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**Meeting Date:** May 25, 2021      **Agenda Type:** Action Items

**From:** Connie Lock      **Reviewed by:** Connie Lock  
General Counsel & Chief Ethics Officer      General Counsel & Chief Ethics Officer

**Submitted by:** Connie Lock      **Approved by:** Ian Taylor  
General Counsel & Chief Ethics Officer      Chief Executive Officer

**RECOMMENDED ACTION:** Discuss and Consider Approval of Proposed Revisions to the NBU Board Governance Policies

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## BACKGROUND

On January 28, 2010, the New Braunfels Utilities (“NBU”) Board of Trustees approved Governance Policies to establish a framework of how the Board would operate. The Governance Policies were revised on March 31, 2016, to reflect organizational changes and the Board’s existing practices.

On September 24, 2020, the Board established a Governance and Personnel Subcommittee (the “Committee”) to review the Governance Policies and provide recommended revisions. The Committee met on multiple occasions to review the Governance Policies and provided the following recommended changes to the Board at its strategic retreat on March 31, 2021:

- Add a preface explaining the purpose of the Governance Policies and any related revision history
- Structure operational policies around NBU’s strategic goals
- Incorporate strategic goal measurements in lieu of maintaining separate operational and outcome policies
- Rename policies as follows:

Current Policy Name	Proposed Change to Policy Name
Operational Policies	Strategic Goals (SG)
Governance Process	Board Governance (BG)
Board-Management Delegation	No change (BMD)

- Update policies to reflect current or preferred Board and NBU practices
- Add new policies describing the Vice President's role and addressing Board member discipline, resignation, and removal
- Reorganize misplaced policies or language
- Revise vague, unclear, or outdated language

The Committee incorporated Board feedback received at and after the retreat into the Governance Policies and presented the proposed revisions to the Board at its regular meeting on April 29, 2021. These additional revisions included the following changes:

- Set minimum time periods for setting and reviewing NBU's strategic goals (SG #1)
- Move provision pertaining to operating capital from policy on Infrastructure & Technology (SG #4) to policy on Financial Excellence (SG #5)
- Clarify certain language in the policy for Financial Excellence (SG#5)
- Clarify timing of the annual planning process (BG #11)
- Add reference to additional training resources in the policy on Governance Investment (BG#12)
- Clarify communication requirements in the policy for Unity of Control (BMD #2)

The Committee requested and received additional feedback after its April Board meeting. The updated Governance Policies include the following proposed revisions:

- Revise Board committees (BG #10)
- Clarify emergency executive CEO succession planning (BMD #7)

The Committee is scheduled to present the final draft of the Governance Policies to the Board during its May 25, 2021 meeting.

#### **FINANCIAL IMPACT**

None

#### **LINK TO STRATEGIC PLAN**

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#### **EXHIBITS**

1. Governance Policies (redline—changes since April 29, 2021 Board meeting)
2. Governance Policies (redline—cumulative)