaluating the General Manager's Performance.....	21

**Governance of the
Public Utility District
NO.1 of Jefferson
("JPUD")
Commission**

*PUD #1 of Jefferson County
310 Four Corners Road, Port Townsend, WA 98368
360.385.5800*

The Commission will:

- a) Produce and maintain written policies that ensure a high quality of governance and clear roles in decision-making between Commission and staff.
- b) Regularly monitor and evaluate the performance of the General Manager.
- c) Adopt the District's Strategic Plan and reviews it annually.
- d) Adopt the District's budget on an annual basis.
- e) In its role as the District's accountability for financial oversight
 - the selection and retention of independent auditors engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services;
 - receiving the report of independent accountants.
 - receiving annual reports from the District's Auditor relative to internal controls and legal compliance of District activities;
 - ensuring the establishment of procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters. Such procedures should specifically provide for the confidential, anonymous submission by District employees of concerns regarding questionable accounting or auditing matters. Procedure for such reporting can be found in the District's directive on reporting of alleged improper governmental actions.
- f) Set the rates, rules and regulations for services and commodities provided by the District.
- g) Take such other actions as may be required by law.

The work of the Commission is accomplished in public meetings. RCW 54.12.090 states in part that "All proceedings of the Commission shall be by motion or resolution, recorded in its minute books, which shall be public records."

The agenda of the public meeting identifies in general terms the topics to be considered by the Commission.

Specifically:

- a) The General Manager shall prepare and issue an agenda for each regular Commission Meeting.
- b) Members of the Commission, General Manager, or designee, may request matters be placed on Commission agendas. At each regular Commission Meeting, time will be set aside under "Other Business" for any Commission Member, the General Manager, or designee, to bring before the Commission any business that should be discussed or deliberated upon. Under "Future Planning" any Commission Member, the General Manager, or designee, will have the opportunity to discuss/recommend business for placement on future agendas in accordance with Policy No. 10, "Unity of Control."
- c) Items may be placed on either the business agenda or on the consent agenda. An item placed on the consent agenda may be moved to the business agenda at the request of any Commission member during a Commission Meeting and prior to the motion to approve the consent agenda. The moved item will be placed on the business agenda for further discussion.
- d) Special Meetings, normally held for purposes of discussing specific topics, will be noticed in accordance with RCW 42.30.080. The call and notice shall specify the time and place of the special meeting and the business to be transacted. This notice may take the place of an agenda for special meetings.

In the event of a natural disaster, attack or notice of imminent attack, where it becomes imprudent, inexpedient or impossible to conduct the affairs of the District at the regular or usual place, the Commission may meet at any place within or without its territorial limits on the call of the presiding President or any two members of the Commission. After any emergency relocation, the affairs of the District shall be conducted at such emergency temporary location for the duration of the emergency. (RCW 42.14.075)

The President of the Commission shall:

- a) Ensure that the Commission jointly and consistently adheres to its own rules and policies, and those imposed upon it by the laws of the State of Washington.
- b) Ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point. The President of the Commission shall preside over and facilitate all Commission Meetings in accordance with these governance principles and Roberts Rules of Order (Version 11, or the most current) as needed.
- c) Schedule and coordinate the annual process of evaluating the General Manager.
- d) Preside over and facilitate Commission Meetings.
- e) Have no authority to supervise or administratively direct the General Manager, apart from authority expressly granted the President by the Commission.
- f) Assume responsibility of the Commission that is not specifically assigned to another Commission member.
- g) Be allowed to delegate his or her authority, but remains accountable for its use.
- h) Call Special Meetings of the Commission in the event of a business need as provided for in RCW 42.30.080.

The Vice-President of the Commission shall:

- a) Perform such duties as are assigned by the President.
- b) Have all the power and duties of the President in the absence or inability of the President to act.
- c) Have all the powers and duties of the Secretary in the absence or inability of the Secretary to act, when not acting as the President.

The Secretary of the Commission shall:

- a) Attest all contracts, bonds, deeds, leases and other instruments and documents duly authorized by the Commission unless otherwise delegated by the Commission.
- b) Perform all duties incident to the office of Secretary as may from time to time be required by law or assigned to such office by motion, rule or resolution of the Commission.
- c) Have all of the powers and duties of the President in the absence or inability of both the President and the Vice President to act.

- a) Commission members shall conduct themselves in accordance with all laws. The State of Washington has adopted a "Code of Ethics" that applies to all municipal officers, codified under RCW 42.23. The declared purpose of the Code of Ethics is to make uniform the laws of the State concerning the transaction of business by municipal officers in conflict with the proper performance of their duties in the public interest, and to promote the efficiency of local government by prohibiting certain instances and areas of conflict while at the same time sanctioning, under sufficient controls, certain other instances and areas of conflict.
- b) Commission members are strictly prohibited by law from entering into or engaging in any activity defined by RCW 42.23 as a conflict of interest with their official duties as a Jefferson County PUD NO.1 Commissioner.
- c) On an annual basis and in a public forum, each Commissioner shall acknowledge their obligation to disclose any conflicts of interest as defined in RCW 42.23.
- d) On a case by case basis, each Commission member will disclose to the other Commission members, in a public forum, any remote conflicts of interest as defined under RCW 42.23. Disclosure will be noted in the District's official minutes which are public record. A Commissioner with such remote interest will not participate in any discussion and/or debate concerning such interest, will not vote on the matter, and will do nothing to influence any other Commissioner concerning their decision on the matter.
- e) Commission members will adhere to the Jefferson County PUD NO.1 Code of Ethics adopted by the Commission, and shall conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
- f) Commission members will adhere to the Jefferson County PUD NO.1 policy on appropriate use of District Resources.
- g) Commission members will become familiar with their individual and joint obligations pertaining to the District's directive on reporting alleged improper governmental action, including actions required of the Commission regarding employee complaints of alleged improper governmental actions and/or employee claims of retaliation for reporting alleged improper governmental actions.
- h) Commission members understand that all letters, memoranda and/or interactive computer or electronic information (including e-mail), the subject of which relates to the conduct of the District or the performance of any District function, are public records and may also be subject to disclosure under the Washington Public Records Act. Any such public records shall be provided to the Public Records Officer for inclusion in the District's records management program.

- i) Commission members shall demonstrate loyalty to the interests of Jefferson County PUD NO.1's owners/ratepayers. This loyalty supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Commission member acting as a consumer of the District's activities.
- j) Commission members will refrain from accepting a gratuity, compensation or reward because he or she is a Commissioner of the District ~~except as prescribed in Jefferson County PUD NO.1 Employee Handbook; Secs. 104 and/or 108.~~
- k) Commission members may not attempt to exercise individual authority over Jefferson County PUD NO.1 except as explicitly set forth and authorized in Commission policies.
 - 1. Commission 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 the Commission.
 - 2. In interactions with the public, press or other entities, Commission members must recognize the same limitation and the inability of any Commission member to speak for the Commission except to repeat explicitly stated and adopted Commission decisions.
 - 3. Commission members are at liberty to exercise their individual freedom of expression, as long as the exercise of this freedom does not put the District at a legal disadvantage.
- l) In accordance with Washington's Open Public Meetings Act, Commission members:
 - 1. Shall not meet outside of Commission-called public meetings to hold discussions or make decisions as defined in RCW 42.30, regarding the business of the District.
 - 2. Shall not meet as a quorum outside of a Commission-called public meeting for the purpose of gathering information.
 - 3. Understand that the requirements of the Washington Open Public Meetings Act applies to communications via telephone, e-mail, instant messaging or other forms of electronic communications. Any exchange of communication between any two Commission members may constitute an official meeting of the Commission and be in violation of the Act.

Commission members may send information to other members of the Commission on an informational basis; however, replies and/or exchanges of communications regarding District business must not occur outside of an official public meeting of the Commission. Any such e-mail or instant messaging sent for informational purposes as described above, by any member of the Commission, shall be sent individually, not as group e-mail. Commissioners will not "reply" to any e-mail received by another member of the Commission.

- m) Members will respect the confidentiality appropriate to issues regarding personnel, real estate transactions, proprietary matters, and attorney-client privileged communications, including those requirements listed under RCW 42.30.110, Executive Sessions and including any other confidential information gained by reason of the Commissioner's position.

The Commission shall ensure that its skills are sufficient to assure excellence in governance of Jefferson County PUD NO.1.

Specifically:

- a) New Commission members shall receive training and orientation in Commission governance, policies and procedures.
- b) New Commission members shall receive an orientation on the District's Strategic Positioning Plan.
- c) Commission members shall receive training in the skills of effective communication and decision-making.
- d) The Commission President shall receive training in the facilitation of public meetings.

Jefferson County PUD NO. 1 has a duty to comply with appropriate public records requests as prescribed in the Washington Public Records Act. Commissioners do not give up their status as members of the public and therefore can request such information.

Because of the special status conferred upon the Commission as elected representatives, each Commissioner agrees that:

- a) Commission member requests to inspect District documents that do not meet the criteria of a “public record” under RCW 42.56 and/or which may be confidential in nature, shall be forwarded directly to the General Manager, who will provide the requested files, as allowed by law, for review on District premises.
- b) No confidential or original documents shall be taken from District premises except with the authorization of the General Manager.
- c) Commission members shall adhere to the same confidentiality requirements applicable to employees when dealing with the District’s records and other documents. District employee personnel files will not be subject to Commission review pursuant to the District’s directive relating to Employee Records Confidentiality and Access.
- d) Access to District public records may be achieved by providing a “Request for Public Records” to the General Manager.

The Commission may establish ad hoc advisory and standing committees. All committees should include designation of members, chair and a charter describing the committee's purpose.

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

Specifically:

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

Only decisions of the Commission acting as a body are binding upon the General Manager, the General Counsel, the District Auditor, or District Treasurer.

Specifically, in or out of Commission Meetings:

- a) Decisions or instructions of individual Commission members are not binding on the General Manager, General Counsel, the District Auditor, or District Treasurer except in instances when the Commission has specifically authorized such exercise of authority.
- b) In the case of Commission members requesting information or assistance without Commission authorization, the General Manager, General Counsel, the District Auditor, or District Treasurer must refuse such requests that require, in their opinion, a conflict of interest between the District and the Commissioner requesting the information or assistance.
- c) Commission members individually may communicate directly with District employees or contractors. However, the Commission as a body and the Commission members will never give direction to persons who report directly or indirectly to the General Manager, with the exception of the General Counsel, District Auditor or District Treasurer. If individual Commission members are dissatisfied with the response they receive, they may seek resolution through the Commission.
- d) The Commission as a body and the Commission members will refrain from evaluating, either formally or informally, the job performance of any District employee other than the General Manager.

The Commission governs Jefferson County PUD NO.1 and is the policy-making body of the District. The Commission operates under the provisions of the Revised Code of Washington, Title 54, Title 42 in part, and all other applicable statutes and laws.

The Commission is responsible for the following:

- a) Identifying and defining the purpose, values and vision of the District, along with the results that the District is to achieve, and communicating them in the form of policy.
- b) Making certain operational decisions as are designated by law.
- c) Hiring, evaluating, and terminating the General Manager.

The General Manager is responsible for the following:

- a) All operations of the District as well as the business affairs of the District.
- b) Achieving the results established by the Commission within the appropriate and ethical standards of business conduct set by the Commission.
- c) Enforcing District resolutions, administering directives, staff policies and procedures, hiring and terminating all employees, attending meetings of the Commission and reporting on the general affairs of the District, and keeping the Commission advised as to the current and future business needs of the District.
- d) Appointing a person to serve as the District's chief financial officer. This person may be the District Auditor, District Treasurer, or other person with sufficient education and experience to fulfill the duties of the position. Together with the chief financial officer, the General Manager shall ensure that, to the best of their knowledge and belief, financial reports are complete and reliable in all material respects.
- e) Ensuring the smooth continuous operation of the District in the event of the planned or unplanned absence of the General Manager.
- f) Interacting with the public and other utilities and government agencies, pursuant to policies and direction adopted by the Commission.
- g) Perform other responsibilities as may be appropriately delegated by the Commission.

The General Counsel provides legal counsel to the District and to the Commission. The General Counsel reports both to the Commission and to the General Manager.

The Commission is ultimately responsible for hiring and terminating the General Counsel. As a general practice, the Commission and the General Manager shall participate jointly in hiring and terminating the General Counsel.

The General Counsel shall advise the Commissioners regarding potential conflict of interest issues or ethical matters. General Counsel shall provide assistance to individual Commissioners in complying with applicable statutes and laws only when such advice does not conflict with the General Counsel's obligations to the District or to specific direction of the Commission.

The General Manager is responsible for evaluating the General Counsel's performance. The General Manager shall solicit the Commissioner's input in evaluating the performance of the General Counsel, and the Commission may, at its discretion, participate in that evaluation.

With respect to the Commission, the General Counsel shall:

- a) Give his or her advice or opinion whenever he or she deems it necessary or when required by the Commission.
- b) Inform the Commission of material legal issues impacting the District or the Commission.
- c) When necessary, act independently of the General Manager.
- d) Provide counsel to the Commission and individual Commission members with regard to conflict of interest issues.
- e) Provide counsel to the Commission and individual Commission members with regard to other ethical matters.
- f) Assist the Commission members in complying with applicable statutes and laws.
- g) The General Counsel shall not provide legal counsel to Commission members except as it relates to their role as Jefferson County PUD NO.1 Commission members.

The District Auditor (Auditor) and District Treasurer (Treasurer) serve in the capacity set forth by Title 54 of the Revised Code of Washington.

The General Manager shall recommend the appointments of Auditor and Treasurer for approval by the Commission. The Commission, by resolution, shall designate an Auditor and this person shall be a District employee other than the General Manager or Treasurer. The Commission, by resolution, may designate some other person having experience in financial or fiscal matters as Treasurer and this person shall be other than the General Manager or Auditor. The Auditor and Treasurer shall perform those duties specified by RCW 54.24.010 and shall be granted direct access to the Commission as necessary in the performance of these duties.

The General Manager may assign additional duties to the Auditor and Treasurer as long as these duties do not interfere with the Auditor and Treasurer duties as specified by law. The General Manager shall consult with the Commission in advance regarding his or her intention to terminate the Auditor or Treasurer.

The Director of finance shall provide periodic reports to the Commission summarizing cash and investment activity, and current financial analysis of the district.

The Auditor shall issue warrants for claims against the District. As soon as practical after issuance of such warrants, the Auditor shall provide a list of all warrants issued, and shall certify to the Commission that such disbursements satisfy just, due and unpaid obligations of the District, in a manner specified by the State Auditor. In order that the Auditor may provide such certification, the Auditor shall conduct internal reviews and audits that provide reasonable assurance as to the internal control systems that provide for the safeguarding of assets from unauthorized use or disposition, adherence to plans, policies, and procedures, and compliance with applicable laws and regulations.

If the Commission disapproves a claim on the District, the Auditor shall recognize the claim as a receivable of the District and pursue collection.

The Auditor, in the performance of his or her duties, shall have unlimited access to all activities, records, property and personnel of the District.

At the direction of the Commission, the Auditor shall serve as the chief liaison with all external audit agencies, shall coordinate the proper independent audit of annual financial statements, and shall ensure that the results and findings of such audits are reported to the Commission. In acting in this capacity, the Auditor does not relieve the Commission of its financial oversight responsibilities.

The Commission will instruct the General Manager through written policies, normally in the form of resolutions, motions, or minute entries, that define the results that the organization is to achieve, and which describe the delegation of authority to the General Manager.

Specifically:

- a) The Commission shall develop policies that define the delegation to the General Manager with regard to the General Manager's authority.
- b) The General Manager is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities to achieve the goals set forth by the Commission for the District.
- c) The General Manager must bring to the Commission's attention; circumstances that affect the goals established by the Commission and may request the Commission to take appropriate actions.
- d) The Commission may change its delegation to the General Manager at any time, thereby expanding or limiting the authority of the General Manager. Whenever a particular delegation is in place, the Commission will abide by the General Manager's decisions in those areas that are delegated to him or her.

By resolution, the Commission shall set forth the authority of the General Manager to manage and expend District funds in accordance with financial policies and budgetary limits. Procurement of goods and services shall take place in accordance with applicable legal requirements in a fair, competitive and inclusive manner to maximize the benefit to the District's ratepayers/customers.

Financial Policies

The Commission, by resolution, shall adopt financial policies that provide guidance to the General Manager in managing the finances of the District and in developing budgets, financial plans and rates. At a minimum, these policies shall 1) provide for sufficient liquidity relative to the District's risk profile, 2) provide for adequate coverage to meet debt covenants, 3) establish criteria for debt and rate - financed capital expenditures, 4) require that budgets be developed based on conservative and prudent assumptions consistent with standard industry practice, and 5) establish budgetary and procurement controls over expenditures.

Budgetary Authority

The Commission, by resolution, shall approve the District's budget prior to the start of each calendar year. The District's financial transactions shall be recorded within proprietary fund(s) adopted by the Commission. As such, the District does not have governmental funds with legally adopted budgets that carry the force of law. The General Manager shall manage the District's operations within the approved budget levels consistent with authority levels set forth in the financial policies.

Procurement Authority

The Commission, by resolution, shall establish procurement authorities and guidelines for the General Manager consistent with state laws and regulations. The General Manager shall establish procurement controls that provide reasonable assurance that the procurement of goods and services are made for a valid business purpose and within authorized budget levels.

It is District policy that procurement decisions be made free from actual or perceived conflicts of interest consistent with the District's Code of Ethics.

It is District policy that due diligence and prudent judgment be exercised in the making of procurement decisions, including conducting a risk assessment. If the General Manager reasonably determines that a procurement activity presents, regardless of the size of the financial commitment, either: (i) a unique and significant operational risk to the District; or (ii) a significant impact to customers, the General Manager shall inform the Commission.

The General Manager's job performance shall be evaluated by comparing the organization's operations and results and the General Manager's performance to the policies established by the Commission.

Specifically:

- a) The Commission shall evaluate the General Manager's performance on an annual basis.
- b) The evaluation will be based on an evaluation of the organization's performance and the General Manager's personal performance against the results established by the Commission.
- c) The General Manager shall propose performance criteria in December for the following year that represents his or her reasonable interpretation of achieving the results defined by the Commission.

Approved by the Board of Commissioners on 4 August 2015,

Wayne King, Commissioner

Ken Collins, Commissioner

Barney Burke, Commissioner

ATTACHMENTS (AS DEVELOPED and MODIFIED)

MISSION STATEMENT

PUD VISION

PUD STRATEGIC PLAN AND OPERATIONAL FOCUS

LISTING OF PUD POLICES

JOB DESCRIPTIONS

PUD MISSION STATEMENT

**PUBLIC UTILITY DISTRICT #1 OF JEFFERSON COUNTY
MISSION STATEMENT**

PUD VISION STATEMENT

**PUBLIC UTILITY DISTRICT #1 OF JEFFERSON COUNTY
VISION STATEMENT**

PUD STRATEGIC PLAN (UPDATED 2015)

**PUBLIC UTILITY DISTRICT #1 OF JEFFERSON COUNTY
STRATEGIC PLAN**

PUD ORGANIZATION CHART

PUBLIC UTILITY DISTRICT #1 OF JEFFERSON COUNTY
ORGANIZATIONAL CHART

PUD POLICIES

PUBLIC UTILITY DISTRICT #1 OF JEFFERSON COUNTY
POLICIES

Management

Personnel

Operational

