

## ***New Braunfels Utilities***

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### **Governance Policies**

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#### ***PREFACE***

In January 2010, the Board of Trustees (Board) for New Braunfels Utilities (NBU) established governance policies under which it would operate. Those policies were revised in March 2016 and May 2021. The May 2021 revisions, which became effective on August 1, 2021, were organizational and substantive in nature and were designed to incorporate the Board's existing practice and strategic goals. Any governance policies that existed prior to the May 2021 revisions are listed herein as "Formerly [Policy Type, Number, and Title]." Governance policies without any such notation were added in May or June 2021.

## *New Braunfels Utilities*

### **Governance Policies**

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### **Governance Policies: Strategic Goals**

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FOR BOARD REVIEW - ALL CHANGES TO DATE (May 25, 2021)

POLICY TYPE: STRATEGIC GOALS SG #1

POLICY TITLE: GLOBAL POLICY ON STRATEGIC GOALS

Date Approved by Board: May 25, 2021 (effective August 1, 2021)

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At a minimum of five every five years, the Board shall review and establish Strategic Goals for NBU and determine how achievement of or adherence to those Strategic Goals should be measured. The Board then shall review NBU's progress periodically throughout each fiscal year (August 1 to July 31), ~~and~~ evaluate NBU's achievement of or adherence to those Strategic Goals at least annually each fiscal year, and confirm the continuing validity of each Strategic Goal. The Board at all times maintains discretion to add, remove, or change any Strategic Goal or any achievement or adherence measurement set.

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POLICY TYPE: STRATEGIC GOALS SG #2

POLICY TITLE: CUSTOMERS & COMMUNITY  
(Formerly OP#2a Treatment of Customers)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board is committed to NBU being recognized as a trusted community partner dedicated to excellence in service.

With respect to interactions with current or potential customers or the community at large, the CEO shall not cause or allow conditions, procedures, or decisions that are unsafe, unsecure, untimely, undignified, or unnecessarily intrusive, or in violation of any federal, state, or local law, NBU policies, or the City of New Braunfels Charter or Code of Ordinances.

The CEO ~~will~~shall not:

1. Elicit information for which there is no ~~clear~~business necessity.
2. Use methods of collecting, reviewing, transmitting, or storing consumer information that fails to reasonably protect against improper access ~~to the material~~.
3. Operate facilities without reasonably appropriate customer accessibility and security.
4. Operate without ~~establishing~~established with policies providing customers a clear understanding of what ~~may be expected and what may not be expected~~to expect from the services ~~offered~~NBU offers.
5. Withhold ~~from customers~~ information about this policy or deny any customers who are aggrieved a right to seek review under this policy.

5-6. Project an image to customers or the community at large that creates a negative perception of NBU or jeopardizes NBU's status in the community.

The Board will review and measure NBU's progress towards achieving or adhering to its Customers & Community Strategic Goal by examining annual customer satisfaction survey results, customer or community feedback received, and/or any other related information provided by its CEO, NBU customers, or the community at large. The Board at all times retains discretion to consider any other information deemed applicable to this Strategic Goal.

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POLICY TYPE: STRATEGIC GOALS SG #3

POLICY TITLE: PEOPLE & CULTURE  
(Formerly OP#2b Treatment of Staff & OP#2c Compensation & Benefits)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board is committed to NBU developing and retaining an engaged and ethical workforce.

~~With respect to treatment of paid and volunteer staff, the CEO shall not cause or allow conditions which are illegal, unfair, undignified, disorganized or unclear.~~

With respect to employment, compensation, and benefits ~~to of employees, consultants, or contract-contingent workers and volunteers~~, the CEO ~~may shall~~ not cause or allow jeopardy to NBU's fiscal integrity or public image or conditions that violate federal, state, or local law, NBU policies, or the City of New Braunfels Charter or Code of Ordinances.

With respect to the retention and engagement of consultants or volunteers, the CEO shall not cause or allow conditions that create an employment relationship or that violate federal, state, or local law, NBU policies, or the City of New Braunfels Charter or Code of Ordinances.

The CEO ~~will shall~~ not:

1. Change the CEO's own compensation ~~without the Board's express approval.~~
- ~~2. Change the CEO's benefits, except as would be consistent with any benefits provided to all other employees. -and benefits, except as those benefits are consistent with a package for all other employees.~~
- ~~2.3. Promise or imply permanent or guaranteed employment ~~or a contract for tenure.~~~~
- ~~3.4. Establish ~~current~~ compensation and benefits that deviate materially from the geographic or professional market for the skills employed.~~
5. Create any employment or other compensation or benefit-related obligations over a longer term than revenues can be reasonably projected to satisfy.
- ~~4.6. Enter into any employment agreement without the Board's express approval.~~

The Board will review and measure NBU's progress towards achieving or adhering to its People & Culture Strategic Goal by examining annual employee engagement survey

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results, employee feedback received, and/or any other related information provided by its CEO or NBU employees. The Board at all times retains discretion to consider any other information deemed applicable to this Strategic Goal.

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POLICY TYPE: STRATEGIC GOALS SG #4

POLICY TITLE: INFRASTRUCTURE & TECHNOLOGY  
(Formerly OP#2f Asset Protection)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board is committed to NBU maintaining organizational reliability and resiliency.

The CEO ~~may shall~~ not allow NBU assets to be unprotected, inadequately maintained, or unnecessarily risked.

The CEO ~~will shall~~ not:

1. Unnecessarily expose NBU, its Board, or staff to claims of liability.
2. Unreasonably fail to protect property, information, or data ~~and~~ files from loss, significant damage, or unauthorized access.

~~Invest or hold operating capital in insecure instruments, including uninsured checking accounts or non interest bearing accounts except where necessary to facilitate ease in operational transactions.~~

3. Unreasonably fail to address aging infrastructure, plan for additional growth, or evaluate the availability and viability of innovative or technological improvements.

Commented [CR1]: Moved to Financial Excellence

The Board will review and measure NBU's progress towards achieving or adhering to its Infrastructure & Technology Strategic Goal by examining NBU's SAIDI three-year rolling average, technological uptime, percentage of completion of capital improvement projects, and any other related information provided by its CEO. The Board at all times retains discretion to consider any other information deemed applicable to this Strategic Goal.



FOR BOARD REVIEW - ALL CHANGES TO DATE (May 25, 2021)

POLICY TYPE: STRATEGIC GOALS SG #5

POLICY TITLE: FINANCIAL EXCELLENCE  
(Formerly OP#2d Financial Condition & Activities & OP#2e  
Financial Planning & Budgeting)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board is committed to NBU maintaining a competitive bond rating.

With respect to the actual, ongoing financial condition and activities of NBU, the CEO ~~may shall~~ not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established ~~through its Strategic Goals and Outcomes policies.~~

The CEO ~~will shall~~ not:

1. Expend more funds than allocated by the Board for the current fiscal year ~~without express Board approval.~~
2. Exceed the limits of NBU's ~~the~~ Purchasing Policy.
3. Incur debt ~~without appropriate authorization from the Board or City of New Braunfels.~~
4. Fail to settle liabilities in a timely manner.
5. Allow government-ordered ~~or regulatory filings, fines, or payments~~ ~~payments or filings~~ to be overdue or inaccurately filed.
6. Acquire, encumber, or dispose of real estate other than for normal operating items, such as rights-of-way or easements, ~~and including in connection with~~ approved Board projects
7. ~~Invest or hold operating capital in insecure instruments, including uninsured checking accounts or noninterest-bearing accounts, except where necessary to facilitate operational transactions.~~

The CEO shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to ~~risk financial jeopardy or~~ deviate materially from ~~the Board's approved annual budget or the Strategic Goals Board Outcomes priorities or risk financial jeopardy.~~

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The CEO ~~will~~shall not allow budgeting to:

~~1. Risk incurring those situations or conditions described as unacceptable in the Operational policy entitled “Financial Condition & Activities.”~~

~~2.1~~ Fail to include:

- (a) credible projection of revenues and expenses,
- (b) separation of capital and operational items,
- (c) cash flow analysis, and
- (d) disclosure of planning assumptions

~~3.2~~ Provide less for Board development ~~during the year~~ than is set forth in the ~~Cost of~~ Governance Investment policy (~~GP 24~~BG #12)

The Board will review and measure NBU’s progress towards achieving or adhering to its Financial Excellence Strategic Goal by examining its annual cost per customer, its bond (or other recognized financial) rating, and/or any other related information provided by its CEO. The Board at all times retains discretion to consider any other information deemed applicable to this Strategic Goal.

FOR BOARD REVIEW - ALL CHANGES TO DATE (May 25, 2021)

POLICY TYPE: STRATEGIC GOALS SG #6

POLICY TITLE: SAFETY & SECURITY

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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The Board is committed to providing a safe and secure environment for employees, customers, and the community at large.

The CEO shall not cause or allow conditions that create an unsafe or unsecure environment for NBU or its employees, contingent workers, consultants, volunteers, vendors, or customers.

The CEO shall not unreasonably fail to address or create a plan for addressing:

1. Emergency situations;
2. At-fault or willful safety violations;
3. Old or outdated equipment or technology; and
4. Data- and cyber-security.

The Board will review and measure NBU's progress towards achieving or adhering to its Safety & Security Strategic Goal by examining emergency response procedures, data- and cyber-security efforts, workplace safety or security incidents, and/or any other related information provided by its CEO. The Board at all times retains discretion to consider any other information deemed applicable to this Strategic Goal.

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POLICY TYPE: STRATEGIC GOALS SG #7

POLICY TITLE: STEWARDSHIP

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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The Board is committed to being a responsible steward of NBU's resources.

The CEO shall not cause or allow conditions that:

1. Jeopardize or irresponsibly use or deplete NBU's environmental assets or the community's natural resources; or
2. Unreasonably fail to consider environmental conservation and sustainability when creating NBU policies and plans.

The Board will review and measure NBU's progress towards achieving or adhering to its Stewardship Strategic Goal by examining the status and progress of any implemented strategies for sustainable resources and conservation initiatives (such as One Water) and/or any other related information provided by its CEO. The Board at all times retains discretion to consider any other information deemed applicable to this Strategic Goal.

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## ***New Braunfels Utilities***

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### **Governance Policies: Board Governance**

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FOR BOARD REVIEW - ALL CHANGES TO DATE (May 25, 2021)

POLICY TYPE: BOARD GOVERNANCE BG #1

POLICY TITLE: GLOBAL POLICY ON GOVERNANCE PROCESS  
(Formerly GP#1 Governance Process)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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The purpose of the Board is to:

1. Represent the interests of the ~~ownership~~ City of New Braunfels and the ~~broader~~ community at large, keeping in mind the value of being a “Municipally Owned Utility.”
2. Determine the benefits that ~~the organization~~ NBU will provide, keeping a long term, strategic perspective, ~~(the Outcomes policies), and,~~
- 2.3 Set and reevaluate the Strategic Goals as provided for in the Global Policy on Strategic Goals (SG #1).
- 3.4 Monitor the NBU operations to ensure compliance-achievement of or adherence to with Operational Policies the Strategic Goals and accomplishment of Outcomes policies.

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POLICY TYPE: BOARD GOVERNANCE

BG #2

POLICY TITLE: GOVERNING STYLE  
(Formerly GP#2a Governing Style)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board will govern lawfully, observing the principles of its adopted gGovernance model, with an emphasis on:

- outward vision rather than an internal preoccupation,
- encouragement of diversity in viewpoints,
- strategic leadership more than administrative detail,
- clear distinction of Board and CEO roles,
- collective rather than individual decisions,
- future rather than past or present, and
- proactivity rather than reactivity.

1. The Board will cultivate a sense of group responsibility. -The Board, not the staff, will be responsible for excellence in governing. The Board will allow no officer, individual member, or Board committee to hinder or be an excuse for not fulfilling its group responsibility.

Commented [CR2]: Moved up from below.

1.2. The Board will normally be the initiator of policy, not merely a reactor to staff initiatives. The Board will not use the expertise or position of individual members, including the mayor, to as a substitute for the judgment of the Board. although the eExpertise of individual members may be used to enhance the understanding of the Board as a bodywhole.

Commented [CR3]: This language is addressed through revisions in No. 3 below.

2.3. The Board will direct, control, and inspire the organization through the careful establishment of broad-overarching written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term strategic goals of the organization effects outside the staff organization, not on the administrative or programmatic means of attaining those effects. The Board will be responsible for approving, retaining, and overseeing these overarching policies, with NBU staff assisting with development and implementation in compliance with any Board directives.

3. The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policy-making principles, respect of roles, and ensuring continuance of governance capability. Although the Board can change its governance process policies at any time, it will scrupulously observe those currently in force.

Commented [CR4]: Moved to new Board Discipline, Resignation & Removal policy

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~~4. Continual Board development will include orientation of new members in the Board's governance process and periodic Board discussion of process improvement.~~

**Commented [CR5]:** Moved to new Governance Investment policy

4. The Board will monitor and discuss the Board's process and performance ~~periodically~~ at least annually and more often if necessary. Self-monitoring will include comparison of Board activity and discipline to ~~policies in the Board Governance Process and Board-Management Delegation categories~~ Policies.

5. Although the Board can change its Governance Policies and any other Board policies at any time, it will scrupulously observe those currently in force.

~~5. The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling group obligations.~~

**Commented [CR6]:** Moved to No. 1 above



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POLICY TYPE: BOARD GOVERNANCE BG #3

POLICY TITLE: BOARD JOB DESCRIPTION  
(Formerly GP#2b Board Job Description)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

Specific job outputs of the Board, as the agent of the City of New Braunfels, are those that ensure appropriate NBU organizational performance.

Accordingly, the Board will provide:

1. Authoritative linkage between the ~~operational—organization~~NBU and ~~the ownership~~the City of New Braunfels.
  - ~~a. As part of its responsibility, the Board will seek opportunities to provide input regarding Board member selection by the City Council. The Board will identify update the City of New Braunfels on the status of NBU when needed or requested and update key areas of experience and knowledge in order to seek and recommend qualified candidates to maintain diversity of experience and talent to serve the utility.~~
  - b. The Board will inform the City of New Braunfels on Board member experience, diversity, and constitution when needed or requested.
  - ~~a-c.~~ The Board will respond to reasonable requests for information from the City of New Braunfels on a timely basis.
2. Written governing policies that realistically address the broadest level of all ~~organizational~~NBU decisions and situations, categorized as follows:
  - ~~a. Outcomes: Organizational impacts, products, effects, benefits, recipients, beneficiaries, impacted groups, and their relative worth in cost or priority.~~
  - ~~b-a.~~ Operational Policies Strategic Goals: Establish the short- and long-term strategic direction of NBU, the method by which the Board will evaluate adherence to or achievement of its strategic direction, and any ~~C~~constraints on CEO executive authority in relation thereto which establish the prudent and ethical boundaries within which all executive activity and decisions must take place.
  - ~~e-b.~~ Board Governance Process: —Specification of Specifies —how the Board conceives, implements, and monitors its ~~itself and its own~~ tasks.

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~~d.c.~~ Board-Management Delegation: Sets forth the authority delegated by the Board to the CEO, how the Board and CEO will communicate, and the means by which the CEO will be held accountable, monitored, and succeeded ~~How authority is delegated and its proper use monitored; Board committee members, the CEO role, authority and accountability.~~

3. Assurance of successful organizational performance ~~on of NBU's Outcomes and Operational Policies~~ Strategic Goals.

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POLICY TYPE: BOARD GOVERNANCE BG #4

POLICY TITLE: BOARD MEMBER CODE OF CONDUCT  
(Formerly GP#2c Board Member Code of Conduct)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

1. Members must abide by any legal obligations or requirements contained in the City of New Braunfels Charter or Code of Ordinances and have loyalty to the ~~ownership~~ City of New Braunfels, unconflicted by loyalties to NBU staff, other organizations, and any personal interest as a customer.
2. Members must conduct business in accordance with the Public Information and Open Meetings Acts guidelines and laws.
  - a. Members will only conduct business in a posted meeting open to the public.
  - b. Members will use proper protocol when using email and other digital or electronic forms of communication. ~~Email~~ communications, telephone calls, text messages, and any other verbal or written correspondence that ultimately involve a quorum may constitute a meeting, even if the quorum is not physically present in the same location and the discussion does not take place at the same moment in time.
  - c. Members should direct communication ~~and email~~ through the CEO and ~~should not use "reply to all"~~ when responding to emails-communications sent to the Board on an informational basis.
3. Members must abide by the City of New Braunfels' Code of Ethics and avoid any conflict of interest with respect to their fiduciary responsibility.
  - a. There must be no self-dealing or business by ~~a~~ members with NBU. Members will annually disclose their involvements with other organizations, ~~with~~ vendors, or ~~any~~ associations that may be perceived as being a conflict in accordance with STexas state ~~l~~ law.
  - b. When the Board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall immediately disclose ~~a~~

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the conflict, ~~shall~~ withdraw without comment from the deliberations, and ~~shall~~ abstain from voting on that issue.

4. ~~Board members~~ Members may not attempt to exercise individual authority over ~~the organization~~ NBU or its staff.

a. Members' interaction with the CEO or NBU ~~with~~ staff must recognize the lack of authority vested in individual Board members, except when ~~explicitly~~ expressly Board-authorized.

a. —

b. Members' interaction with public, press or other entities must recognize the same limitation and the inability of any individual ~~Board~~ member to speak for the Board, except on explicitly stated Board decisions.

c. Except for participation in Board deliberation about whether the CEO has achieved any reasonable interpretation of Board policy, members will not express individual judgments of performance of ~~employees or~~ the CEO or any NBU staff.

d. In furtherance of this objective, members must abide by any constraints on communications or activities provided elsewhere in these policies, including in the Board-Management Delegation policies.

5. Members will maintain the confidentiality appropriate for sensitive issues, including with respect to all Executive Session discussions.

6. Members must attend Board meetings and ~~will~~ be properly prepared for Board deliberation.

- ~~7. A member is considered to have resigned if he/she is absent without excuse from 4 consecutive meetings.~~

Commented [CR7]: Moved to new Board Discipline, Resignation & Removal policy

7. Members may recommend or request an item for Board discussion by submitting the item to the Board President generally 21 days before the Board meeting, but in no event no later than 7 days before the Board meeting. If the timing of the items submitted is problematic, the CEO may visit with the Board President and the requesting Board Member to determine if an alternative meeting would be sufficient or scheduled.

Commented [CR8]: Moved from prior Annual Planning policy

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POLICY TYPE: BOARD GOVERNANCE BG #5

POLICY TITLE: BOARD MEMBER DISCIPLINE, RESIGNATION, & REMOVAL

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policy-making principles, respect of roles, adherence to Board policies, and ensuring continuance of governance capability.

**Commented [CR9]:** Portions of this first paragraph were drawn from prior Governing Style policy.

1. Members who fail to abide by the Board's Code of Conduct may be subject to censure or a recommendation of removal to the City of New Braunfels.

1.

2. Censure is a formal and public condemnation by the Board of a member whose actions run counter to the Board's Code of Conduct (BG#4). Censure of a Board member must be unanimous by the remaining Board members.

3. Only the City of New Braunfels can remove a Board member; however, the Board may recommend removal of a member with advance notice to the member and, when appropriate, an opportunity to correct the behavior or actions leading to the recommendation. Any recommendation of removal must be unanimous by the remaining Board members.

Members will be considered to have resigned from the Board if they are absent without excuse from all Board meetings for four consecutive months. Members who are absent without excuse from all Board meetings for three consecutive months will be subject to censure.

**Commented [CR10]:** Moved from prior Code of Conduct policy and revised to mirror Code of Ordinances language.

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POLICY TYPE: BOARD GOVERNANCE

BG #6

POLICY TITLE: PRESIDENT'S ROLE  
(Formerly GP#2d President's Role)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The chief governance officer (Board President), a specifically empowered member of the Board, assures the integrity of the Board's process, and secondarily represents the Board to outside parties.

1. The Board President shall assure that the Board's actions consistently comply with its own policies and rules and those legitimately imposed upon it from outside the organization.
  - a. Meeting discussion content ordinarily will address only those issues ~~which that~~, according to Board policy, clearly belong to the Board to decide or to monitor.
  - b. Deliberation will be fair, open, and thorough, but also timely, orderly pertinent, and courteous.
  - c. Information that is unnecessary for monitoring NBU performance or Board decisions will be avoided or minimized and always noted as such.
2. The authority of the President consists of making decisions that fall within the topics covered by ~~Board policies on Governance Process~~ the Board Governance and Board-Management Delegation policies and any other Board policies established, with the exception of (a) personnel matters pertaining to the CEO or (b) where the Board specifically delegates portions of ~~this its~~ authority to others. The President is authorized to use any reasonable interpretation of the provisions contained in ~~the~~ those policies.
  - a. The President is empowered to conduct Board meetings with all the commonly accepted power of a presiding officer according to Roberts Rules of Order.
  - b. The President ~~has no authority to make decisions about policies created by the Board within Outcomes and Operational policy areas. Therefore, the President has no authority to supervise or direct the CEO cannot enact policies or provide directives to the CEO without Board approval.~~

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- c. The President may represent the Board to outside parties in announcing Board-stated positions and in stating the President's decisions and interpretations within the areas delegated ~~to him or her~~.
- d. The President may delegate ~~his or her~~ authority to another Board member, but will remain accountable for its use.
- e. The President will ensure an annual evaluation of the Board's performance, processes, and policies is conducted as required under the Governance Investment policy (BG#12).
- f. For succession purposes, the President will maintain open dialogue and communication with the Board Vice President and will work with the Vice President to develop and implement any necessary officer transition plans.
- g. Throughout the year, the Board President will ensure the Board attends to consent agenda items as expeditiously as possible.

Commented [CR11]: Moved from prior Annual Planning policy.

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POLICY TYPE: BOARD GOVERNANCE

BG #7

POLICY TITLE: VICE PRESIDENT'S ROLE

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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The Vice President is an officer of the Board whose role is to assist the Board President and perform the Board President's responsibilities when the Board President is unavailable.

1. The Board or the Board President may delegate special assignments to the Vice President from time to time.
2. The Vice President is responsible for implementing and overseeing the CEO annual evaluation process. In doing so, the Vice President will:
  - a. Develop the evaluation mechanism and procedure to be used during the process;
  - b. Solicit and maintain the confidentiality of completed evaluations from individual Board members;
  - c. Compile, combine, and present Board member evaluation results to the Board as a whole;
  - d. Obtain a self-evaluation from the CEO to be presented to the Board as a whole;
  - e. Ensure the Board advises the CEO of its final evaluation results during an Executive Session and the results are maintained by NBU's General Counsel; and
  - f. Facilitate any CEO compensation discussions amongst the Board.
3. For succession purposes, the Vice President will maintain open dialogue and communication with the Board President and will work with the Board President to develop and implement any necessary officer transition plans.



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POLICY TYPE: BOARD GOVERNANCE BG #8

POLICY TITLE: BOARD SECRETARY'S ROLE  
(Formerly GP#2e Board Secretary's Role)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board Secretary is an officer of the Board but need not be a member of the Board. The Board Secretary's role is to ensure the integrity of the Board's documents.

1. The Board Secretary shall ensure ~~that~~ all Board documents and filings are accurate and timely.

~~2. The Board Secretary shall ensure Board Policies will be current and accurately reflect Board decisions. Routine matters, such as, consent agenda decisions, motions to adjourn, and staff or Board member recognitions are not policy. Policies will rigorously follow NBU's adopted governance principles.~~

~~3.2.~~

~~4.3. The Board Secretary shall ensure the Board minutes accurately reflect Board decisions and are maintained in accordance with state law, including the Public Information Act and any other record retention laws or requirements. Requirements for format, brevity and accuracy of Board minutes will be known to the CEO.~~

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POLICY TYPE: BOARD GOVERNANCE BG #9

POLICY TITLE: BOARD COMMITTEE PRINCIPLES  
(Formerly GP#2f Board Committee Principles)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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Board committees, when used, will be assigned to assist the entire Board but shall not interfere with the authority delegated by the Board to the CEO.

1. Committees will be used sparingly and created as needed.
2. Committees will be appointed by the Board President, unless specially created by Board action.
3. Board committees shall not advise or interfere with ~~the NBU~~ staff. Committees will assist the Board by preparing policy alternatives and assuring organizational implications for Board deliberation. Typically, Board committees will not deal directly with current staff operations.
4. Board committees may not speak or act for the Board except when specifically authorized. Expectations and scope of authority will be expressly stated to avoid conflict with authority delegated to the CEO.
5. Board committees have no authority over NBU staff. The CEO works for the full Board, ~~and will therefore~~ and is not ~~be~~ required to obtain approval of a Board committee before ~~an~~ executive action.
6. Board committees shall avoid over-identification with organizational parts rather than the whole. Therefore, a Board committee that drafts and recommends a particular policy should not monitor ~~its achievement or adherence; rather the entire Board performance. The Board~~ retains responsibility and authority to monitor ~~performance~~ achievement or adherence.
7. This policy applies to any group ~~that is~~ formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.

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POLICY TYPE: BOARD GOVERNANCE BG #10

POLICY TITLE: BOARD COMMITTEES & NBU-SUPPORTED BOARDS  
STRUCTURE  
(Formerly GP#2g Board Committee Structure)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. -The only Board approved committees are those set forth in this policy. -Unless otherwise stated, a committee ceases to exist when its task is complete. -Timely reporting to the Board shall be by submission of a verbal or written report, following each meeting, with appropriate ~~verbal~~ comment by the Committee Chair.

An NBU-supported board is a board expressly created by the Board to represent a specified NBU-supported operation. An NBU-supported board is comprised of Board members appointed by the Board in compliance with its bylaws. Timely reporting to the Board shall be reported on the Board's agenda as Items from Staff.

Standing Committees & NBU-Supported Boards:

1. **Audit Committee** – The Audit Committee is responsible for the oversight of financial reporting, internal controls, as well as the internal and external auditors' activities.
2. **Budget Committee** – The Budget Committee is responsible for the oversight of development of the budget to ensure shared understanding in-of the Outcomes Financial Excellence Strategic Goalgoals and their-its incorporation into the NBU budget.
- ~~3. **GBRA Technical Committee** – The GBRA Technical Committee is a joint committee between NBU and GBRA which is responsible for the oversight of the operation and operating expenditures associated with the Canyon Hydroelectric Plant.~~
3. **Governance Committee** – The Governance Committee is responsible for reviewing and making recommendations to the Board on its governance policies, practices, and procedures.
4. **Headwaters at the Comal Board (Headwaters)** – Headwaters is an NBU-supported board responsible for site development and fundraising for NBU's conservation legacy located at 333 Klingemann.

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4.5. Investment Committee – The Investment Committee is responsible for the oversight of NBU's investment assets, the review of the portfolio performance and investment policies of NBU, and to provide recommendations for the Board of Trustees' approval to ensure that investment activities are in compliance with the Texas Public Funds Investment Act and NBU's Investment Policy and in furtherance of NBU's ~~the company~~ guidelines and objectives.

6. Legislative Committee – The Legislative Committee is responsible for ~~the (a) the~~ development of comprehensive legislative strategies for NBU including determining which state or national legislative initiatives NBU would like to endorse or oppose; (b) working with the CEO and NBU staff on the effective and timely implementation of those strategies; and (c) developing NBU's positions on various legislative initiatives, including by ~~and~~ undertaking such research as may be necessary to support such positions.

7. Public Information Act Committee – The Public Information Act Committee is responsible for identifying procedures and methods for maintaining compliance with the Public Information Act and ensuing transparency.

8. Records Management Committee – The Records Management Committee is responsible for promoting sound records management practices through the development of a Records Management Policy for use by ~~the~~ NBU staff, reviewing and the performance of the program on a regular basis and proposing changes and improvements if needed to the Records Management Policy, and providing final approval for the destruction of records in accordance with approved records control schedules.

9. Water Infrastructure Maintenance Committee – The Water Infrastructure Maintenance Committee is responsible for evaluating water infrastructure and related maintenance obligations.

5.

~~➤ Klingemann Redevelopment Adhoc Committee – The Klingemann Redevelopment Adhoc Committee shall be responsible for the coordination and oversight of the development of NBU's former sarehouse yard located at 333 Klingemann. The Committee is tasked with identifying the vision for redevelopment as a conservation environmental center for the community NBU serves and implementation of that vision.~~

~~➤ Comal Conservation Center Advisory Committee – The CCC Advisory Committee shall be responsible for overseeing the fundraising and marketing plans for the development and funding of the future Comal Conservation Center to be located at 333 Klingemann.~~

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POLICY TYPE: BOARD GOVERNANCE

BG #11

POLICY TITLE: ANNUAL PLANNING  
(Formerly GP#2h Annual Planning)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

To accomplish its job with a governance style consistent with Board policies, the Board will follow an annual agenda that reviews and implements Outcomes policies the Strategic Goals and continually improves Board performance through Board education and enriched input and deliberation.

1. Because NBU operates on a fiscal year that begins on August 1, the Board will conduct its annual planning process and annual budget meetings during the first and second calendar quarters of each year.

a. To prepare for its annual budget meetings, the Board will provide direction during the first calendar quarter on the gathering of data and information needed.

a.b. The Board's annual planning process for the following fiscal year will occur in connection with the Board's annual retreat and annual budgeting meetings and must occur no later than the end of June of each calendar year. cycle will conclude each year on July 31<sup>st</sup> so that administrative planning and budgeting can be based on accomplishing a one year segment of the most recent statement of long term Outcomes.

2. The cycle will start with the Board's development of its agenda for the next year.

3.—

4. Data gathering from customers and others for gaining input will be determined and arranged in the first calendar quarter to be held during the balance of the year.

5.—

6.2. Education of Board members on governance and Governance education and education related to Outcomes determination the Strategic Goals (e.g. presentations by futurists, demographers, advocacy groups, staff, and so on) will be included as part of the annual planning process and shall occur as needed and at a minimum at least once each calendar fiscal year be arranged in the first quarter, to be held during the balance of the year.

1. Any Board member may recommend or request an item for Board discussion by submitting the item to the Chief Governance Office (President) no later than 21 days before the Board meeting. If the timing is problematic the CEO will visit with the requesting Board Member to determine if an alternative meeting would be sufficient.

**Commented [CR12]:** Moved to new Board Member Code of Conduct policy

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7. ~~Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.~~
8. ~~CEO remuneration will be decided during the month of June after a review of monitoring reports received during the previous year.~~
9. ~~CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangement for third party monitoring must be prepared.~~

Commented [CR13]: Moved to new President's Role policy

Commented [CR14]: Moved to CEO Monitoring policy

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POLICY TYPE: BOARD GOVERNANCE BG #12

POLICY TITLE: COST-OF-GOVERNANCE INVESTMENT  
(Formerly GP#2i Cost of Governance)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

Because good governance benefits NBU and its customers, the Board will invest in its governance capacity and ability. The Board's investment shall be facilitated by the Board President, with assistance from NBU staff, and will include: (a) orientation of new members on these Governance Policies and other Board policies established; (b) an annual Board discussion and review of any necessary process or policy improvements; and (c) annual continuing education of the Board's legal and ethical obligations.

Commented [CR15]: Part of these revisions were derived from the prior Governing Style policy

1. Board skills, methods, and support ~~will~~must be sufficient to ensure governing with excellence.

a. New Board members will receive at least quarterly training during their first year of service to assist in orienting them to NBU and their Board responsibilities and obligations.

b. ~~Annual~~ training and retraining will be used to ~~orient new Board members and candidates for Board membership, as well as to~~ maintain and increase existing Board member skills and understandings.

c. Outreach mechanisms ~~will~~may be used as needed to ensure the Board's ability to listen to ~~owner~~diverse viewpoints and values.

d. A Board Member manual will be developed and maintained to assist Board members in their service to the Board.

~~a-e.~~ New and existing Board members are strongly encouraged to attend ERCOT, American Public Power Association (APPA), American Water Works Association (AWWA), or other industry conferences, seminars, and workshops as part of their initial and continuing education.

2. Costs will be ~~prudently~~prudently incurred prudently with due consideration for the value of development and maintenance of Board member qualifications.

a. Expenses for training, including attendance at industry conferences, seminars, and workshops, will be included in the annual budget.

b. —

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e.b. Expenses for surveys, focus groups, opinion analyses, and meeting costs will be included in the annual budget.

| 3. The Board will establish its cost of governance budget for the next fiscal year during the annual budgeting process.



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## ***New Braunfels Utilities***

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### **Governance Policies: Board Management Delegation**

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POLICY TYPE: BOARD-MANAGEMENT DELEGATION BMD #1

POLICY TITLE: GLOBAL POLICY ON BOARD DELEGATION  
(Formerly BMD#1 Global Board-Management Delegation)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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The Board's sole official connection to the operational organization, its achievements, and conduct will be through ~~a~~the chief executive officer; ~~(CEO).~~

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POLICY TYPE: BOARD-MANAGEMENT DELEGATION BMD #2

POLICY TITLE: UNITY OF CONTROL  
(Formerly BMD#2a Unity of Control)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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Only officially passed motions of the Board are binding on the CEO.

1. Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO except in rare instances when the Board has specifically authorized such exercise of authority.
2. Individual Board members may communicate with NBU executive management staff on routine administrative matters, provided the CEO is included in any written communication.
3. Board member communications regarding the CEO's evaluation or the evaluation process should include the Vice President and need not include the CEO.
4. Any written communication on material NBU matters to the CEO from:
  - a. An individual Board member must include the Board President, unless the communication concerns the Board President, in which case the Vice President must be included.
  - b. The Board President must include the Vice President, unless the communication concerns the Vice President.
- 2.5. Individual Board members should refrain from making requests that require a material amount of staff time or funds or are disruptive. Such requests should be Board--authorized requests. --The CEO should notify the individual Board member making the request s and the Board President or Vice President, as appropriate (but not both), when such requests require, in the CEO's opinion, a material amount of staff time or funds, or are disruptive.

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POLICY TYPE: BOARD-MANAGEMENT DELEGATION BMD #3

POLICY TITLE: ACCOUNTABILITY OF THE CEO  
(Formerly BMD#2b Accountability of the CEO & OP#1 Global Executive Constraint)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The CEO is the Board's only link to operational achievements and conduct. -All authority and accountability of staff; is considered the authority and accountability of the CEO. The CEO is therefore responsible for ensuring any NBU practice, activity, decision, or circumstance does not violate federal, state, or local law, NBU policies, or the City of New Braunfels Charter or Code of Ordinances.

**Commented [CR16]:** Moved from prior Global Executive Constraint policy and re-worded to match format.

1. The Board will never give instructions to persons-staff who report directly or indirectly to the CEO.
2. The Board will not evaluate, either formally or informally, any staff other than the CEO.
3. The Board will view-consider the following when evaluating CEO job performance (Performance Factors):
  - a. -Organizational performance in relation to the Strategic Goals;
  - b. Adherence to all applicable Governance Policies and other Board policies or directives;
  - c. Compliance with any written contractual agreement between the Board and the CEO;
  - d. Realization of operational emergent and annual specific goals and directives as set by the Board;
  - e. Maintenance of communication and transparency with the Board;
  - f. Satisfaction of any other specific requirements or expectations set by the Board; and
  - a-g. Feedback through a self-evaluation from the CEO. as identical to organizational performance, so that organizational accomplishment of Board-stated Outcomes and compliance with Board policies will be viewed as successful CEO performance.

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~~The CEO shall not cause or allow within NBU any organizational practice, activity, decision or circumstance, which is unlawful, in violation of city charter or commonly accepted business and professional ethics.~~

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POLICY TYPE: BOARD-MANAGEMENT DELEGATION BMD #4

POLICY TITLE: DELEGATION TO CEO  
(Formerly BMD#2c Delegation to CEO)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

Through these Governance Policies and other Board policies and directives, the Board will define for the CEO through written policies that prescribe the Strategic Goals organizational Outcomes to be achieved and describes certain organizational situations and actions to be avoided. The CEO may employ allowing the CEO to use any reasonable interpretation of these Governance Policies and other Board policies and directives.

1. The Board will develop ~~policies~~ Strategic Goals and other Board policies directing the CEO to achieve specified results in accordance with NBU's annual approved budget, for specified recipients, at a specified cost. ~~These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Outcomes policies. All issues that are not Outcomes issues as defined here are operational issues.~~

2. ~~The Board will develop policies that limit the latitude that the CEO may exercise in choosing the organizational operational methods. These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the Board even if they were to be effective. Policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Operational policies. The Board will never prescribe organizational operational methods delegated to the CEO.~~

Commented [CR17]: Reworded and moved to No. 3 below.

3.2. ~~As long as the CEO uses any reasonable interpretation of the Board's Outcomes and Operations~~ these Governance Policies and other Board policies or directives, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the CEO shall have full force and effect as if decided by the Board.

3. Any Governance Policy or other Board policy or directive limiting the CEO's authority will describe those practices, activities, decisions, and circumstances that would be unacceptable to the Board even if they were to be effective. The Board, however, will never prescribe organizational operational methods delegated to the CEO.

Commented [CR18]: From the prior No. 2 above.

4. At any time, the Board may modify its Outcomes and Operations Governance Policies and other Board policies and directives to redefine or realign the authority delegated to the CEO. ~~The Board, however,~~ may not make any

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retroactive modification ~~of this policy~~ and shall recognize and support the decisions of the CEO previously authorized ~~by this policy~~.

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POLICY TYPE: BOARD-MANAGEMENT DELEGATION BMD #5

POLICY TITLE: MONITORING-EVALUATING CEO PERFORMANCE  
(Formerly BMD#2d Monitoring CEO Performance)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

~~The CEO's job performance will be determined by regular monitoring and evaluated based on the Performance Factors outlined in the Accountability Policy (BMD #3) and documented through an annual formal evaluation process facilitated by the Vice President (see Vice President's Role, BG #7) review of expected CEO job products: organizational accomplishment of Board policies on Outcomes and organizational operation within the boundaries established in Board policies on Operational Policy.~~

1. ~~Monitoring may be informal. The CEO's job performance may be monitored informally, in any frequency, and by any method chosen by the Board to assess the degree to which Board policies are being met. Extraneous information will not be considered.~~

Commented [CR19]: Reworded to combine the prior No. 1 and No. 5 below.

2. The Board will acquire information on the CEO's job monitoring-performance ~~information by through~~ one or more of following three methods:

a. Internal Report: CEO provides data, interpretations, evaluations and compliance status solely to the Board, whether verbal or written.

b. External Report: The Board selects ~~or~~ retains a disinterested third party to assess the CEO's job performance-interpretation of and compliance with Board policies.

c. Direct Board Assessment: ~~Designated Board member(s) assess the CEO's interpretation of and compliance with Board policy job performance.~~

~~3.~~ In every case, the Board will evaluate (a) the reasonableness of the CEO's interpretation, of the Performance Factors and (b) the data demonstrating the CEO's accomplishment of the Board's Performance Factors/objectives.

~~4.~~  
~~5-3.~~ The applicable standard for determining the reasonableness of a CEO interpretation ~~of a Board policy~~ shall be as a the reasonable and prudent CEO, and ~~The~~ Board shall avoid subjective, ad-hoc or arbitrary assessment criteria.

4. An evaluation of the CEO's job performance and compensation will be conducted at least annually following the conclusion of the fiscal year (preferably in August).



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The Board, however, can review and discuss the CEO's job performance and compensation at any other time, as and if necessary.

~~All policies that instruct the CEO will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule, as follows:~~

~~6—~~

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POLICY TYPE: BOARD-MANAGEMENT DELEGATION BMD #6

POLICY TITLE: COMMUNICATION & SUPPORT TO THE BOARD  
(Formerly OP#2g Communication and Support to the Board)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

The Board requires the CEO to maintain communication and transparency and to inform and support the Board's Strategic Goals, Governance Policies, and any other Board policy or directive. The CEO may not permit the Board to be uninformed or unsupported in its work.

The CEO will not:

1. Neglect to submit ~~monitoring data~~ or information required by the Board according to ~~to according to~~ its Evaluating CEO Performance policy ~~"Monitoring CEO Performance"~~ in a timely, accurate, and understandable fashion ~~that directly addresses provisions of the Board policies being monitored and includes the CEO's interpretations consistent with the "Delegation to the CEO" policy, as well as relevant data.~~
2. Let the Board be unaware of any significant incidental information it requires, including anticipated adverse media coverage, threatened or pending lawsuits, and material external and internal changes.
3. Allow the Board to be unaware that, in the CEO's opinion, the Board is not in compliance with its ~~Governance own policies on Governance Process and Board Management-Delegation Policies~~, particularly in the case of Board behavior ~~which that~~ is detrimental to the working relationship between the Board and CEO.
4. Allow the Board to be without ~~decision~~ information ~~required periodically needed to make informed decisions by the Board or let the Board to~~ be unaware of relevant trends.
5. Allow the Board to be without a workable mechanism for official Board, officer, or committee communications.
6. Deal with the Board in a way that favors or privileges certain Board members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
7. Allow the Board to be unaware of any actual or anticipated noncompliance with any ~~Outcomes or Operational policy~~ other policy or directive of the Board ~~regardless of the Board's monitoring schedule.~~

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8. Fail to submit to the Board a consent agenda containing items delegated to the CEO yet required by law or contract to be Board-approved, along with [any](#) applicable monitoring [or supporting](#) information.

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POLICY TYPE: BOARD-MANAGEMENT DELEGATION BMD #7

POLICY TITLE: EMERGENCY EXECUTIVE CEO SUCCESSION  
(Formerly OP#2h Emergency Executive Succession)

Date Adopted by Board: May 25, 2021 (effective August 1, 2021)

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In order to protect the Board and ~~the organization~~NBU from the sudden loss of ~~a CEO Services, the CEO shall not allow~~ Board will require the CEO to provide ~~the President or Board to be unaware of~~ some viable mechanism for the operations of NBU to continue in the event of sudden loss of the CEO.

The CEO will not:

1. Permit there to be fewer than ~~2-two executive~~ staff ~~members~~ sufficiently familiar with Board and CEO issues and procedures to enable either ~~staff member~~ to assume the role of interim CEO with reasonable proficiency.
2. Allow travel mechanisms or methodologies that put the organization at risk of the sudden loss of these multiple key individuals.