ORIGINAL

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-G**

FROM: Chuck Howell, General Manager

Meeting Date: **February 7, 2008** **Subject: Discussion/Action re Duties of Board Officers**

RECOMMENDED ACTION:
(No recommendations by staff.)

FISCAL IMPACT:
(None.)

DISCUSSION:
This item has been requested for Discussion/Action by Director Wanda Smith.

Attached are some suggested duties of the Board positions prepared by staff, based on the Small Utility Board Training manual and Powerpoint presentation provided to you some time ago.

Also attached is the relevant section of Small Utility Board Training manual for your review, together with the CSDA Bylaws regarding duties of Board officers.

BOARD ACTION: Date: _____ Approved: ____ Denied: _____

UNANIMOUS ___ McLEAN ___ WIKLE ___ SCHAAP ___ KEACH ___ SMITH ___

Duties of the Board:

General Duties:

- Regularly attend Board meetings
- Fiduciary duty to protect the assets and interests of the water system
- Understand how financial and/or O&M decisions will affect system customers
- Ensure the water system will supply adequate and safe drinking water
- Ensure the water system complies with federal and state health laws to protect public health

President:

- Oversee the Board's operations
- Provide guidance and leadership to the Board
- Appoint committee chairpersons
- Guides Board actions with respect to system priorities
- Annually evaluates performance of the water system relative to the District mission

Vice President:

- Assume the President's responsibilities when the President is absent or unavailable
- Oversee committees

Financial Coordinator:

- Oversee finances of the water system
- Ensure development and Board review of financial policies and procedures
- Make sure the water system abides by all required state and federal accounting procedures and meets all tax liabilities

Introduction

The success or failure of a water system depends greatly on the knowledge and experience of its board and other elected officials. Ultimately, it is these officials who are morally and legally responsible for providing safe and affordable water to customers. Water system officials review and ensure that the technical, managerial and financial capacity of the water system is maintained.

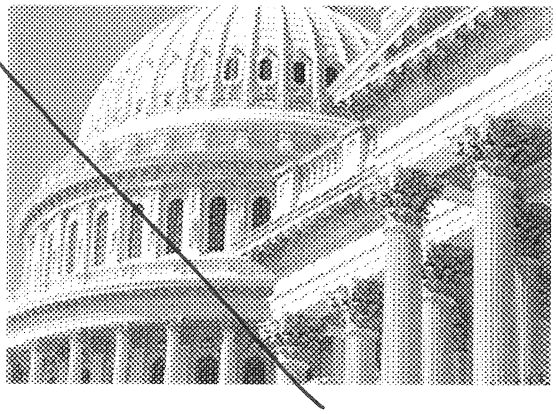
This handbook explains the basic duties, risks and responsibilities of operating a public water system, and includes in-depth coverage of four essential oversight/management functions: running an effective board meeting, system budgeting, rate structure development and communicating with the public and other water system personnel.

Each section of the handbook surveys one specific duty of utility boards and elected officials. At the end of the handbook, ask yourself this question: Am I ready for the responsibilities of overseeing a water system? If the answer is, "No," you may want to consider using the CD version of this training course. In the CD version, engaging interactive activities have been added to the electronic manual to help build your skills as a board member and better prepare you for your water system responsibilities.

Chapter 1: Water System Regulations

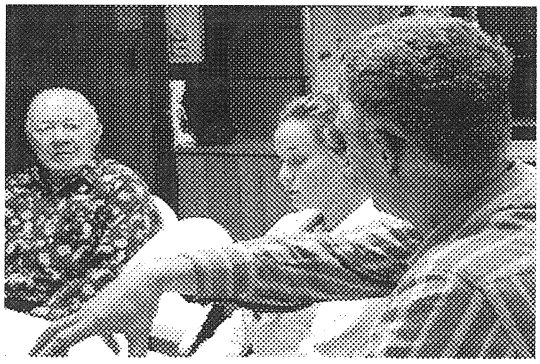
The Basic Requirements

Water system officials must navigate a maze of regulations that govern the operation and financing of their water system. It is critical to understand these basic requirements to ensure that department heads and staff comply with federal, state and local laws. Water system officials hold a great deal of responsibility, as they are ultimately held accountable for protecting public health and the environment. Dozens of federal and state regulations apply to managing and operating a water system. This chapter summarizes the key requirements that are common to all states, and describes your responsibilities under the law, as a utility board member or elected official.



In most cases, state environmental or health agencies have the primary authority to enforce regulations; this is called "primacy." To hold primacy, a state must adopt regulations that are at least as stringent as the federal regulations, and then apply for enforcement authority to the U.S. Environmental Protection Agency (EPA). The state then takes responsibility for making sure that water systems comply with both federal and

Chapter 2: Board Responsibilities



Unlike an informal advisory board, a small water system board is a legal entity. The board has legal responsibilities and liabilities, and is probably required to meet at least once a year. To make legal decisions, the board must have a quorum and record the minutes for each meeting.

Boards have two major responsibilities that will compel them to make decisions that are in the best interest of both the system and the customers served. First, members of the board have the "fiduciary" responsibility to protect the assets and interests of the water system when making financial decisions or when addressing operations and maintenance (O&M) issues. Second, the board must consider how financial and/or O&M decisions will affect system customers. All board decisions must ensure that the water system will supply adequate and safe drinking water. As stated in Chapter 1, the board can be held liable if the water does not meet state and federal requirements.

Board Member Responsibilities

A water system's overall technical, managerial and financial operations are only as good as the people making the decisions. Since the board makes legally binding decisions for the system, careful consideration must be given when choosing new members. So, who would make the best board members?

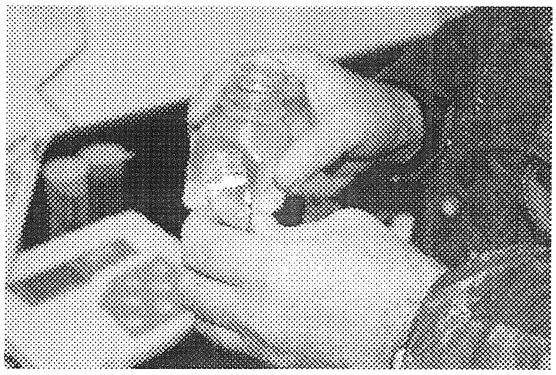
Members may include investors, business owners, and/or highly motivated and open-minded individuals looking to improve their utility and community. Well-regarded individuals who live within the boundaries of the service area add stature and credibility to the board. The best board members are those who understand the system, are supportive of the system (even when they disagree and challenge particular decisions), have a long-range view for the system's future, understand the need for sound infrastructure to promote community growth, and bring community connections that can support the business and financial needs of the system. The ultimate goal is to elect or appoint board members who are viewed by customers and members of the community as community leaders, who hold its best interests in mind.

Water boards are responsible for making sure the water system complies with federal and state laws designed to protect public health. In order to ensure that this responsibility is being met, the board must employ a staff that's knowledgeable, experienced and highly motivated. The better the staff understands, operates and maintains the system, the fewer financial issues and O&M problems the board will need to address. To be certain that the

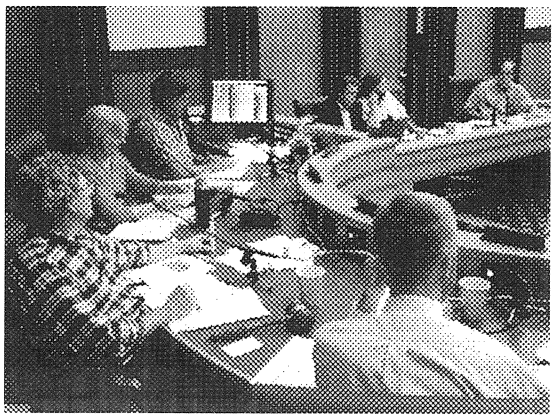
system is being maintained properly, the board must communicate with the utility manager and/or operator(s) on a regular basis. This may require regular meetings to review maintenance logs and financial records. It's the board's responsibility to review these documents and listen to the issues or concerns of the utility staff. Each board member should take time to tour utility facilities with a staff member early in his/her term on the board. This will help them understand the system and the issues and concerns raised by staff members during board meetings. Thorough knowledge of the technical, managerial and financial operations of the system will help ensure that decisions are in the best interest of the water system, the customers and the community.

As previously noted, it's essential for a board to understand how federal and state regulations affect the water system. To make the proper decisions when planning for the future or when faced with a possible emergency, the board must have a thorough understanding of the comprehensive regulations imposed on their utility and what is required for compliance. Board members are encouraged to discuss compliance issues with the system manager and operator(s). The board may also want to acquire copies of the state or federal regulations that govern their water system, as well as the state permit under which they operate. These documents are available from the state primacy agency.

Board members manage their utility better when they have a fundamental understanding of its technical needs and the regulatory requirements under which it operates. Informed board members are also more successful at communicating with customers and the general public. For some reason, many people who would never expect their power utility to give away electricity expect their water to be virtually free. And so, you need to use newsletters, public meetings, or conversations at the coffee shop to inform your customers about what it takes to distribute clean, safe water, and the dedication of system personnel to that goal. Educate customers regarding the costs for collecting, pumping, treating, storing, monitoring and distributing safe water. Customers with a basic understanding of these needs are less likely to dispute their bills, veto essential rate increases or voice fury when there's an emergency water outage.



As a board member, you are responsible for the current operation of the water system and its sustainable operation into the future. This requires planning for future expenses, which requires financial oversight of water utility staff to ensure that money is properly budgeted. Without regular communication with the system staff, the board can't make responsible budgetary, financial, or O&M decisions.



Many small boards assign one board member oversight responsibility for each department of the utility. This board member should be accessible in case of an emergency, and to review important decisions that could affect the operations of the system. Caution must be taken as to how much involvement and control the board exercises over the utility. In some cases, board members may become too involved with the day-to-day operations and start supervising the utility staff on the specifics of their jobs. Realistically, if the board does its job correctly, the utility staff will be well qualified and know exactly how to properly run the daily operations of the system. Assist and guide the utility staff when necessary, but use caution to avoid micromanaging the utility and its staff.

A responsible board keeps a healthy balance between being too involved and not being involved enough. A good thing to keep in mind is that it's not the board's responsibility to take the water samples, repair the pumps or adjust the chemicals. It's the board's responsibility to hire a staff that can operate and manage the system, make sure they have the necessary training and support, and check that the staff members are doing their job without telling them precisely how to do it.

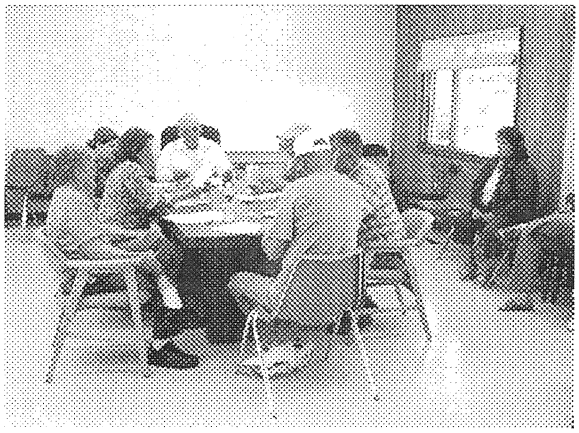
Board Member Duties

The number of customers served and the layout of the water system determine the size of the board. Typically, a board is comprised of five to ten members. A board's make-up must ensure adequate representation from the entire area served by the water system. In most cases, the water system is divided into districts and one representative from each district serves on the board. Very small water systems may need two board representatives from each district in order to seat a five to ten-member board. Each board member has certain duties and responsibilities that must be fulfilled.

Serving as a board member requires a serious commitment. Board members must regularly attend board meetings and other important meetings that may affect the technical, managerial or financial future of the water system. Members need to stay informed of proposed water system improvements, current system operations and community matters. They must review board minutes, comment on reports, attend community events and take time to prepare for each meeting. Board members should be willing to accept assignments and complete tasks on time. It's important that board members get to know other board and committee members. Building a mutually respectful working relationship that contributes to consensus is crucial for the board to be effective. Participating in meetings and activities that promote the water system and the

community lets customers know that the board is committed to the responsibilities of protecting public health and the environment.

Board Make-Up



Once a utility board is seated, members are assigned individual roles based on their experience and expertise. The board should include a Chairman, a Vice-Chairman, a Secretary and a Treasurer. There are certain duties and responsibilities that each of these members must fulfill in addition to providing general guidance and leadership. Each position will require that board member to become involved and offer his or her perspective on how the board oversees the water system.

The board Chairman is elected by fellow board members to oversee the board's operations. This person is ultimately responsible for the water system. A board Chairman must be a highly motivated individual, well respected among peers and by the community and completely dedicated to the technical, managerial and financial operations of the system. The Chairman must possess the ability to lead, solve problems and compromise while always remaining open to new ideas. He/she provides guidance and leadership to the board, chairing meetings and directing and encouraging board members to participate in strategic planning. When required, the Chairman appoints committees and chairpersons of committees after consulting with the other board members. The Chairman also guides and mediates board actions with respect to system priorities and governance concerns, monitors and oversees financial planning and updates other board members. Annually, the Chairman evaluates or delegates an evaluation of the performance of the water system in achieving compliance with its mission.

The board Vice-Chairman typically serves as successor to the Chairman. In addition to the responsibilities outlined earlier for a typical board member, this position has a number of other responsibilities. The Vice-Chair assumes the Chairman's responsibilities when the Chairman is not available. The Vice-Chair typically oversees committees and reports activities and findings of committees to the Chairman. The Vice-Chair coordinates with other board members and staff while assisting the Chairman in developing and implementing procedures and policies.

The Secretary is responsible for the administrative tasks associated with the board. This position requires someone with a high degree of organization and the ability to accurately record the activities of the board. The Secretary may need to keep meetings on track, on time and moving forward.

The final role is that of the Treasurer. The Treasurer is one of the most critical and challenging positions on the board. This post requires a person with a financial background or someone who is capable of quickly learning and understanding the financial management and operations of a water system. The Treasurer oversees and manages finances of the water system. He/she administers fiscal matters for both the board and water system, which may include monthly, quarterly and/or annual financial reports. The Treasurer must ensure development and board review of financial policies and procedures. The Treasurer coordinates and works directly with the Chairman to ensure that the water system abides by all required state and federal accounting procedures and meets all tax liabilities.

Although there are many different responsibilities associated with serving on a board, the challenges and experiences can be very rewarding. Remember, utility board members are often viewed as leaders of the community, due in part to the fact that most board members are well known for their personal, academic or business achievements. If you serve on a water board, you can use this status as a springboard to further help your community. The public has already placed its trust in you. By performing your duties to the best of your ability, you help to ensure that your community receives safe drinking water and continues to attract new residents and businesses.

Main Identity

From: "Travis Wills" <travisw@csda.net>
To: <sws@monitor.net>
Sent: Wednesday, January 30, 2008 9:13 AM
Subject: Board Duties / Responsibilities

Taken from the CSDA Official Bylaws – Revised September 2004

ARTICLE V - OFFICERS

Section 1. Responsibility

All officers are subordinate and responsible to the Board of Directors.

Section 2. Number and Selection

The officers of the Association shall be President, Vice President, Secretary and Treasurer. All officers must chosen from the elected members of the Board of Directors.

The officers of the Association shall be chosen annually by the Board of Directors, and each shall hold office resignation or removal, or otherwise disqualified to serve, or until a successor shall be elected or otherwise appointed and qualified.

Each of the above named officers shall serve for a term of one (1) year.

All other officers shall be elected without reference to areas or term limits. All officers of the Association se without compensation.

The Board of Directors may appoint such other officers as the business of the Association may require, eacl whom shall hold office for such period and have such authority and perform such duties as are provided in Bylaws or as the Board of Directors may determine.

Section 3. Duties of the President

The President shall be the Chief Officer of the Association and shall, subject to the approval of the Board of Directors, give supervision and direction to the business and affairs of the Association. The President shall at all meetings of the Board of Directors and of the members. The President shall be an ex-officio member the
standing committees and shall have the general powers and duties and management usually vested in the of the President of a Corporation. The President shall have such other powers and duties as may be prescr the Board of Directors or by the Bylaws.

Section 4. Duties of the Vice President

In the absence of or disability of the President, the Vice President shall perform all the duties of the Preside when so acting the Vice President shall have the powers of and be subject to all the restrictions upon the President. The Vice President shall also be an ex-officio member of all of the standing committees.

Section 5. Duties of the Secretary

The Secretary shall keep or cause to be kept at the principal office of the Association, a file of minutes of al meetings of directors and members. The Secretary shall also keep or cause to be kept at the principal offic the Association a membership file containing the names and addresses of each member, and in any case w membership has been terminated, such fact shall be recorded in the file together with the date upon which membership ceased, and shall give the notices of special meetings of the members as provided by these By The Secretary shall perform such other and further duties as may be required by law or as may be prescrib required by the Board of Directors or the Bylaws.

Section 6. Duties of the Treasurer

The Treasurer shall keep or cause to be kept and maintained adequate and correct accounts of the properti the business transactions of the Association, including accounts of its assets, liabilities, receipts, disburseme gains and losses.
The books of account shall at all times be open to inspection by any director or by any member of the Association. The Treasurer shall be responsible to cause the deposit of all moneys of the Association and o valuables in the name and to the credit of the Association with such depositories as may be designated by t Board of Directors.
The Treasurer shall disburse the funds of the Association as ordered by the Board of Directors and shall ren the President and the directors, upon request, an account of all his transactions as Treasurer, and of the fir condition of the Association. The Treasurer shall perform such other and further duties as may be required or as may be prescribed or required by the Board of Directors or the Bylaws. The Treasurer shall, after the of the fiscal year or the Association, cause an annual audit of the financial condition of the Association to be

Section 7. Disbursement of Funds

No funds shall be disbursed by the Association unless the check, draft or other evidence of such disburseme shall be executed on behalf of the Association by such person authorized by resolution of the Board of Direc

Section 8. Removal of Officers

Officers may be removed with or without cause at any meeting of the Board of Directors by the affirmative a majority of the full Board of Directors.

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CSDA Finance Corporation