

# Lowell Light & Power

## Policy 2

### Governance Policies and City of Lowell Charter

Policy 2-1.....	1
<b>Subject:</b> Purpose	
Policy 2-2.....	2
<b>Subject:</b> Role of Board Members	
Policy 2-3.....	4
<b>Subject:</b> Role of Chairman	
Policy 2-4.....	5
<b>Subject:</b> Board of Composition	
Policy 2-5.....	6
<b>Subject:</b> Resignation	
Policy 2-6.....	7
<b>Subject:</b> Meetings of the Board	
Policy 2-7.....	8
<b>Subject:</b> Schedule	
Policy 2-8.....	9
<b>Subject:</b> Advance Materials/Agenda	
Policy 2-9.....	10
<b>Subject:</b> Access to Management	
Policy 2-10.....	11
<b>Subject:</b> Committees	
Policy 2-11.....	13
<b>Subject:</b> Outside Advisors	
Policy 2-12.....	14
<b>Subject:</b> Board-General Manager Relationship	
Policy 2-13.....	16
<b>Subject:</b> General Manager Responsibilities	
Policy 2-14.....	17
<b>Subject:</b> Purchases, Sale and Disposal of Real and Personal Property	
Policy 2-15.....	18
<b>Subject:</b> Procurement	

# Lowell Light & Power

As Amended and Restated January 1, 2011

## Governance Policies and City of Lowell Charter

### Policy 2-1

**Subject:** Purpose

**Policy:**

These Policies and Principles, along with the Charter of the City of Lowell, provide the framework for the governance of the Board of Lowell Light and Power (the "Utility"). The Board, as a body, is accountable to the citizens of Lowell for Lowell Light and Power and its performance. The purpose of these Policies and Principles is to assist the Board and its Committees in the exercise of its responsibilities and serve the best interests of Lowell Light and Power and its customers. The Board alone is responsible for proper and effective governance. These Policies and Principles are intended to serve as a flexible framework within which the Board and its Committees may operate. Any action or failure to act by the Board or its Committees which is contrary to these Policies and Principles shall not affect the validity of any actions otherwise validly taken by the Board or its Committees. These Policies and Principles are subject to modification from time to time by the Board as the Board deems appropriate in the best interests of Lowell Light and Power, its customers or as required by applicable State and Federal laws and regulations.

Lowell  
Light & Power

# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-2

**Subject:** Role of Board Members

**Policy:**

- A.** Board members are appointed by the City Council of Lowell to oversee the Utility's business and monitor its management.
- B.** The Board's most important role is its written Policies, Policy-based decisions and the selection, employment, evaluation and discharge of the Superintendent ("General Manager").
- C.** The Board shall hire a competent General Manager and support the General Manager by routinely engaging in collaborative performance planning and evaluation.
- D.** The Board will set its own agenda for governance and initiate and update written Policies and Principles to provide consistent and efficient operating practices.
- E.** While the Board believes the responsibility for the day-to-day operations of the Utility belongs to its General Manager, the Board monitors and evaluates the General Manager and his or her actions.
- F.** The Board shall have and exercise full control over all the funds of Lowell Light & Power.
  - a.** All checks or warrants drawn for payment, under authority of the Board, shall be signed by the Chairman of the Board or his/her authorized representative and countersigned by the General Manager or his/her authorized representative.
- G.** While the Utility's budgets, business and strategic plans are designed and ultimately executed by its management team, the Board's role includes:
  - a.** Reviewing and approving the Utility's capital and operating budgets;
  - b.** Reviewing and approving the Utility's long-term business and strategic plans;
  - c.** Through monthly performance updates, monitor the Utility's performance and continuing progress against the plans;

# Lowell Light & Power

- d. Reviewing and approving the Utility's goals and objectives relative to the General Manager's compensation; and
- e. Annually reviewing the General Manager's performance.

## H. Annual Report of Lowell Light and Power

- a. An annual report shall be prepared by the designated auditing firm within sixty (60) days after the completion of the annual audit.
- b. The annual report shall clearly show the financial position of the Utility system by a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flows, and such other information as may be pertinent thereto.
- c. Such report shall be published in a manner determined by the designated auditing firm and approved by the Board. Sufficient copies shall be filed with the City Clerk for distribution to the City Council.

## I. The Board shall have full power and authority to fix all rates for electricity.

- a. Rate adjustments shall become effective thirty (30) days after the same have been filed with the City Clerk as a public record.
- b. Such rates shall not be fixed any lower than will produce the revenue required to pay all operating, maintenance, depreciation, and obsolescence expenses of the Utility system, together with a sufficient amount to provide for necessary plant expansions.

Lowell  
Light & Power

# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-3

**Subject:** Role of Chairman

**Policy:**

- A.** The Board members collectively elect a Chairman of the Board (the “Chairman”).
- B.** The Chairman has an important communications role. Internally, he or she helps set the tone for the Board and should model standards of high integrity. Externally, he or she acts as the primary spokesperson on behalf of the Board; unless circumstances make a different spokesperson more appropriate.
- C.** The Chairman is authorized by the Board to call and schedule special meetings, set its meeting agendas, preside over its meetings and with limitations represent the Board to outside parties.
- D.** The Chairman assists the Board in ensuring compliance with the implementation of these Board Governance Policies and Principles.
- E.** The Chairman assists in interviews of General Manager candidates; determination of employment, compensation and discharge of the General Manager. The Chairman has no authority to supervise or direct the General Manager.
- F.** The Chairman is empowered by the Board to execute official documents on its behalf; organize the work of the Board, and to assign specific tasks to Board members and committees established by the Board.
- G.** The Chairman is empowered by the Board to represent the Board to outside parties in announcing Board stated positions and in stating decisions and interpretation of Board Policy. The Chairman has exclusive authority to delegate this communication authority to a Board member or the General Manager to engage in such communication, but the Chairman remains accountable for the use of such delegated authority.

# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-4

**Subject:** Board Composition

**Policy:**

- A. Board Size and terms: The Board consists of five (5) members appointed by the Lowell City Council. Board member terms are three (3) years.
- B. Qualifications: Board members shall possess a balance of experience and knowledge about technical, financial and business operations.
- C. Orientation: All new Board members shall receive background information about the Utility and the industry. All members are expected to review the Board Policies and Principles. They shall be offered and encouraged to receive training in the skills of effective governance, communication and decision making with regards to the Policies and Principles of the Utility.
- D. Compensation: Members of the Board shall receive nominal compensation; which the amount shall be set by the City Council each year by resolution. Members shall be allowed reasonable expenses when actually incurred by them upon authority of the Board in accordance with the Expense Reimbursement Policy.
- E. Commitment: Each Board member is expected to devote sufficient time to effectively carry out Board responsibilities. Each member is expected to attend all scheduled Board and/or committee meetings of which he/she is a member, and to review applicable materials in advance of meetings.

# Lowell Light & Power

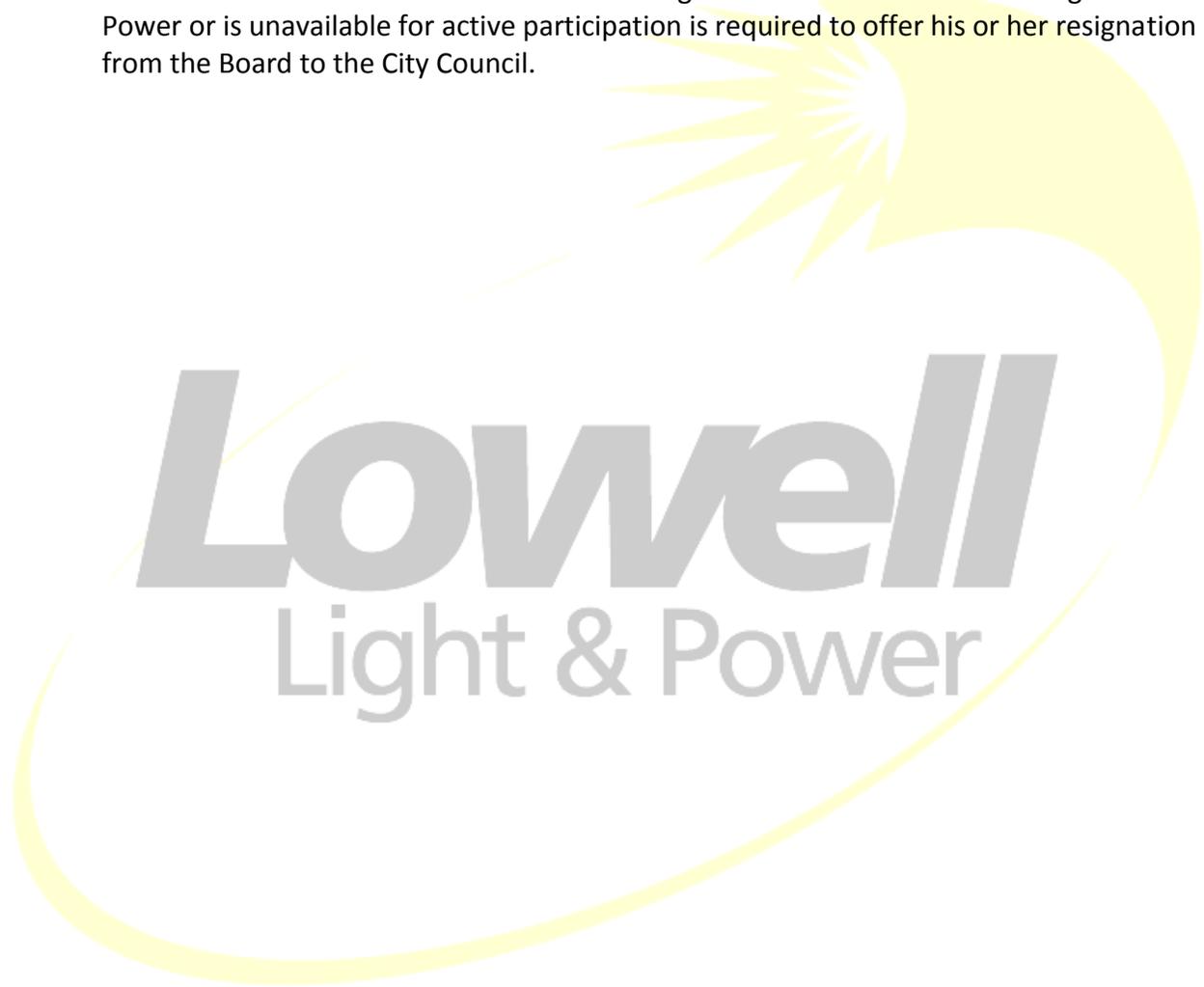
## Governance Policies and City of Lowell Charter

### Policy 2-5

**Subject:** Resignation

**Policy:**

A Board member who moves outside the designated service area of Lowell Light and Power or is unavailable for active participation is required to offer his or her resignation from the Board to the City Council.



# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-6

**Subject:** Meetings of the Board

**Policy:**

The Board shall hold at least one regular meeting in each month at a meeting place designated by the Board with the approval of the City Council. Special meetings may be called at the request of the Chairman or of any two members in the manner provided in the City of Lowell Charter. All meetings and its proceedings shall be open to the public. The Board shall keep a journal of its meetings, and its proceedings shall be filed with the City Clerk as a public record.



# Lowell Light & Power

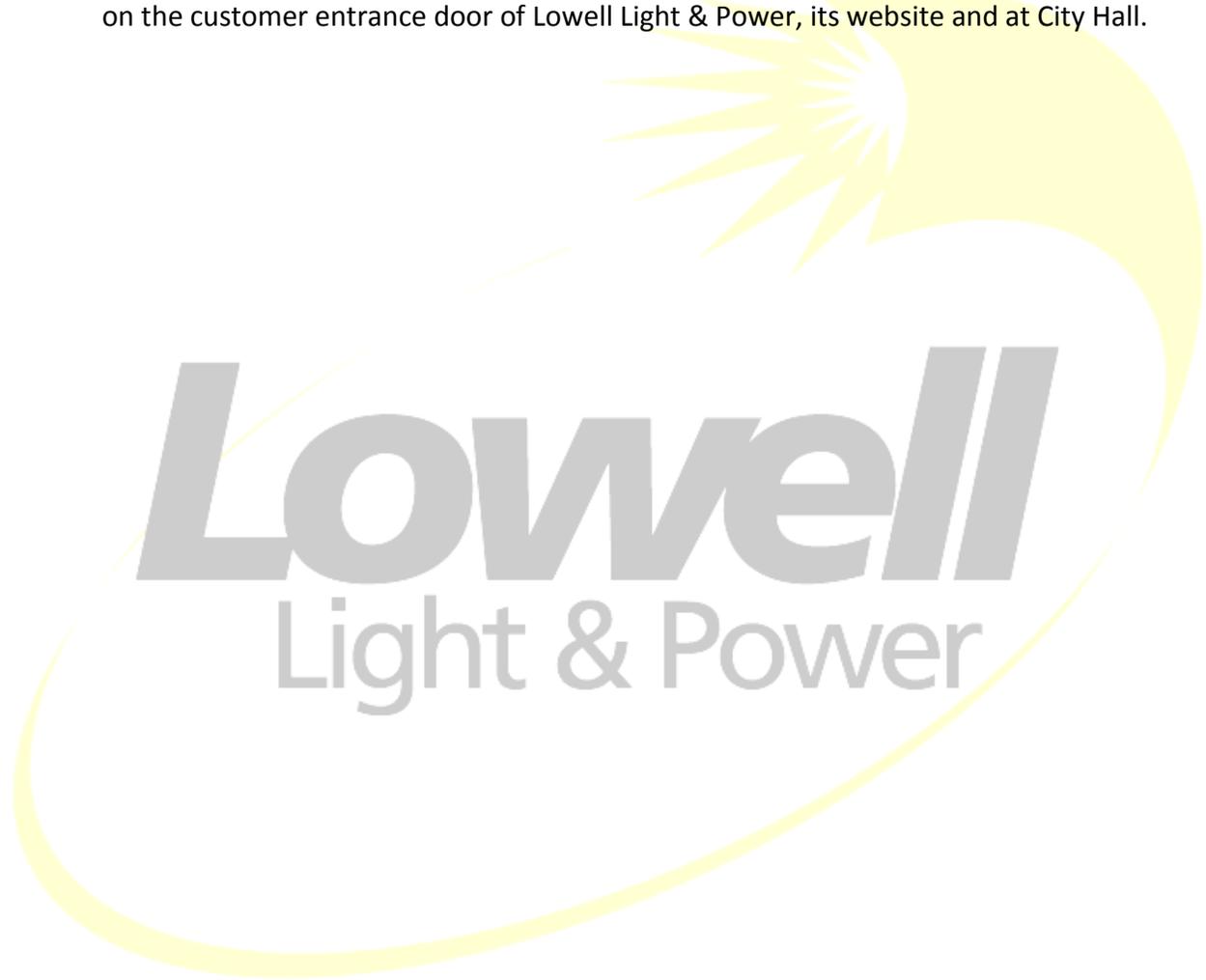
## Governance Policies and City of Lowell Charter

### Policy 2-7

**Subject:** Schedule

**Policy:**

A schedule of monthly meetings and announcement of special meetings shall be posted on the customer entrance door of Lowell Light & Power, its website and at City Hall.



# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-8

**Subject:** Advance Materials/Agenda

**Policy:**

- A.** The General Manager will submit a proposed agenda to the Chairman and Board members at least six (6) days in advance of the meeting, including any item proposed by an individual Board member.
- B.** The Chairman reviews, modifies and returns the final agenda to the General Manager at least three (3) days prior to the meeting.
- C.** The General Manager sends or delivers the final meeting agenda with supporting documentation to the Board members at least two days in advance of the meeting.
- D.** The General Manager insures proper posting of the meeting announcement in compliance with applicable open meeting requirements.
- E.** Any Board member or the General Manager may request the addition of agenda items at the beginning of the meeting when the Board Chair requests approval of the agenda.
- F.** The Chairman will accept agenda changes that are approved by a majority of the Board members present.

# Lowell Light & Power

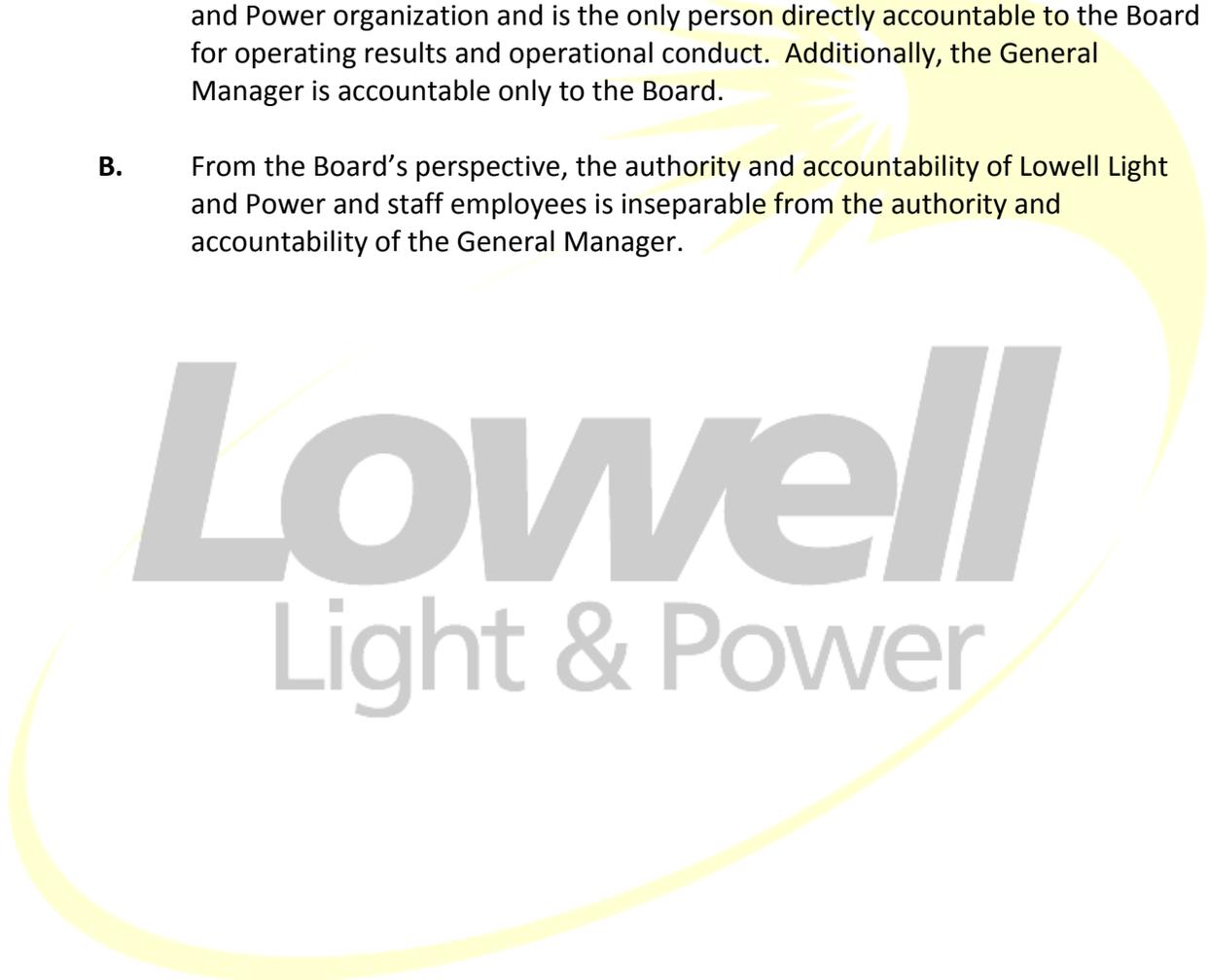
## Governance Policies and City of Lowell Charter

### Policy 2-9

**Subject:** Access to Management

**Policy:**

- A.** The General Manager is the Board's only formal connection to the Lowell Light and Power organization and is the only person directly accountable to the Board for operating results and operational conduct. Additionally, the General Manager is accountable only to the Board.
- B.** From the Board's perspective, the authority and accountability of Lowell Light and Power and staff employees is inseparable from the authority and accountability of the General Manager.

A large, semi-transparent watermark of the Lowell Light & Power logo is centered on the page. The logo features the word "Lowell" in a large, bold, sans-serif font, with "Light & Power" in a smaller font below it. The text is surrounded by a yellow sunburst graphic and a yellow swoosh that curves around the bottom and right sides.

Lowell  
Light & Power

# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-10

**Subject:** Committees

**Policy:**

The Board may establish standing committees and the Chairman may establish ad hoc committees based on need and input from the Board members.

- A.** Standing committees shall assist the board in its ongoing work and activities. Standing committees shall be composed of Board members including a chair and vice-chair, who shall be appointed by the Chairman of the Board. Any other Board member may attend and participate in the deliberations of any standing committee. Each standing committee shall have a charter describing the committee's purpose. If a standing committee lacks a quorum of members for any meeting, the Board Chairman or Committee Chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.
- B.** Ad hoc committees shall be created for a limited duration to address a specific topic of interest to the Board. Each ad hoc committee may be composed of two or three Board members, and shall include designation of a chair and a clear statement of purpose. Ad hoc committees are not required to provide public notice of their meetings. Each ad hoc committee shall report back at a publicly noticed Board or standing committee meeting.

**Specifically:**

- a.** All committees will ordinarily assist the Board by gaining education, considering alternatives and implications, and preparing policy alternatives.
- b.** Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- c.** Board committees cannot exercise authority over staff nor interfere with the delegation from the Board to the General Manager. Because the General Manager works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
- d.** Standing committees shall be reviewed at least annually by the Board to determine whether they should continue.
- e.** This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless whether the group includes

# Lowell Light & Power

Board members. It does not apply to committees formed under the authority of the General Manager.



# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-11

**Subject:** Outside Advisors

**Policy:**

The Board may retain, at the Utility's expense, such outside experts, advisors and counsel it believes is appropriate.



# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-12

**Subject:** Board-General Manager Relationship

**Policy:**

The Board will insure that management and staff are guided by a highly competent General Manager who is faithful to the Utility's values and successful in accomplishing the Utility's purpose. The Board will prepare written policies that clearly delineate the roles and accountabilities of the General Manager from those of the Board.

Only decisions of the Board acting as a legally authorized decision-making body are binding on the General Manager.

- A.** An individual Board member cannot make decisions or recommendations, nor issue directives that are binding on the General Manager except in instances when the Board has specifically authorized an individual Board member to exercise such authority. This applies both during and outside of called meetings of the Board.
- B.** When individual Board members request information or assistance from management without formal Board authorization, the General Manager can:
  - a.** Respond as requested, notifying all other Board members of the request and the response provided.
  - b.** Refer the request to the Board for consideration and direction before taking any action
  - c.** Modify or refuse any request that he or she determines is disruptive or that requires a material amount of staff time or funds that were not previously budgeted and scheduled for that purpose. (Note: the Board member making the request may refer it to the Board for consideration and direction, if the General Manager refused to respond or did not respond to the satisfaction of the Board member.
- C.** The Board, as a body, and the Board members individually will never give instructions (direct or implied) to anyone other than the General Manager.
- D.** The Board, as a body, and the Board members individually will refrain from evaluating, either formally or informally, the job performance of any employee other than the General Manager.

## Lowell Light & Power

- E.** The Board will ensure that it routinely and rigorously monitors the General Manager's job performance. The periodic review of operational performance and conduct in comparison to the Board Policies and Principles, the Utility's Strategic Plan, operational plans, and other critical success factors established for the Utility allows the Board to judge the extent to which Board Policies and Principles are being met.
- F.** The Board will, at a minimum, evaluate the General Manager's performance annually each year for the purpose of determining the performance based pay component of compensation for the previous year's performance and for establishing any base pay adjustments.

The Board may, from time to time, change its Governance Policies, to allow the General Manager more or less latitude with respect to policy interpretation, decisions and actions. The Board; however, will not use policy in this manner to reduce the latitude allowed a General Manager in situations where the person in that position is new or performing at an unacceptable level. As long as any particular policy is in place, the Board will respect and support the General Manager's reasonable interpretations, decisions and actions.

The logo for Lowell Light & Power features the word "Lowell" in a large, bold, sans-serif font. Below it, the words "Light & Power" are written in a smaller, lighter-weight sans-serif font. The entire logo is set against a background of a stylized sun with rays emanating from the top right, and a large, light-yellow curved shape that frames the bottom and right sides of the text.

Lowell  
Light & Power

# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-13

**Subject:** General Manager Responsibilities

**Policy:**

The General Manager is responsible for the implementation of the Board Policies and Principles and the overall coordination of all employee matters.

As long as the General Manager uses a *reasonable interpretation* of the Board's Policies and Principles, the General Manager is authorized to establish all other management policies, make all decisions, develop all processes and procedures, take all actions, and establish all practices.

- A.** The General Manager Shall:
- a.** Support the Board in its development of policies and practices;
  - b.** prepare and present, for the Board's approval strategic and business plans, major project plans and programs, capital and operating budgets;
  - c.** manage and operate the Utility, accepting accountability for the performance of the organization in relation to the Board's policies and principles, as well as its approved strategic and business plans, major project plans and programs, and capital and operating budgets;
  - d.** keep the Board fully informed about the outcomes of its policies and practices, including the achievement of results and use of resources;
  - e.** shall not fail to report, in a timely manner, any actual or anticipated instance of noncompliance with any Board Policy;
  - f.** shall not permit any contracts, purchases or transactions that would violate express Board Policy;
  - g.** shall not allow the Utility's financial assets to be unprotected, inappropriately used, inadequately maintained or placed at undue risk;
  - h.** shall not cause or intentionally allow any practice, decision, action or circumstance within the organization that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics;
  - i.** Shall not release information that is inconsistent with Board Policies and Principles.
- B.** The General Manager is responsible the hiring, evaluation and discharge of all staff employees at Lowell Light and Power.

# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-14

**Subject:** Purchases, Sale and Disposal of Real and Personal Property

**Policy:**

The Board of Lowell Light & Power shall establish the procedures for the purchase and sale of personal property which may, in whole or in part, be through the officer charged with the functions of making purchases for the City of Lowell. Subject to the approval of the City Council, the Board shall provide the dollar limit within which purchases of personal property may be made without the necessity for securing competitive bids, and the dollar limit within which purchases may be made by the General Manager without the necessity for Board approval.

The Board shall have the power to acquire personal property, and interests therein in the name of the City, for its purposes, and shall have the power to dispose of personal property by sale, exchange, or lease. The Board may recommend acquisition and disposal of real property or any interests therein by sale, exchange, lease, or otherwise to the City Council and subject to the limitation on the sale of property by the City.

The Board shall not sell, exchange, lease or in any way dispose of any property, easements, equipment, privilege, or asset belonging to and appertaining to the Utility which is needed to continue operating the Utility unless approved by the affirmative vote of three-fifths of the electors voting thereon at a regular or special election. These restrictions shall not apply to the sale or exchange of any articles of machinery or equipment owned by the Utility which are worn out or could, with advantage to the service, be replaced by new and improved machinery or equipment and to the leasing of property not necessary for the operation of the Utility, or to the exchange of property or easements for other needed property or easements.

# Lowell Light & Power

## Governance Policies and City of Lowell Charter

### Policy 2-15

**Subject:** Procurement

**Policy:**

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

