



NSDCAR

**NORTH SAN DIEGO COUNTY
ASSOCIATION OF REALTORS®
GOVERNING POLICY OF
THE BOARD OF DIRECTORS**



BOARD MEANS

**INTENDED
ORGANIZATIONAL
RESULTS**



BOARD MEANS

STAFF MEANS



NSDCAR

GOVERNING POLICY OF THE BOARD OF DIRECTORS



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GOVERNING POLICY OF THE BOARD OF DIRECTORS



Policy 1.0 – ENDS

Date Adopted/Last Revised: 10/15/2009

Ends

1.0 Global Ends Statement:

**North San Diego County Association of Realtors exists for:
An Environment Conducive To the Business Success of Its Members**
(with results providing a High Value return on their Membership Investment)

1.1 Members are aware of and receive exclusive benefits and discounts.

- 1.1.1. Members receive discounts on NSDCAR products and services
- 1.1.2. Members benefit from group discounts on products and services
 - 1.1.2.1. Insurance discounts
 - 1.1.2.2. Financial/retirement planning discounts

1.2 The Public Recognizes REALTORS® as the Premier Providers of Real Estate Sales, Leasing and Management Services.

- 1.2.1. NSDCAR members are actively involved in their communities

1.3 Business Resources and Tools are Available for and Utilized by Members.

- 1.3.1 A variety of education delivery methods/resources meet the needs of NSDCAR members.
 - 1.3.1.1. Members have an array of risk management tools reflective of current business trends and needs.
 - 1.3.1.2. *(SHORT TERM PRIORITY #1)* By end of Q1, 2010 – A short sale package is available.
 - 1.3.1.3. *(SHORT TERM PRIORITY #2)* By end of Q2, 2010 - Electronic signature program/resource is available.
- 1.3.2. Networking opportunities are available and utilized.
- 1.3.3. Realtors have a forum to market properties

1.4 Members Have Knowledge Necessary for Business Success.

- 1.4.1. REALTORS® members have access to reliable, current market data
- 1.4.2. REALTORS® pursue and achieve professional designations

1.5 The Regulatory and Legislative Environment is Realtor-Friendly, and Supportive of Property Rights.

- 1.5.1. Realtors actively support the Realtor Action Fund
- 1.5.2. Public officials recognize NSDCAR as a resource

1.6 NSDCAR Members Comply with High Professional Standards

- 1.6.1. The NAR Code of Ethics is enforced.
- 1.6.2. A process enables disputes to be resolved with minimal litigation
- 1.6.3. The Associated Professionals Code of Conduct is enforced.

1.7 Members view NSDCAR as the “go-to” resource for advanced technology understanding, tools and solutions. *(HIGHEST PRIORITY THROUGH 2012)*

- 1.7.1. REALTORS® understand technology trends, needs and applications.
 - 1.7.1.1. Social networking, and leads generation
 - 1.7.1.2. Security of data/information
 - 1.7.1.3. Use of technology in marketing (e.g. blogging, search engine optimization, etc.)
- 1.7.2. Realtor members have access to technology expertise that looks to future trends and is available for mobile conferencing and education.



NSDCAR

**GOVERNING POLICY OF
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Policy 2.0 – EXECUTIVE LIMITATIONS

Date Adopted/Last Revised: 01/08/2009

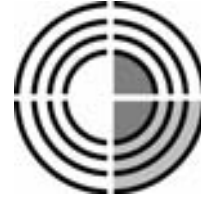
Executive Limitations

The CEO shall not cause or allow any organizational practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices.



NSDCAR

**GOVERNING POLICY OF
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Executive Limitations

Policy 2.1 – TREATMENT OF MEMBERS

Date Adopted/Last Revised: 01/08/2009

With respect to interactions with members or those applying to be members, the CEO shall not cause or allow conditions, procedures, or decisions that are unsafe, disrespectful, untimely, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy.

The CEO shall not:

- 2.1.1. Elicit member information for which there is no clear business necessity.
- 2.1.2. Collect, review, transmit, or store member information in a manner that fails to protect against improper access to that information.
- 2.1.3. Operate facilities without appropriate privacy.
- 2.1.4. Operate without conveying to members a clear understanding what may be expected from the services offered by the Association.
- 2.1.5. Operate without informing members, as appropriate, of this policy, and without providing a complaint response process to members who believe they have not been accorded a reasonable interpretation of their protections under this policy.



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**GOVERNING POLICY OF
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Executive Limitations

Policy 2.2 – TREATMENT OF STAFF

Date Adopted/Last Revised: 01/08/2009

With respect to the treatment of paid staff and volunteers, the CEO may not cause or allow conditions that are unfair, unsafe or undignified.

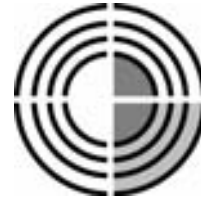
Pertaining to paid staff, the CEO shall not:

- 2.2.1. Operate without ensuring employees are provided with written personnel policies, approved by legal counsel, that clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions.
 - 2.2.1.1. Allow staff to be unaware of these governing policies.
- 2.2.2. Retaliate against an employee for non-disruptive, internal expression of dissent, or for reporting to management or to the Board of Directors (per the grievance process in the personnel manual) acts or omissions by personnel, management or the Board of Directors that the employee believes, in good faith and based on credible information, constitutes a violation of state or federal law or a governing policy of the Board.
 - 2.2.2.1 Staff may not be prevented from grieving to the Board when (a) internal grievance procedures have been exhausted and (b) the employee alleges that Board policy has been violated.
- 2.2.3. Allow staff to be unprepared to deal with emergency situations.



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Policy 2.3 – FINANCIAL CONDITION & ACTIVITIES

Date Adopted/Last Revised: 01/08/2009

Executive Limitations

With respect to the actual, ongoing financial conditions and activities, the CEO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies.

The CEO shall not:

- 2.3.1. Expend more funds than have been received in the fiscal year to date.
- 2.3.2. Use Board designated long-term reserves/funds.
- 2.3.3. Use restricted funds other than for the purposes specified.
- 2.3.4. Operate without settling payroll and debts in a timely manner.
- 2.3.5. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- 2.3.6. Execute a check or purchase commitment of greater than \$20,000, unless such expenditure was explicitly itemized in budget monitoring data previously disclosed to the Board.
- 2.3.7. Take out any indebtedness instruments, with the exception of credit cards, which may be used for normal business purposes and paid in full each month.
- 2.3.8. Acquire, encumber, or dispose of real property.
- 2.3.9. Operate without aggressively pursuing receivables after a reasonable grace period.
- 2.3.10. Operate without adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.



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Executive Limitations

Policy 2.4 – ASSET PROTECTION

Date Adopted/Last Revised: 01/08/2009

The CEO shall not allow NSDCAR's assets to be unprotected, inadequately maintained, or unnecessarily risked.

The CEO shall not:

2.4.1. Fail to insure:

- a) against theft and casualty losses to at least replacement value;
- b) against liability losses to board members, staff, and the organization itself in an amount equal or greater than the average for comparable associations
- c) against employee theft and dishonesty

2.4.2. Subject facilities and equipment to improper wear and tear or insufficient maintenance.

2.4.3. Unnecessarily expose the organization, its board, or its staff to claims of liability.

2.4.4. Allow any purchase wherein normally prudent protection has not been given against conflict of interest.

2.4.5. Allow a purchase of any material amount without having obtained comparative prices and quality.

2.4.6. Allow intellectual property, information and files to be exposed to loss, improper access or significant damage, or operate without maintaining documents and records in accordance with a Records Retention Schedule approved by legal counsel.

2.4.7. Receive, process, or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards (as set forth in Management Letter and/or other correspondence). Invest or hold operating capital in insecure instruments or in non-interest bearing accounts except when necessary to facilitate ease in operational transactions.

2.4.8. Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission.



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Policy 2.5 – FINANCIAL PLANNING & BUDGETING

Date Adopted/Last Revised: 01/08/2009

Executive Limitations

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

The CEO shall not allow budgeting that:

- 2.5.1. Risks incurring those situations or conditions described as unacceptable in the "Financial Condition and Activities" Board policy.
- 2.5.2. Contains too little information to enable credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
- 2.5.3. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
- 2.5.4. Allows cash reserves to drop below six months (50%) of the current year's budgeted operating expenses.
- 2.5.5. Provides less for board prerogatives during the year than is set forth in the Cost of Governance policy.



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Executive Limitations

Policy 2.6 – COMPENSATION & BENEFITS

Date Adopted/Last Revised: 01/08/2009

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO shall not cause or allow jeopardy to NSDCAR's fiscal integrity or public image.

The CEO shall not:

- 2.6.1. Change his or her own compensation.
- 2.6.2. Change his or her own benefits, except as are consistent with the package for all other employees.
- 2.6.3. Promise or imply anything other than "at-will" employment.
- 2.6.4. Provide compensation and benefits that deviate materially from the geographic and professional market value for the skills employed.
- 2.6.5. Pertaining to consultants and contracted vendors, create obligations over a longer term than revenues can be safely projected, in no event longer than one year.
- 2.6.6. Establish or change retirement benefits so as to cause unpredictable (for NSDCAR) or inequitable (for employees) situations.



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Policy 2.7 – EMERGENCY CEO SUCCESSION

Date Adopted/Last Revised: 01/08/2009

Executive Limitations

In order to protect the board from sudden loss of CEO services, the CEO may have no fewer than one other executive sufficiently familiar with board and CEO issues and processes to take over with reasonable proficiency as an interim successor.



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**GOVERNING POLICY OF
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**Policy 2.8 – COMMUNICATION & SUPPORT OF THE
BOARD**

Date Adopted/Last Revised: 01/08/2009

Executive Limitations

The CEO will not permit the board to be uninformed or unsupported in its work.

The CEO shall not:

- 2.8.1. Withhold, impede or confound information necessary for the Board’s informed accomplishment of its job.
 - 2.8.1.1. The CEO will not neglect to submit monitoring reports (including CEO interpretations of Board policies being monitored, as well as relevant data) required by the board (see “Monitoring CEO Performance” policy in *Board/CEO Linkage*) in a timely, accurate, and understandable fashion, directly addressing provisions of board policies being monitored.
 - 2.8.1.2. The CEO will not allow the Board to be unaware of any actual or anticipated non-compliance with any Ends or Executive Limitations policy, regardless of the Board’s monitoring schedule.
 - 2.8.1.3. The CEO will not let the board be without decision information it periodically requests, or unaware of relevant trends, anticipated adverse media coverage, and material external and internal changes. Notification of planned internal changes is to be provided in advance, when feasible.
 - 2.8.1.4. The CEO will not fail to advise the board if, in the CEO’s opinion, the board is not in compliance with its own policies on Governance process and Board-CEO Linkage, particularly in the case of board behavior that is detrimental to the work relationship between the board and the CEO.
 - 2.8.1.5. The CEO will not present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other (“FYI”).
- 2.8.2. Allow the Board to be without logistical and clerical assistance.
 - 2.8.2.1. The CEO will not allow the Board to be without workable, user-friendly mechanisms for official board, officer, or committee communications and functions.
 - 2.8.2.2.. The CEO will not let the Board be without pleasant and efficient arrangements for Board and committee meetings.
 - 2.8.2.3. The CEO will not fail to provide for and maintain a mechanism for each District Coordinating Committee to keep in touch with its respective constituent base by e-mail.
- 2.8.3. The CEO will not impede the Board’s holism, misrepresent its processes and role, or impede its lawful obligations.
 - 2.8.3.1. The CEO will not 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.

2.8.3.2. The CEO will not neglect to submit for the consent agenda all items delegated to the CEO, yet required by law or third-party to be board-approved, along with applicable monitoring information.

2.8.4. Fail to assure the accuracy of the Board's Governing Policies manual.



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Policy 3.0 – BOARD–CEO LINKAGE

Date Adopted/Last Revised: 01/08/2009

Board-CEO Linkage

The board's sole official connection to the operating organization, its achievement, and conduct will be through a Chief Executive Officer.



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**GOVERNING POLICY OF
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Board-CEO Linkage

Policy 3.1 – UNITY OF CONTROL

Date Adopted/Last Revised: 01/08/2009

Only officially passed motions of the board acting as a body are binding on the CEO.

- 3.1.1. 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.
- 3.1.2. In the case of board members or committees requesting information or assistance without board authorization, the CEO can refuse such requests that require, in his/her opinion, a material amount of staff time or funds, or are disruptive. The committee or Board member may then refer such requests to the full Board for consideration.



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Policy 3.2 – ACCOUNTABILITY OF THE CEO

Date Adopted/Last Revised: 01/08/2009

Board-CEO Linkage

The CEO is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the CEO.

- 3.2.1. The board will not give instructions to persons who report directly or indirectly to the CEO.
- 3.2.2. The board will not evaluate, either formally or informally, any staff other than the CEO.
- 3.2.3. The board will view CEO performance as identical to organizational performance so that organizational accomplishment of board-stated Ends and compliance with Executive Limitations will be viewed as successful CEO performance.



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**GOVERNING POLICY OF
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Board-CEO Linkage

Policy 3.3 – DELEGATION TO THE CEO

Date Adopted/Last Revised: 01/08/2009

The board will instruct the CEO through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly:

- 3.3.1. The board will develop policies instructing the CEO to achieve certain results, for certain recipients at a specified cost and/or priority. These policies will be developed systematically from the broadest, most general level to more defined levels and will be called Ends policies. All issues that are not Ends issues as defined here are Means issues.
- 3.3.2. The board will develop policies that limit the latitude the CEO may exercise in choosing the organizational means. . These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the Board, even if effective in producing the desired results These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitation policies. The Board will not prescribe organizational means delegated to the CEO.
- 3.3.3. An Ends or Management Limitations policy at a given level does not limit the scope of any preceding level.
- 3.3.4. As long as the CEO uses any reasonable interpretation of the board's Ends and Executive Limitations policies, 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 authority as if decided by the Board.
- 3.3.5. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and CEO domains. By doing so, the board changes the latitude of choice given to the CEO. However, as long as any particular delegation is in place, the board will respect and support the CEO's decisions that are a reasonable interpretation of Board policies.



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**GOVERNING POLICY OF
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Policy 3.4 – MONITORING CEO PERFORMANCE

Date Adopted/Last Revised: 01/08/2009

Board-CEO Linkage

The Board will systematically and rigorously monitor CEO job performance to determine the extent to which Ends are being achieved and whether operational activities fall within boundaries established in Management Limitations policies.

Accordingly:

- 3.4.1. Monitoring is simply to determine the degree to which board policies are being met. Information that does not address policy compliance will not be considered in the evaluation of CEO performance.
- 3.4.2. The board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the CEO discloses policy interpretations and compliance information to the board, (b) by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies, and (c) by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.
- 3.4.3. In every case, the Board will judge whether (a) the CEO's interpretation is reasonable, and (b) whether data demonstrate accomplishment of or compliance with the CEO's interpretation.
- 3.4.4. In every case, the standard for compliance shall be any reasonable CEO interpretation of the board policy being monitored.
- 3.4.5. Actions determined to be not compliant with a reasonable interpretation of Board policies will be subject to a remedial process agreed to by the Board.
- 3.4.6. 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 the following routine schedule.

Policy 3.4 – MONITORING CEO PERFORMANCE (CONTINUED)

POLICY	METHOD	FREQUENCY	MONTH
2.0 Executive Limitations	Internal	Annually	TBD
2.1 Treatment of the Members	Internal	Annually	March
2.2 Treatment of Staff	Internal	Annually	February
2.3 Financial Condition & Activities	Internal	Quarterly	Apr/May/Aug/ Nov
	External	Annually	October
2.4 Asset Protection	Internal	Annually	September
2.5 Financial Planning & Budgeting	Internal	2/year	June/Dec
2.6 Compensation & Benefits	Internal	Annually	October
2.7 Emergency CEO Succession	Internal	Annually	November
2.8 Communication & Support of the Board	Internal	Annually	January
1.0 Global Ends/Mission Statement	Internal	Annually	TBD
1.1 Members Receive Benefits	Internal	Annually	TBD
1.2 Public Recognition of REALTORS®	Internal	Annually	July
1.3 Business Resources	Internal	Annually	April
1.4 Knowledge and Tools	Internal	Annually	October
1.5 Regulatory/ Legislative Environment	Internal	Annually	February
1.6 Compliance w/ Professional Standards	Internal	Annually	June
1.7 Technology	Internal	TBD	TBD



NSDCAR

**GOVERNING POLICY OF
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Governance Process

Policy 4.0 – GOVERNANCE COMMITMENT

Date Adopted/Last Revised: 01/08/2009

The purpose of the board, on behalf of the Membership, is to ensure that the NSDCAR (1) produces appropriate results for the membership at an appropriate cost and/or priority (as specified in Ends policies), *and* (2) avoids unacceptable actions and situations.



NSDCAR

GOVERNING POLICY OF THE BOARD OF DIRECTORS



Governance Process

Policy 4.1 – GOVERNING STYLE & VALUES

Date Adopted/Last Revised: 05/07/2009

The Board will govern lawfully, observing Policy Governance principles, with an emphasis on (1) outward vision rather than internal preoccupation, (2) encouragement of diversity in viewpoints, (3) strategic leadership more than administrative detail, (4) clear distinction of board and chief executive roles, (5) collective rather than individual decisions, (6) future rather than past or present, and (7) proactivity rather than reactivity.

- 4.1.1. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the primary initiator of policy, not merely a reactor to staff initiatives.
- 4.1.2. The board will use the expertise of individual members to enhance the board's understanding of issues, but will not substitute such individual expertise for the judgment of the board.
- 4.1.3. The board will allow no officer, individual, or committee of the board to prevent or be an excuse for the board not fulfilling its commitments.
- 4.1.4. The board will direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the achievement of intended long-term impacts for the membership, not on the administrative or programmatic means of attaining those effects.
- 4.1.5. The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policy-making principles, respect of roles, proper decorum, and ensuring continuance of governance capability.
 - 4.1.5.1. Continual board development will include orientation of new board members in the board's governance process, periodic board discussion of process improvement, and education on industry issues and trends. *(Revised 05/09)*
 - 4.1.5.2. All Directors must have some form of Policy Governance training prior to exercising his/her right to vote. This training may be the formal annual Director Orientation, reviewing the NSDCAR audio tape regarding the concept, reading the Carver book "Boards That Make a Difference" and/or the study guide for that book, or other training acceptable to the Board.
- 4.1.6. All policies of the Board are contained in this document, and they remain in effective, unless amended or deleted by Board action.
 - 4.1.6.1. "Board action" shall be constituted by a majority vote of the directors present at a meeting at which there is a quorum.
 - 4.1.6.2. Votes will be cast verbally, except that on the request of any board member, a given vote may be taken by written ballot.
- 4.1.7. Although the Board can change its governing policies at any time, it will conscientiously observe those currently in effect.
- 4.1.8. The board will monitor and discuss the board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-CEO Linkage categories.
- 4.1.9. The Board's activities, with the exception of personnel or other matters of a sensitive nature, shall be open and accessible to reasonable scrutiny by NSDCAR's membership.



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Governance Process

Policy 4.2 – BOARD JOB PRODUCTS

Date Adopted/Last Revised: 01/08/2009

The specific job outputs of the board are those unique “values-added” that, on behalf of the membership, define and ensure appropriate organizational performance.

4.2.1. The board will produce the link between the organization and the membership

4.2.1.1. Needs Assessment: The Board will assess the needs of the membership as they relate to NSDCAR’s activities and scope of influence, and will develop Ends policies identifying and prioritizing the outcomes the Association will produce to address those needs.

4.2.1.2. Advocacy: The Board will inform the membership of the Association’s expected future results, and its present accomplishments.

4.2.2. The board will produce written governing policies that realistically address the broadest levels of all organizational decisions and situations.

4.2.2.1. Ends: Organizational products, effects, benefits, outcomes, recipients, and their cost or relative worth (what good for which recipients at what relative worth/cost/priority).

4.2.2.2. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

4.2.2.3. Governance Process: Specification of how the board conceives, carries out, and monitors its own task.

4.2.2.4. Board-CEO Linkage: How authority is delegated and its proper use monitored; the CEO’s role, authority and accountability.

4.2.3. The board will assess and assure CEO performance against Ends and Executive Limitations policies.

4.2.4. The Board will determine membership dues and Sandicor Fees.

4.2.5. The Board will confirm the decisions and hear appeals from Professional Standards hearing panels.



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Governance Process

Policy 4.3 – AGENDA PLANNING

Date Adopted/Last Revised: 05/07/2009

To accomplish its job products, the board will prepare and follow an annual workplan that (1) completes re-exploration of Ends policies annually and (2) continually improves board performance through board education and enriched input and deliberation.

Accordingly:

- 4.3.1. The Board's annual planning cycle will conclude each year on the last day of September, so that administrative planning and budgeting can be based on accomplishing a one-year segment of the board's most recent statement of long-term Ends.
- 4.3.2. The Board's annual planning cycle will start in October with the board's development of its workplan for the year.
 - 4.3.2.1. Consultations with selected groups in the membership, or other methods of gaining membership input, will be determined and arranged in the first quarter, to be held during the balance of the year.
 - 4.3.2.2. Governance education and education related to ends determination (for example, presentations by futurists, demographers, advocacy groups, other providers and staff) will be arranged in the first quarter, to be held during the balance of the year.
 - 4.3.2.3. The incoming Chair will, in October, prepare and present for the Board's consideration a tentative workplan for the following year's meetings.
- 4.3.3. The Chair will determine the agenda for any particular meeting, although Board members may request or recommend any appropriate matters for Board consideration.
 - 4.3.3.1. Board member may recommend or request a matter for Board discussion by submitting the item to the Chair at least ten (10) days prior to the scheduled Board meeting.
 - 4.3.3.2. The meeting agenda and packet are to be received by Board members at least seven (7) days prior to the scheduled Board meeting.
 - 4.3.3.3. By an affirmative vote of a majority of those present at a meeting, additional matters may be added to the agenda of any Board meeting.
- 4.3.4. The board will attend to consent agenda items ("required approvals": those items delegated to the CEO but required by law or third-party to be board-approved) and Board administrative tasks as expeditiously as possible. *(Revised 5/09)*
- 4.3.5. At any meeting prior to which monitoring reports have been received, the board will determine by vote whether a majority of members judge each report to have demonstrated fulfillment of a reasonable interpretation of the applicable policy.

- 4.3.5.1. Board members will make every effort to inform the Chair, in advance of the meeting, if for any reason they do not intend to vote to approve monitoring interpretations or data, and the rationale for their concern.
- 4.3.6. CEO remuneration (other than bonuses) will be decided during the year of contract renewal.
 - 4.3.6.1. The Chair, Vice-Chair, Treasurer and one additional Director named by the Board will negotiate the contract of the CEO and will report to the Board in Executive Session. Such determinations will be supported by data as to comparable compensation for similarly qualified persons in functionally comparable positions at similar organizations.
 - 4.3.6.2. The Chair will ensure that the Board maintains contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding CEO compensation.
- 4.3.7. The Chair and Vice-Chair, Treasurer, will each year propose a dollar amount for the CEO's year-end bonus, to be determined by the Board each year in November.



NSDCAR

**GOVERNING POLICY OF
THE BOARD OF DIRECTORS**



Governance Process

Policy 4.4 – BOARD CHAIR’S ROLE

Date Adopted/Last Revised: 01/08/2009

The Board Chair, serving as NSDCAR’s chief governance officer, assures the integrity and fulfillment of the board’s process and, secondarily, represents the board to outside parties.

Accordingly:

- 4.4.1. The Board Chair’s job is to ensure that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - 4.4.1.1. Meeting discussion content will be only issues that, according to board policy, clearly belong to the board to decide, consider or monitor..
 - 4.4.1.2. Deliberation will be fair, open, and through but also timely, orderly, and to the point.

- 4.4.2. The Board Chair is authorized to make decisions consistent with board policies on Governance Process and Board-CEO Linkage, except (a) regarding employment/termination of the CEO, or (b) instances where the board specifically delegates portions of this authority to others. The Board Chair is authorized to use any reasonable interpretation of the provisions in these policies.
 - 4.4.2.1. The Board Chair is empowered to preside at board meetings with the commonly accepted power of that position (for example, ruling, recognizing). The Board Chair shall vote only in the event of a tie.
 - 4.4.2.2. The Board Chair has no authority to make decisions within the Board’s Ends and Executive Limitations policy areas. Therefore, the Board Chair has no authority to supervise or direct the CEO.
 - 4.4.2.3. The Board Chair may represent the board to outside parties in announcing board-stated positions and in stating decisions and interpretations within the area delegated to her or him.
 - 4.4.2.4. The Board Chair may delegate this authority but remains accountable for its use.
 - 4.4.2.5. The Board Chair may appoint board members to serve on Board Committees and as Chair of such committees, except where specified otherwise in Bylaws or Board policies.



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Policy 4.5 – BOARD MEMBERS’ CODE OF CONDUCT

Date Adopted/Last Revised: 01/08/2009

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.

Accordingly:

- 4.5.1. Board Members must represent unconflicted loyalty to the interests of the membership. This accountability supersedes any conflicting loyalty such as to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a consumer of the NSDCAR’s services.
- 4.5.2. Board members are accountable for discharging their duties honestly and in good faith. Board members shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 4.5.3. Board Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - 4.5.3.1. There must be no self-dealing or any conduct of private business or personal services between any board member and the organization, except as procedurally controlled, to assure openness, competitive opportunity, and equal access to inside information.
 - 4.5.3.2. When a discussion takes place or a decision is to be made upon an issue about which a member has an unavoidable conflict of interest, that member shall disclose the conflict of interest and absent himself or herself from the vote.
 - 4.5.3.3. Board members must not use their positions to obtain staff employment for themselves, family members, or close associates. Should a member desire staff employment, he or she must first resign.
 - 4.5.3.4. Board Members will annually disclose their involvements with other organizations, with vendors, or any other associations that might produce a conflict.
- 4.5.4. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.
 - 4.5.4.1. Board Members’ interaction with public, press, or other entities must recognize the inability of any board member to speak for the CEO, or for the board except to repeat explicitly stated board decisions.
 - 4.5.4.2. Board members’ interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.
 - 4.5.4.3. Except for participation in Board deliberation about whether the CEO has achieved any reasonable interpretation of Board policies, Board members will not publicly express individual judgments of performance of employees or the CEO.
- 4.5.5. Board Members will respect the confidentiality appropriate to issues of a sensitive nature.

- 4.5.6. A Board member aware of credible information that suggests that a Board policy has been violated, by either the Board or the CEO, has an affirmative obligation to bring the concern to the Board's agenda for monitoring.
- 4.5.7. Board members will support the legitimacy and authority of the final determination of the Board on any matter, irrespective of the member's personal position on the issue.
- 4.5.8. Attendance — Board members are expected to attend Board meetings. Absence from more than two of the Board's regularly scheduled meetings in any calendar year will constitute that member's resignation from the Board. In case of extenuating circumstances, a Board member may request a waiver to this provision. Waivers may be granted only by vote of the Board.
- 4.5.9. All members of the Board of Directors must complete the same training required for any member of our Professional Standards committee in order to fulfill their duties in Disciplinary and Arbitration review panels. Directors shall not serve as a hearing panelist for Professional Standards unless no other choice is available.



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Policy 4.6 – BOARD COMMITTEE PRINCIPLES

Date Adopted/Last Revised: 01/08/2009

Board committees, when used, will be assigned roles to strengthen and support the work of the board as a whole. Board committees are never to interfere with delegation from board to CEO, or from the CEO to other staff.

Accordingly:

- 4.6.1. Board committees are to help the board do its job, not to help, advise or exercise authority over staff. Board committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation, undertaking activities not delegated to staff, or performing specific monitoring functions.
- 4.6.2. Board committees may not speak or act for the board except when formally given such authority for specified and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.
- 4.6.3. Board committees cannot exercise authority over staff. Because the CEO works for the full board, he or she will not be required to obtain approval of a board committee before an executive action.
- 4.6.4. Board committees will be used sparingly and ordinarily in an ad hoc capacity.
- 4.6.5. 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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GOVERNING POLICY OF THE BOARD OF DIRECTORS



Governance Process

Policy 4.7 – BOARD COMMITTEE STRUCTURE

Date Adopted/Last Revised: 01/08/2009

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 committees are those which are set forth in this policy. Unless otherwise specified, the CEO, or his/her staff designee, will serve as a non-voting member of each committee.

4.7.1. Professional Standards Committee

- a. Product: Hearing of complaints in matters of ethics or arbitration after they have been referred from the Grievance Committee.
- b. Authority: To incur costs and management time as needed.
- c. Composition: [List committee leadership/membership here.]

4.7.2. Grievance Committee

- a. Product: Determine the validity of ethics complaints or requests for arbitration. If deemed valid, complaints are forwarded to the Professional Standards Committee for hearing.
- b. Authority: To incur costs and management time as needed.
- c. Composition: [List committee leadership/membership here.]

4.7.3. Nominating Committee:

- a. Product: Fulfillment of nominations process, as stipulated in the Bylaws.
- b. Authority: To incur costs and management time as needed.
- c. Composition: As stipulated in the Bylaws.

4.7.4. Audit Committee:

- a. **Product #1:** Confirmation of auditor's independence, and recommendation to Board for engagement of auditor (date tbd) each year.
Product #2: Annual specification of scope of audit, prior to outside audit, consistent with Board monitoring policy, including approval of any permitted non-audit services to be provided by the independent auditor.
Product #3: Review with the independent auditor of any problems encountered performing the audit, and of any management letter provided by the auditor.
Product #4: Recommendations for Board consideration regarding revisions to the Board's fiscal policies.
- b. Authority: To direct work of outside auditors, to use management time as needed for administrative support, and to incur costs of no more than \$ (amount TBD) for all matters related to the audit.
- c. Composition: As determined by the Board of Directors
- d. Type of service contract: The Auditor's engagement will alternate annually between a full financial audit and a financial Review.



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**Policy 4.8 – BOARD APPOINTMENT PROCEDURES &
REGION BUDGET MANAGEMENT**

Date Adopted/Last Revised: 01/08/2009

Governance Process

- 4.8.1. **APPOINTMENTS TO SANDICOR BOARD AND COMMITTEES:** The Board Chair shall recommend appointments, for Board approval, to fill vacancies for members of the Sandicor Board of Directors, Sandicor Grievance Committee, Sandicor Rules/Hearings Committee and Sandicor Budget & Finance Committee.
- 4.8.2. **CAR AND NAR DIRECTORS:** Except for procedures already in place for recommending CAR and NAR Directors, recommendation for appointments with a term of greater than one year will be made by a committee comprised of the Board Chair, and Vice-Chair and submitted to the Board of Directors for approval.
- 4.8.3. An Advisory Committee will be established each year comprised of the current NSDCAR Board Chair and Vice-Chair, the Regional Chair and Assistant Chair, and the Association's N.A.R. Director. If any of those hold more than one of the positions comprising the Advisory Committee, alternates will be the immediate past Region 29 Chair and/or the immediate past Chair of NSDCAR. The Advisory Committee will review director applications submitted and will recommend to the Board for their final approval (1) how many director positions of those allocated should be filled for the coming year, and (2) who should be named to fill the corresponding number of director seats.



NSDCAR

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Governance Process

Policy 4.9 – COST OF GOVERNANCE

Date Adopted/Last Revised: 01/08/2009

The board will consciously invest in its governance capacity.

Accordingly:

- 4.9.1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - 4.9.1.1. Training and retraining will be used appropriately to orient new board members and candidates for membership, as well as to maintain and increase existing board member skills and understandings.
 - 4.9.1.2. Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This includes but is not limited to fiscal review.
 - 4.9.1.3. Outreach mechanisms will be used as needed to ensure the board's ability to listen to member viewpoints and values.

- 4.9.2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
 - 4.9.2.1. For training, including attendance at conferences and workshops.
 - 4.9.2.2. For review and other third-party monitoring of organizational performance.
 - 4.9.2.3. For Board-directed surveys, focus groups, opinion analyses.
 - 4.9.2.4. For audit and other third-party monitoring of organizational performance.
 - 4.9.2.5. For Board-hosted ownership linkage/outreach events.
 - 4.9.2.6. For Board committee functions (other than audit).
 - 4.9.2.7. For Board meeting and retreat costs.