February 3, 2012

Ms. Terri Gregg
Wholesale Contracts Manager
Seattle Public Utilities
PO Box 34018
700 5th Ave, Suite 4900
Seattle, WA 98124-4018

Dear Terri:

I wanted to again thank you for the opportunity to work with SPU, the Operating Board and the various wholesale customers on the policy governance issues. I really enjoyed the process and working with everyone.   I believe that the retreat and subsequent meetings were productive and resulted in the adoption of an Operating Board process that will be valuable to all Board members and meeting participates.

One item that I wanted to follow up on was the issue of a board "speaking with one voice." Unfortunately, given our time constraints I was unable to clearly communicate a response that allowed everyone to better understand this basic governing board principle. Provided below is a more thoughtful response which comes directly from the Carver Policy Governance™ website, and I believe addresses the concerns raised, along with the comments received, during our meeting. Although the Board has not adopted a specific governance model for its work, I think it is important for the Board to have a common understanding of key principles under which Boards of this type operate.

> *"1. How can a board "speak with one voice" when members disagree?*
>
> *No problem at all. There should be healthy, even passionate disagreement on a board in order for it to presume to be representing diversity in the ownership. So disagreement is a blessing not a blockage. After fair debate, if there are not enough votes to pass a measure, then the board has not spoken. If there are enough votes, the board has spoken. And what is thereby spoken is the "one voice" we have written about. The board should expect its CEO [CEO in the case of the SPU Operating Board would be Ray Hoffman] to treat a 5-4 vote exactly the same as a 9-0 vote. . . .*

HDR Engineering, Inc.

500 108th Avenue NE
Suite 1200
Bellevue, WA 98004-5549

Phone: (425) 450-6200
Fax: (425) 453-7107
www.hdrinc.com

2. ***If a board member dissents and says so publicly, what should a board do?***

   A board member who disagrees with a decision made by the board has every right to do so. Indeed, there would be something wrong with a board that always agreed unanimously with everything. It is usual that important issues are issues about which people disagree. In the Policy Governance board, this disagreement is thoroughly expressed and considered before the final decision is made. This enables everyone to say that the process used was fair, open and inclusive. . . .

3. ***What board member behavior can be considered "sabotage"?***

   Although people will define the term in a variety of ways, in Policy Governance it would be sabotage if a single board member tries to "end run" the board. It is not sabotage to disagree with other board members, no matter how passionately. But it is sabotage to attempt to undo what the board has legitimately delegated to the CEO. Such sabotage cannot succeed, however, if the board is doing its job the way it should. That includes the board's protecting staff from individual board members when they snipe at, grill, or otherwise act toward staff as if a dissident board member has the right to set criteria for operational performance individually. . . ."[1]

I hope the above excerpts provide a clearer understanding of the roles and responsibilities of a board member under this basic principle. For anyone interested in learning more about policy governance, the link noted below in the footnote provides a great resource.

Thanks again for all of your help and active participation during this facilitation process. Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely yours,

Tom Gould
Vice President and National Business
  Leader for Finance and Rates

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[1] Source: http://www.carvergovernance.com/faq3.htm#disagree