

Complete all fields including resolution, if applicable.

Meeting Date: July 23, 2013

Subject: Discussion of MID Board Policies regarding Board Governance Process and Board-Staff Linkage

Recommended Action: Discussion Only

Background and Discussion:

The Board of Directors is the legislative body of the Modesto Irrigation District (MID). It operates under the provisions of the Irrigation District Law of the State of California and all other applicable statutes and laws. It is the power and duty of the Board to manage and conduct the business affairs of MID. In addition, the Board has the duty and authority to delegate certain responsibilities to the General Manager for the conduct of MID's day to day business.

The Board has established practices regarding its governance of the MID and its relationship with staff, including the delegation of certain authority to the General Manager. These practices are in some cases set forth by Board Resolution, sometimes included as part of specific Board actions, and sometimes simply courses developed over time.

Over the last couple of years, Board members and staff have been working on developing a set of policies that could formalize the relationship between the Board and staff. These policies provide a framework for conducting business and provide clear guidelines on roles and responsibilities. A draft of these policies is attached. The policies range from the relationship between the Board and staff to internal Board communication. The policies entitled Governance Process and Board-Staff Linkage memorialize such practices.

The Governance Process policies describe the manner in which the Board members will undertake to perform their duty to guide the direction of the MID and how they will relate to each other and to staff.

The Board-Staff Linkage policies describe the relationship of the Board to the General Manager and other staff. They also define some of the duties and authorities that have been delegated to the General Manager by the Board.

Alternatives, Pros and Cons of Each Alternative: N/A

Concurrence: N/A

BOARD AGENDA REPORT

Fiscal Impact: N/A

Recommendation: N/A

Attachments: Supporting documents attached:

☐ Presentation ☒ Other supporting docs ☐ None attached

Note: Original contracts and agreements are housed in the Board Secretary's Office, phone (209) 526-7360.

MID BOARD POLICY	
Category: Governance Process	Title: Purpose of Board
	Policy Number: GP-1
Date of Adoption:	Resolution No.

The Board is the legislative body of the Modesto Irrigation District (MID). It operates under the provisions of the Irrigation District Law of the State of California and all other applicable statutes and laws. It is the power and duty of the Board to manage and conduct the business affairs of MID.

The purpose of the Board of Directors is to:

- a) Identify and define the mission, vision, core values and goals of MID, along with the quantitative and qualitative results that MID is to achieve, and communicate them in the form of policy.
- b) Identify and define those results or conditions of MID that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Ensure budgets and rates are established consistent with achieving those results and conditions.
- d) Monitor the organization's performance against the results that the Board has established for MID.
- e) Make those organizational decisions as may be required by the Irrigation District Law.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: Governance Focus
	Policy Number: GP-2
Date of Adoption:	Resolution No.

The Board will govern with an emphasis on: (i) outward vision; (ii) encouragement of diversity in viewpoints; (iii) strategic leadership more than administrative detail; (iv) clear distinction of Board and General Manager roles; (v) collaborative rather than individual decisions; (vi) the future rather than past or present; and (vii) proactive thinking.

Specifically:

- a) The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governing. The Board will be an initiator of policy. The Board will use the expertise of individual members to enhance the ability of the Board as a body.
- b) The Board will direct, evaluate and inspire the organization through the establishment of written policies reflecting the Board's values. The Board's major policy focus will be on MID's intended long-term impacts outside the organization, not on the administrative or programmatic means of achieving those effects.
- c) Continual Board development will include orientation of new Board members in the Board's governance policies and processes, periodic re-orientation of existing Board members, and regular Board discussion of process improvement.
- d) The Board will regularly discuss and evaluate its performance. Self-monitoring will include comparison of Board activities and discipline to policies adopted by the Board. It will be up to the board president to determine the appropriate manner of this feedback and evaluation.

Monitoring Method: Board Report

Frequency: Annual

MID BOARD POLICY			
Category: Governance Process		Title: BOARD JOB DESCRIPTION	
		Policy Number: GP-3	
Date of Adoption:		Resolution No.	
Related Action:	March 30, 2010	Resolution No.	2010-38
Related Action:	November 15, 2011	Resolution No.	2011-68
Related Action:	December 22, 2009	Resolution No.	2009-114
Related Action:	July 23, 1974, and regularly updated	Resolution No.	Employee Handbook

The specific job duty of Board members as elected representatives is to ensure appropriate organizational performance.

Specifically, the Board shall:

- a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between Board and staff.
- b) Hire and, when necessary, discharge the General Manager, the General Counsel, and the Board Secretary. Regularly monitor and evaluate the performance of the General Manager.
- c) Develop and use outreach mechanisms to ensure the Board hears the strategic viewpoints and values of customers, owners, the community and other interested stakeholders.
- d) Serve as ambassadors for MID and build relationships throughout the District and the region.
- e) Establish policies to guide the General Manager, General Counsel, and staff.
- f) Adopt strategic directives for MID and review them annually.

- g) Adopt the MID budget to meet the financial policies and achieve the strategic directives.
- h) Set the rates, rules and regulations for services and commodities provided by MID, based on cost of service and designed to meet the financial policies and strategic directives.
- i) Direct the preparation and issuance of MID bonds for capital facilities.
- j) Adopt an organizational structure and employee policies to support the mission, vision, core values and goals identified by the Board.
- k) Hold regular meetings to conduct the business of MID in an open and transparent manner consistent with applicable open meeting laws, including an annual organizational meeting at which it shall elect a President and Vice President in accordance with law.
- l) Authorize the General Manager to perform actions, make decisions and direct staff as necessary to accomplish the goals, policies and directives established by the Board.
- m) Take such other actions as may be required by law.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: AGENDA PLANNING
	Policy Number: GP-4
Date of Adoption:	Resolution No.
Related Action: February 12, 2008	Resolution No. 2008-28

- a) The Board shall conduct its meetings pursuant to agendas established and provided to the public in accordance with applicable laws.
- b) Members of the Board, the General Manager, and his or her designees may place matters on Board agendas in accordance with policy and procedures adopted by the Board.
- c) Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member during a Board meeting prior to the vote to approve the consent calendar.
- d) The General Manager shall regularly prepare, conferring with the Board President as necessary or appropriate, and issue an agenda for each meeting of the Board and of Board Committees.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: Election of Board President and Vice President
	Policy Number: GP-5
Date of Adoption:	Resolution No.
Related Action: December __, 2011	Resolution Nos. 2011-__, 2011-__

The Board shall elect each year a president and vice president from its members to preside over it, under the following terms and conditions:

- a) The nominations for and selection of president and vice president for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in December.
- b) The president and vice president shall be elected upon a majority vote of Board members voting in approval.
- c) The terms of president and vice president shall be for a period of one year or until such time as a successor has been selected pursuant to these rules.
- d) During the absence of the president, the vice president will preside, and, in the event that both the president and vice president are absent, the members present shall select one of their members to act as president pro tem.
- e) In the event that the office of either president or vice president becomes vacant, the board, within 30 days from the date of such vacancy, will select one of its members to fill the term of that office.

- f) The president and/or vice president shall be recalled upon a vote of three Board members voting to recall. Nomination and election of a new president and/or vice president shall occur within 30 days from the date of the vote to recall.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: Role of the Board President
	Policy Number: GP-6
Date of Adoption:	Resolution No.

The President of the Board shall assure the integrity of the Board's processes and assure Board representation to outside parties:

Specifically:

- a) The President shall ensure that the Board conducts business consistently within its own rules and policies, and those legitimately imposed on it from outside the organization.
- b) The President shall preside over and facilitate Board meetings.
- c) The President shall ensure that meeting discussions focus on those issues which, according to Board policy, belong to the Board to decide.
- d) The President shall ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.
- e) The President shall schedule and coordinate the annual process of evaluating the General Manager. Any Board action or determination regarding the General Manager's compensation shall be in conjunction with an evaluation.
- f) The President shall ensure that the Board's agendas meet the goals set by the Board.
- g) The President has no authority to supervise or direct the General Manager, apart from authority expressly granted him or her by the Board.

- h) Any responsibility of the Board that is not specifically assigned to another Board member is the responsibility of the Board President.
- i) The President may delegate his or her authority, but remains accountable for its use.
- j) The President shall represent MID in forums such as presentations to financial rating agencies for issuance of bonds, legislative hearings, and before regulatory agencies.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: Guidelines for Board Member Conduct
	Policy Number: GP-7
Date of Adoption:	Resolution No.
Related Action: February 12, 2008	Resolution No. 2008-49
Related Action: April 10, 2007	Resolution No. 2007-94
Related Action: March 25, 1997	Resolution No. 97-44
Related Action: February 18, 1992	Resolution No. 92-29

- a) The Board and its members should act in an ethical, businesslike, productive, and lawful manner. Board members should avoid even the appearance of impropriety to ensure and maintain public confidence in MID. Specifically, Board members are expected to demonstrate loyalty to the MID owners and customers in a way that balances the interests of all three lines of business; irrigation, domestic water, and electric. This 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 Board member acting as a consumer of the organization's activities or otherwise.
- b) Board members shall thoroughly review each Board Agenda package and accompanying staff recommendations prior to the meeting to allow for focused and efficient discussion.
- c) The Board and its members shall at all times perform in accordance with applicable laws and MID's Board Member Code of Conduct, the MID Code of Ethics, and such other codes and policies as the Board may adopt.
- d) The Board and its members shall at all times conform to applicable Employee Handbook sections and procedures.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: Committees
	Policy Number: GP-8
Date of adoption:	Resolution No.
Related Action: March 13, 1951	
Related Action: August 28, 2007	Resolution No. 2007-163
Related Action: January 12, 2010	Resolution No. 2010-1

The Board may establish standing committees and ad hoc committees based on need and input from the Board members. Standing committees shall assist the Board in its ongoing work and activities. Ad hoc committees shall be created for a limited duration to address a specific topic of interest to the Board and shall report back at a publicly noticed Board or standing committee meeting on its activities. The Board may also appoint members, and alternates, to represent the District on standing committees established by Joint Powers agencies and other organizations of which the District is a member.

Each committee may be composed of two or more Board members, and shall include designation of a chair and a clear statement of purpose. Committees with more than two Board members shall provide public notice of their meetings.

Specifically:

- a) Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- b) Standing committees shall be reviewed at least annually by the Board to determine whether they should continue. Committees that do not meet at least once every six months, shall be deemed to be disbanded.
- c) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: BOARD TRAINING, ORIENTATION
	Policy Number: GP-9
Date of Adoption:	Resolution No.

Because poor governance costs more than learning to govern well, the Board will invest in training, development and orientation to assure excellence in governance.

Specifically:

- a) At least every two years, Board members shall receive training on laws related to ethics, conflict of interest requirements, government transparency, open government, and fair government processes. Training shall be made available annually.
- b) New Board members shall receive an orientation in MID's governance policies.
- c) Board members shall be offered and encouraged to receive regular training with respect to understanding trends and developments in public power and the energy industry.
- d) Board members shall seek training as necessary to ensure they maintain effective governance, communication and decision making skills.
- e) The Board President and Board committee chairs shall be offered and encouraged to receive training in the facilitation of meetings.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: Board Review of Internal Records
	Policy Number: GP-10
Date of Adoption:	Resolution No.
Related Action: March 14, 2006	Resolution No. 2006-54

Board members may review records of MID, so long as confidentiality requirements are followed. The intent of this policy is to provide full access and transparency for Board members to MID internal records, while respecting confidentiality obligations, laws, and regulations, to assist the Board in carrying out its duties. Since MID has over 120 years worth of records, and high speed, easier access to records has only been available for about 10 years, staff and the Board must also strike a balance between availability and maintaining day-to-day operations for direct services to customers.

Specifically:

- a) Board member requests to inspect MID records shall be forwarded to the Board Secretary in accordance with procedures established by the Board and may be available for review on MID premises.
- b) No confidential or original documents shall be taken from MID premises.
- c) Board members shall follow the same confidentiality requirements applicable to MID employees dealing with such files. MID employee personnel files will not be subject to Board review except as permitted by law.
- d) The Board Office shall maintain a log of all copies of documents requested by Board members. The log will be available for inspection by members of the public during working hours.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: Board Compensation and Benefits
	Policy Number: GP-11
Date of Adoption:	Resolution No.
Related Action: January 11, 2000	Ordinance No. 2000-1
January 1, 2005	Employee Handbook Section B38

In keeping with the Irrigation District Law, members of the Board of Directors are entitled to compensation for their service. Such compensation shall be set by Ordinance of the Board.

Board members may also be entitled to reimbursement of expenses in the same manner as employees of the District, as set forth by District Policy approved by the Board of Directors.

Board members may participate in any plan for retirement or insurance program which has been adopted and carried into effect for the benefit of District officers and employees, as permitted by applicable law.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Governance Process	Title: External Auditor Relationship
	Policy Number: GP-12
Date of Adoption:	Resolution No.:
Related Action: August 28, 2007	Resolution No. 2007-163

The Board is responsible for hiring MID's external auditor to perform the annual independent audit.

Specifically:

- a) The Board will make the choice of external auditor, based on input from staff and others it deems necessary to exercise prudent, independent judgment.
- b) The Board as a whole acts as the audit committee for the District and each year shall meet with the external auditor after the audit is complete. The meeting will be independent of staff. The Board shall report the outcome of the audit and their findings on a timely basis at a public meeting.
- c) The Independent Auditors' Report shall be finalized and made available as a public record.

Monitoring Method: Board Report

Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Board General Manager Relationship
	Policy Number: BL-1
Date of Adoption:	Resolution No.

The Board of Directors governs the Modesto Irrigation District and is the policy-making body of MID. The Board operates under the provisions of the Irrigation District Law of the State of California and all other applicable statutes and laws.

- a) The Board of Directors shall have the responsibilities defined in the Governance Policies adopted by the Board.
- b) The General Manager is responsible for implementing Board policy, administration of MID business functions, and proposing new or modified Board policy, subject to periodic review by the Board:
 - i) Manage all day to day operations and business affairs of MID.
 - ii) The Board retains all authority to act on behalf of MID. The Board may, except where prohibited by law, delegate responsibility to the General Manager to establish policies, make decisions, take actions, establish practices, and develop activities to further the policies and goals established by the Board.
 - iii) Achieve the goals and results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
 - iv) The Board may change its delegation to the General Manager at any time, subject to the applicable law, policies adopted by the Board and any contract with the General Manager, thereby expanding or limiting the authority of the General Manager.
 - v) Regularly prepare and submit to the Board for approval budget and rate proposals, together with rules and regulations, to achieve the Board's financial policies and strategic directives.
 - vi) Attend meetings of the Board and report on the general affairs of MID, and keep the Board advised as to the needs of MID.

- vii) Prepare and submit to the Board for approval as necessary organizational designs for MID; manage the employees, including hiring and terminating of all officers and employees except the General Counsel and the Board Secretary; and maintain an Employee Handbook meeting the requirements of law.
- viii) Direct labor negotiations based on Board direction, and develop labor contract proposals for Board consideration.
- ix) Enforce a code of ethics applicable to all employees, which provides clear guidelines for ethical standards and conduct.
- x) Administer MID procurement of goods and services, and treatment of salvage or discard items in accordance with Board Policy.
- xi) Implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing MID.
- xii) Ensure the smooth continuous operation of MID in the event of the planned or unplanned absence of the General Manager.
- xiii) Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. The General Manager shall assure, in cooperation and consultation with the Board, that MID is appropriately represented in the community it serves.
- xiv) Perform other responsibilities as may be delegated by the Board either by resolution or through a contract of employment.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Board-General Counsel Relationship
	Policy Number: BL-2
Date of Adoption:	Resolution No.

The General Counsel provides legal counsel to MID and to the Board. The General Counsel reports both to the Board and to the General Manager.

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

The General Manager will assist as directed by the Board in preparing performance evaluations, recommendations for compensation, and review of job duties for the General Counsel.

With respect to the Board, the General Counsel shall:

- a) Give his or her legal advice or opinion whenever he or she deems necessary or when required by the Board.
- b) Inform the Board of material legal issues impacting MID or the Board.
- c) Provide legal counsel to the Board with regard to conflict-of-interest issues.
- d) Provide legal counsel to the Board with regard to other ethical matters.
- e) Assist the Board in complying with applicable statutes and regulations.
- f) When necessary, act independently of the General Manager with regard to the foregoing.

The General Counsel shall not provide legal counsel to individual Board members except in their role as Board members.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Board Secretary Relationship
	Policy Number: BL-3
Date of Adoption:	Resolution No.
Related Action: December 8, 2009	Resolution No. 2009-98

The Board Secretary helps the Board fulfill its various responsibilities. The Board Secretary serves under the direction and control of the Board.

The Board of Directors is ultimately responsible for hiring and terminating the Board Secretary. As a general practice, the Board and the General Manager shall participate jointly in hiring and terminating the Board Secretary.

The General Manager will assist as directed by the Board in preparing performance evaluations, recommendations for compensation, and review of job duties for the Board Secretary.

The General Manager will recommend to the Board the compensation of the Board Secretary, but the Board may, at its discretion, provide to the General Manager its decision regarding the Board Secretary's compensation.

The Board Secretary shall:

- a) Maintain all Board records.
- b) Receive and disseminate Board communications.
- c) Act as recording secretary at all Board meetings.
- d) Coordinate with MID management and staff in responding to Board member requests related to constituent affairs.
- e) Handle all other matters that are properly delegated to him or her by the Board.

- f) Notwithstanding these activities, the Board Secretary is not empowered to instruct or direct MID management or staff.

Monitoring Method: Board Report

Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Unity of Control
	Policy Number: BL-4
Date of Adoption:	Resolution No.

Only decisions of the Board acting as a body are binding on the General Manager and the General Counsel.

Specifically, in or out of the Board meeting:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager or the General Counsel, except in instances when the Board has specifically authorized such exercise of authority.
- b) In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager or the General Counsel must refuse such requests that require, in their opinion, a material amount of staff time, or funds, or are disruptive.

Board members may communicate with MID employees or contractors, and will endeavor to advise the General Manager regarding such communications where substantive operational, contractual, regulatory compliance, or personnel matters are identified. However, the Board as a body and the Board members will refrain from giving direction to persons who report directly or indirectly to the General Manager, with the exception of the General Counsel.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Evaluating the GM'S Performance
	Policy Number: BL-5
Date of Adoption:	Resolution No.

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

Specifically:

- a) The Board 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 desired results established by the Board.
- c) The Board will use data to determine the degree to which Board policies are being met.
- d) Through the annual budget process, the General Manager shall identify for the Board's review and approval, performance goals and objectives for the following year that represent the General Manager's reasonable interpretation of achieving the results defined by the Board.
- e) All policies that instruct the General Manager shall be monitored at a frequency and by a method chosen by the Board.

Monitoring Method: Board Report
Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Delegation to the GM With Respect to Procurement
	Policy Number: BL-6
Date of Adoption:	Resolution No.

The procurement of goods and services is an integral part of MID operations. It is MID's policy that such procurement shall take place in accordance with applicable legal requirements in a fair, competitive and inclusive manner to maximize the benefit to MID's ratepayers and the economic development of the community.

- a) **Prudent Judgment:** It is MID's 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 MID;
 - ii) a significant impact to customers; or
 - iii) a significant impact to community relations, the General Manager shall inform the Board.
- b) **Delegation of Authority to the General Manager:** The Board's approval of a Budget constitutes authorization for the purchase of materials, equipment and services specifically listed in the Budget. The General Manager is delegated authority to perform and approve procurement activities and will periodically report to the Board regarding expenditures.
- c) The General Manager is authorized to execute the following contract amendments:

Time Extension	Up to 1 year
Contingency changes	Up to 10% of contract award
- d) The General Manager shall prepare and submit to the Board a manual for purchasing and procurement activities of MID that reflects the foregoing delegation.

- e) The General Manager shall periodically report to the Board a summary of the actions taken with respect to the categories of transactions within this policy.

Monitoring Method: GM Report
Frequency: Semi-Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Delegation to the General Manager
	Policy Number: BL-7
Date of Adoption:	Resolution No.
Related Action: October 14, 1997	Resolution No. 97-187

The Board will instruct the General Manager through written policies that define the results the organization is to achieve, and that describe the delegation of authority to the General Manager.

Specifically:

- a) The Board shall identify and define the mission, vision, core values and goal of MID, along with the quantitative and qualitative results that MID is to achieve, and shall identify and define those results or conditions of MID that are acceptable and not acceptable to the Board, and shall communicate these items in the form of policy.
- b) The Board shall adopt the MID budget to meet the financial policies and strategic directives established by the Board. The General Manager shall direct the administration and operation of MID in accordance with the budget, including the transfer of funds among budget categories, as the budget may be adjusted by the Board.
- c) The General Manager must bring to the Board's attention circumstances that affect the policies and goals established by the Board, present a unique and significant operational risk to MID, or significantly impact MID's customers and may request the Board to take appropriate actions.

Monitoring Method: Board Report
Frequency: Semi-Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Delegation to the General Manager with Respect to State and Federal Legislation
	Policy Number: BL-8
Date of Adoption:	Resolution No.
Related Action: March 30, 2010	Resolution No. 2010-35

This Board supports development of legislative and regulatory policies that further the Board's policies.

- a) The General Manager is authorized to develop positions consistent with Board policies on state and federal legislative and budget proposals, and communicate them to the Congress, the Legislature, and public power trade associations.
- b) When communicating a new position on state or federal legislation or budget proposals, the General Manager will provide advance notice to the Board when feasible.
- c) The General Manager is authorized to implement programs and take actions to achieve MID's legislative and regulatory policies, including without limitation:
 - (i) conducting campaigns to address issues of importance to MID's operations;
 - (ii) participating in regulatory and other activities connected to issues of importance to MID's operations;
 - (iii) continuing an active role in legislative and regulatory processes;
 - (iv) identifying and pursuing positions on state and federal legislation relevant to MID operations;
 - (v) working with other entities and associations to ensure MID's interest and positions are represented;
 - (vi) undertaking activities necessary to ensure MID's ongoing relationships with legislative and regulatory bodies and its customers.

Monitoring Method: GM Report
Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Delegation To The General Manager With Respect To Real and Personal Property Policy
	Policy Number: BL-9
Date of Adoption:	Resolution No.

Normal business operations require MID to engage in: (i) the acquisition, disposition, and lease of interests in real property; (ii) disposition of surplus personal property; (iii) the purchase, sale, and/or exchange of air emission credits (ERCs), renewable energy credits or other renewable standard compliance instruments (RECs), greenhouse gas emission compliance instruments (GCIs) and other types of tradable instruments required for MID operations and compliance; and (iv) the leasing of unused capacity on MID's fiber optic infrastructure.

- a) **Prudent Judgment:** It is MID's policy that such transactions be administered in a manner that is operationally and economically sound, serves the best interests of MID's ratepayers, comports with prudent business practices, and does not expose MID to unreasonable risk. Further, it is MID's policy that due diligence and prudent judgment be exercised in the making of decisions related to the real and personal property of MID, including conducting a risk assessment. If the General Manager reasonably determines that an activity related to these transactions presents, regardless of the size of the financial commitment, either: (i) a unique and significant operational risk to MID; (ii) a significant impact to customers; or (iii) a significant impact to community relations, the General Manager shall inform the Board.
- b) **Reporting:** The General Manager shall annually report to the Board a summary of the actions taken with respect to the categories of transactions within this policy.
- c) **Delegation of Authority:** The General Manager is delegated authority to negotiate real property transactions for Board consideration, consistent with Board policies and within the parameters that follow.

d) **Real Estate Transactions:**

- i) Purchase of Real Property. The sale of real property shall be at fair market value after first offering the property interest to local agencies; then, as appropriate, to the prior owner if able to be identified and located; and third to general public for maximum sale. In an exchange of real property, MID shall remain financially whole or benefit from the transaction.
- ii) Sale or Exchange of Real Property. The sale of real property shall be at fair market value after first offering the property interest to local agencies when required by law; then, as appropriate, to the prior owner if able to be identified and located; and third to general public for maximum sale. In an exchange of real property, MID shall remain financially whole or benefit from the transaction.
- (iii) Lease of MID Property. Leases of MID Property shall be for fair market value and shall not adversely impact MID operations or anticipated future operations.
- iv) Easements, Rights of Way, Licenses or Quitclaim Deeds. Easements, rights of way, licenses and quitclaim deeds may be granted where MID operations or anticipated future operations are not adversely impacted.
- v) Lease, Easements, Licenses and Rights of Way from Third Parties. Leases, easements, licenses and rights-of-way may be obtained from Third Parties at or below fair market value.

- e) **Special Assessments, Governmental Fees and Property Taxes:** The General Manager is authorized to cast ballots, negotiate, pay taxes assessments, fees, levies or charges arising from MID's ownership or other interests in real property, including but not limited to Mello-Roos, Lighting and Landscape, Flood Control, Reclamation, Fire Suppression, School District, and Business Improvement. In addition, the General Manager is authorized to cast ballots on behalf of MID pursuant to Article XIID(4) of the California Constitution (Proposition 218, 11/15/1996).

f) **Purchase, Sale, or Exchange of Electric Resources and Tradeable Compliance Instruments:**

- i) Purchase. The resources or instruments are: (a) needed or anticipated to be needed to meet compliance obligations or otherwise for MID operations; and (b) the price is at or below fair market value and does not exceed \$1 million.

- ii) Sale. The resources or instruments are: (a) surplus to MID's actual or anticipated needs; and (b) the price is at or above fair market value.
 - iii) Exchange. The resources or instruments obtained: (a) provide present or future operational flexibility; and (b) are of equal or superior quality and value.
- g) **Disposal of Surplus, Scrap or Obsolete Personal Property:**
 - i) Sale by competitive process.
 - ii) Sale by incidental sale after public notice or advertising.
 - iii) Sale by direct negotiations when the property cannot be disposed of, or is unlikely to be disposed of, through methods (i) and (ii) above.
 - iv) Donation or abandonment of surplus, scrap or obsolete personal property where: (a) the property cannot be reasonably disposed of through methods (i) through (iii) above; and (b) the receiving organization is a state or local public agency, a charitable, education or welfare association or organization; provided, however, personal property may be donated to an educational organization without first using methods (i) through (iv) where the donation furthers a legitimate governmental or business purpose and provides a benefit to MID.
- h) **Leasing of Access to Use MID's Fiber Optic Network (Dark Fiber).** MID Dark Fiber will only be leased to public agencies and under the following conditions: (i) the Dark Fiber is excess to MID's needs; (ii) the lease price is at or above fair market value or MID receives an in-kind exchange of goods and/or services of comparable value; and (iii) the lease includes a right for MID to terminate the contract at its convenience.

Monitoring Method: GM Report
Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Delegation To The General Manager With Respect To The Settlement of Claims and Litigation
	Policy Number: BL-10
Date of Adoption:	Resolution No.
Related Action: December 19, 1995	Resolution 95-202

Normal business operations require MID to enter into settlements of: (i) claims, complaints and lawsuits filed against it and brought by MID against third parties; (ii) regulatory matters to which MID is a party; and (iii) other disputes with third parties (singularly a “Dispute,” collectively “Disputes”).

- a) **Prudent Judgment:** It is MID’s policy that Disputes be administered and resolved in a manner that is operationally and economically sound, serves the best interests of MID’s ratepayers, comports with prudent business practices, and does not expose MID to unreasonable risk. Further, it is MID’s policy that due diligence and prudent judgment be exercised in the making of decisions related to the settlement of Disputes, including conducting a risk assessment. If the General Manager reasonably determines that an activity related to a Dispute presents, regardless of the size of the financial commitment, either: (i) a unique and significant operational risk to MID; (ii) a significant impact to customers; or (iii) a significant impact to community relations, the General Manager shall inform the Board.
- b) **Reporting:** The General Manager shall report semi-annually to the Board a summary of the actions taken with respect to the settlement of Disputes. The General Manager shall timely provide the Board with a summary of any significant settlement of a Dispute reached under this policy.
- c) **Delegation of Authority:** The General Manager, upon the advice of the General Counsel, is delegated authority to enter into settlement agreements to resolve Disputes and is authorized to execute all necessary documents to finally resolve such matters in accordance with Board policy and within the parameters of the matrix below.

<u>Category</u>	<u>Amount</u>
Tort Claims	Up to \$25,000
Claims Under Workers' Compensation Laws	Up to self-retention insurance levels
Condemnations Filed by MID	
Up to 115% of Appraised Value	
Greater than 115% of Appraised Value	
Condemnations Filed against MID	
85% or greater of Appraised Value	
Less than 85% of Appraised Value	
All other Disputes	\$100,000

Monitoring Method: GM Report
Frequency: Annual

MID BOARD POLICY	
Category: Board-Staff Linkage	Title: Delegation To The General Manager for Transmission, Wholesale Electricity and Natural Gas Transactions
	Policy Number: BL-11
Date of Adoption:	Resolution No.
Related Action: February 9, 2010	Resolution No. 2010-16

As part of prudently managing energy related risks, providing retail rate stability and serving customers, MID is required to enter into: (i) contracts to purchase and sell wholesale electricity and natural gas; (ii) contracts for transmission, natural gas transportation and natural gas storage; and (iii) contracts to financially hedge or mitigate risks associated with wholesale electricity and natural gas prices, supplies and markets.

- a) **Prudent Judgment:** It is MID's policy that such transactions be administered in a manner that is operationally and economically sound, serves the best interests of MID's ratepayers, comports with prudent business practices, and does not expose MID to unreasonable risk. Further, it is MID's policy that due diligence and prudent judgment be exercised in the making of decisions related to the transactions, including conducting a risk assessment. If the General Manager reasonably determines that an activity related to these transactions presents, regardless of the size of the financial commitment, any of the following, the General Manager shall inform the Board:
 - i) a unique and significant operational risk to MID;
 - ii) a significant impact to customers; or
 - iii) a significant impact to community relations.
- b) **Reporting:** The General Manager shall report semi-annually to the Board a summary of the actions taken with respect to the categories of transactions within this policy.

- c) **Delegation of Authority:** The General Manager is delegated decision making and approval authority consistent with Board policies and within the parameters of the Energy Risk Management and Energy Trading Standards adopted by this Board.

Monitoring Method: GM Report
Frequency: Annual