

Midwest Collaborative for Library Services

Board Policy Manual

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Section 1: ENDS

1.0 POLICY TITLE: *ENDS STATEMENT*

MCLS exists so that libraries of all sizes and types are community-responsive leaders who embrace the challenges of contemporary library practice, develop innovative solutions, foster robust collaborations, and facilitate transformative learning. There will be a primary focus on Indiana and Michigan.

MCLS strives proactively toward access, belonging, collaboration, fairness, integrity, strong relationships, and service excellence as an organization and in the services and resources it provides.

- 1.1 Libraries will collaborate with each other and external partners to identify shared aspirations, accomplish major initiatives, and bring innovative solutions to their communities.
- 1.2 Libraries will be hubs of innovative thinking centered on new ideas and patterns in library practice.
 - 1.2.1. Libraries will facilitate transformative learning and professional development within their organizations to advance library practice.
 - 1.2.2. Libraries will develop skills and capacity to anticipate future leadership needs.
 - 1.2.3. Libraries will benefit from domains of knowledge and expertise outside of traditional library practice.
- 1.3 Libraries will align with and anticipate the information, learning, leisure, research, and technology needs of their communities.
 - 1.3.1. Libraries will collaborate to share resources, make consortial purchases, and pilot new technologies.
 - 1.3.2. Libraries will use tools and training to advance and manage existing services.

Section 2: EXECUTIVE LIMITATIONS

2.0 POLICY TITLE: *GLOBAL EXECUTIVE CONSTRAINT*

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

2.1 POLICY TITLE: *TREATMENT OF MEMBERS AND/OR CUSTOMERS*

With respect to interactions with consumers or those applying to be members and/or customers, the Executive Director shall not cause or allow conditions, procedures, or decisions that are unsafe, undignified, discriminatory or unnecessarily intrusive.

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Use members and/or customers application forms that elicit information for which there is no clear necessity.
2. Use methods of collecting, reviewing, transmitting, sharing or storing member information that fail to protect against improper access to the material elicited.
3. Retain member/customer information longer than required by applicable law. Cause members and/or customers to be confused about what may be expected and what may not be expected from the service offered.
4. Allow members and/or customers to be uninformed of their protections under this policy or discourage persons who believe they have not been accorded a reasonable interpretation of their protections under this policy from airing a complaint and being heard.

2.2 POLICY TITLE: *TREATMENT OF STAFF*

With respect to the treatment of paid and volunteer staff, the Executive Director may not cause or allow conditions which are unfair, undignified, discriminatory, disorganized, or unclear.

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Operate without written personnel rules which: (a) clarify rules for staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions, such as nepotism, grossly preferential treatment for personal reasons, or discrimination as prohibited by law.
2. Discriminate against any staff member for non-disruptive expression of dissent.
3. Prevent staff from grieving to the Board when (A) internal grievance procedures have been exhausted or (B) the employee alleges that Board policy has been violated to their detriment.

4. Fail to acquaint staff with the Executive Director's interpretation of their protections under this policy.

2.3 POLICY TITLE: *COMPENSATION AND BENEFITS*

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

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Promise or imply permanent or guaranteed employment.
2. Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
3. Change their own compensation and benefits, except as their benefits are consistent with a package for all other employees.
4. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.
5. Establish or change pension benefits so as to cause unpredictable or inequitable situations, including those that:
 - a. Incur unfunded liabilities.
 - b. Provide less than some basic level of benefits to all regular employees, though differential benefits to encourage longevity are not prohibited.
 - c. Allow any employee to lose benefits already accrued from any foregoing plan.
 - d. Treat the Executive Director differently from other key employees.

2.4 POLICY TITLE: *FINANCIAL PLANNING/BUDGETING*

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

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
2. Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
 - a. With the exception of fiscal years 2022-2027, in which case, expenses shall not exceed revenues by more than 10% of net assets less real estate, for a combination of expenses for innovative projects and operations.
3. Allow cash and cash equivalents to drop below a safety reserve of less than 6 months operating expenses at any time.

4. Provide less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

2.5 POLICY TITLE: *FINANCIAL CONDITION AND ACTIVITIES*

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

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Expend more funds than have been received in the fiscal year to date unless the debt guideline (below) is met.
 - a. With the exception of fiscal years 2022-2027, in which case, expenses shall not exceed revenues by more than 10% of net assets less real estate, for a combination of expenses for innovative projects and operations.
2. Indebt the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 60 days.
3. Use any capital reserve funds.
 - a. With the exception of fiscal years 2022-2027, in which case, expenses shall not exceed revenues by more than 10% of net assets less real estate, for a combination of expenses for innovative projects and operations.
4. Allow payroll or accounts payable to be unsettled or untimely.
5. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
6. Make a single purchase or commitment of greater than \$25,000 for non-budgeted items without Board approval. Splitting orders to avoid this limit is not acceptable. Commitment for vendor services for members and/or customers that are expected to be sold on a break-even basis is excepted from this policy.
7. Acquire, encumber or dispose of real property without membership approval and Board authorization.
 - a. The Board authorizes the sale of the MCLS headquarters building located at 1407 Rensen St., Lansing, MI 48910 under the following restrictions: the sale transaction must be completed within 48 months of membership authorization; the sale must yield proceeds based on market conditions for comparable properties at time of sale; and the use of proceeds will be in alignment with the Board's Ends.
8. Allow receivables to go uncollected beyond a reasonable grace period without actively pursuing their collection.

2.6 POLICY TITLE: *ASSET PROTECTION*

The Executive Director shall not allow corporate assets to be unprotected, inadequately maintained or unnecessarily risked.

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Allow physical assets to be uninsured against theft, property, and embezzlement losses at an appropriate level and against liability losses to board members, staff and the organization itself in an amount for to comparable organizations.
2. Subject plant and equipment to improper wear and tear or insufficient maintenance.
3. Unnecessarily expose the organization, its Board or staff to claims of liability.
4. Make any purchase: (a) wherein normally prudent protection has not been given against conflict of interest; (b) of over \$25,000 without having obtained comparative prices and quality; (c) of over \$25,000 without a stringent method of assuring the balance of long term quality and cost.
5. Fail to protect intellectual property, information, and files from loss or significant damage.
6. Receive, process or disburse funds under controls which are insufficient to meet the Board-appointed auditor's standards and commonly accepted accounting practices.
7. Invest or hold operating funds needed to meet short-term obligations in insecure instruments, including uninsured checking accounts and bonds of less than AA rating at any time, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.
8. Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission.
9. Operate without comprehensive plans to address potential disaster recovery and business continuation after such an occurrence.

2.7 POLICY TITLE: *ENDS FOCUS OF CONTRACTS*

The Executive Director may not enter into any ongoing contract arrangements that fail to emphasize primarily the production of Ends and, secondarily, the avoidance of unacceptable Means.

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Award vendor contracts without assessing and considering a vendor's capability to produce appropriately targeted, efficient results and practices that align with MCLS values.

2.8 POLICY TITLE: *EMERGENCY EXECUTIVE DIRECTOR SUCCESSION*

In order to protect the Board from sudden loss of Executive Director services, the Executive Director shall have no fewer than two other senior staff members familiar with Board and Executive Director issues and processes.

2.9 POLICY TITLE: *COMMUNICATION AND SUPPORT TO THE BOARD*

The Executive Director shall not permit the Board to be uninformed or unsupported in its work.

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Neglect to submit monitoring data required by the Board (see policy 4.4 on Monitoring Executive Director Performance) in a timely, accurate and understandable fashion, directly addressing provisions of Board policies being monitored.
2. Let the Board be unaware of relevant trends, anticipated adverse media coverage, threatened or pending lawsuits, material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
3. Fail to advise the Board if, in the Executive Director's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Executive Director Linkage, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and the Executive Director.
4. Fail to marshal for the Board as many staff and external points of view, issues and options as needed for fully informed Board choices.
5. 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.
6. Fail to provide a mechanism for official Board, officer or committee communications.
7. Fail to deal with the Board as a whole except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
8. Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the Board.
9. Fail to supply for the consent agenda all items delegated to the Executive Director yet required by law or contract to be Board-approved, along with the monitoring assurance pertaining thereto.

2.10 POLICY TITLE: *FACILITIES*

With respect to MCLS's building and property (interior and exterior), the Executive Director shall not cause conditions for any occupant that are unclear,

unsafe, unclean, disorganized, or unfair or fail to comply with local, state, and federal landlord/tenant requirements.

Further, without limiting the scope of the foregoing by this enumeration, they shall not:

1. Lease space to any other external entity (organization, corporation, etc.) without Board authorization.

2.11 POLICY TITLE: *CONFLICTS OF INTEREST AND CONFLICTS OF COMMITMENT*

With respect to vendors, libraries, and other organizations or individuals, the Executive Director shall not cause or allow any practice or activity that undermines the Board's Ends priorities or that competes with existing MCLS services or programs.

Further, without limiting the scope of the foregoing by this enumeration, they shall not permit any MCLS staff member to:

1. Enter into any contract or agreement that personally benefits them or any MCLS staff member at the expense of the entire organization.
2. Fail to guard against undue influence by any company, organization, or individual with respect to decisions about products or services to be offered to member libraries.
3. Obtain/maintain significant interest (financial or managerial) in an outside entity with which MCLS maintains a contractual relationship, or with whom MCLS competes for provided services.
4. Engage in activities that place competing demands on their time and loyalties.
5. Fail to disclose any potential conflicts of interest.

Section 3: GOVERNANCE PROCESS

3.0 POLICY TITLE: *GLOBAL GOVERNANCE COMMITMENT*

The purpose of the Board, on behalf of the membership, is to see to it that MCLS (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.

3.1 POLICY TITLE: *GOVERNING STYLE*

The Board will govern with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

On any issue, the Board must ensure that all divergent views are considered in making decisions, yet must resolve into a single organizational position.

Accordingly:

1. The Board will cultivate group responsibility through intentional creation of inclusive spaces and opportunities for full participation of all Board members. The Board is responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives. The Board may actively seek out and leverage expertise of individual Board members to enhance the ability of the Board as a body. The collective Board's values supersede individual perspectives.
2. 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 intended long term outcomes for members and/or customers, not on the administrative or programmatic means of attaining those effects.
3. The Board will govern with excellence. Shared values include attendance, preparation for meetings, policy-making principles, respect of roles, and ensuring the continuance of governing capability. Although the Board can change its governance process policies at any time, it will observe them while in force.
 - a. In accordance with these principles, the Board will only allow itself to take action on a topic after it has answered these questions:
 - i. Whose issue is this? Owner or customer? Is it the Board's or the Executive Director's?
 - ii. Has the Board dealt with this subject in a policy? If so, what has the Board already said on this subject and how is this issue related? If the Board has already addressed the matter, does the Board wish to change what it has already said?

- iii. If the matter is several levels below Board level, does the Board agree that the matter affects the Ends in a significant fashion? If so, then the Board will determine what is the broadest way to address this issue so that it is still under existing Board policy.
 - b. It is out of order for Board members to talk about content until these questions of appropriateness are settled.
- 4. Continual Board development will include orientation of new Board members in the Board's governance process and periodic Board discussion of process improvement.
- 5. The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its commitments. Should such a case arise, it is the duty of the Board to initiate a mediation process to determine the root of the conflict and determine strategies for mediation.
- 6. The Board will monitor and discuss the Board's process and performance at each Board meeting. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Executive Director Linkage categories.

3.2 POLICY TITLE: *BOARD JOB DESCRIPTION*

Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly, the Board has direct responsibility to create:

- 1. The link between the ownership and the operational organization.
- 2. Written governing policies that address the broadest levels of all organizational decisions and situations.
 - a. Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
 - b. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - c. Governance Process: Specification of how the Board conceives, carries out, and monitors its own task.
 - d. Board-Executive Director Linkage: How power is delegated and its proper use monitored; the Executive Director role, authority and accountability.
- 3. Assurance of successful Executive Director performance.

3.3 POLICY TITLE: *BOARD MEMBERS' CODE OF CONDUCT*

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. Board members must have loyalty to the ownership, unconflicted by loyalties to staff, other organizations, and any personal interest as a member and/or consumer.
2. Board members must avoid conflict of interest with respect to their fiduciary responsibility.
 - a. There will be no self-dealing or business by a member with the organization. Board members will annually disclose their involvements with other organizations, with vendors, or any associations that might be or might reasonably be seen as being a conflict.
 - b. When the Board is to decide upon an issue, about which a Board member has an unavoidable conflict of interest, that member shall absent themselves without comment from not only the vote, but also from the deliberation.
3. Board members may not attempt to exercise individual authority over the organization.
 - a. Board members' interaction with the Executive Director or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.
 - b. Board members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions.
 - c. Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the Executive Director, members will not express individual judgments of performance of employees of the Executive Director.
 - d. Board members will not use their Board position to obtain employment or influence hiring decisions in the organization. Should a Board member apply for employment, they must first resign from the Board.
4. Members will respect the confidentiality appropriate to issues of a sensitive nature.
5. Board members will be properly prepared for Board deliberation and are expected to participate in all Board meetings.
6. Board members will share expertise and special knowledge of the external environment and agree to serve in an appropriate way on committees and task forces.

3.4 POLICY TITLE: *AGENDA PLANNING*

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda cycle which (a) drives exploration of Ends concerns, (b) continually improves Board performance through Board education and enriched input and deliberation, and (c) re-examines the relevance of the underlying values that support existing policy.

1. Board members serve three-year terms beginning the January following their election.
2. 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, meeting agendas will include:
 - a. February: The President will present a proposed annual calendar. Input regarding education on Ends Statements revised at the previous annual retreat (e.g., presentations by futurists, demographers, advocacy groups, staff, etc.) will be gathered, and methods to enhance ownership linkage (consultation with select ownership groups, etc.) will be determined for the year and arranged by the President.
 - b. May: The meeting will include presentations and/or discussions pertaining to the upcoming fiscal year budget. Education related to operational goals and priorities for the new fiscal year will take place. The Board will develop the Ownership Linkage portion of the Annual Membership Meeting agenda.
 - c. August: The Board will finalize the agenda for the annual retreat. Candidates for open Board seats will be approved. The Board will make sense of the data collected by the Ownership Linkage Committee over the past year as well as entertain the Ownership Linkage proposal for the upcoming year.
 - d. October/November: The Board will hold an annual retreat, including incoming Board members. Governance education will be held at the retreat. Discussions should include Board-membership linkage, trends, review of current year activities, etc. The Board will identify a focus for the following year. Ends Statements that may need to be revised in the upcoming year will be identified. The annual evaluation of the Executive Director will take place. The auditor will report on the annual audit for the previous fiscal year. The Board officers are elected. In November, the Ownership Linkage Committee will implement its plan of work.
3. Specific Meeting Agendas will be designed to deal effectively with the accomplishment of the Board's job products (making policy, assuring executive performance, and linking with the ownership) and to also accomplish the annual plan of work on the Board-developed annual calendar. Meeting Agendas will include:
 - a. Items the President deems necessary for the Board to accomplish its annual calendar. This could include information, visitors, and presentations designed to inform the Board as to their work.
 - b. Scheduled Executive and Board Monitoring.
 - c. Scheduled Board activities.
 - d. A Consent Agenda.
4. Individual Meeting Agendas will generally follow the format below:

- I. Approve Agenda
- II. Required Approvals and Consent Agendas
 - A. Required Approvals (ED construct)
 - B. Board
- III. Board Education
- IV. Ownership Linkage
 - A. Communication with the External Environment related to Board's Annual Agenda
 - B. Ownership Communication
- V. Policy Discussion
 - A. Based on Annual Plan of Board Work
 - B. Exception Waiver Requests
- VI. Assurance of Effective Performance
 - A. Receipt of Monitoring Reports; Challenges to Monitoring; Vote on Compliance
 - B. New Operational Worries
 - C. Next Monitoring Assignment
 - D. Board Self-Assessment against Board Means Policies (according to the monitoring schedule)
- VII. Announcements
- VIII. Comments for the Good of the Order
- IX. Adjournment

3.5 POLICY TITLE: *BOARD LINKAGE WITH OWNERSHIP*

The “owners” of MCLS are defined as the member libraries. The Board shall be accountable for the organization to its owners as a whole. The Board shall act on behalf of the owners as a whole, rather than being advocates for specific geographic areas, interest groups, or library types.

1. When making governance decisions, Board members shall maintain a distinction between their personal interests as “customers” of MCLS’s services, and their obligation to speak for others as a representative of the “owners” as a whole. As the agent of the owners, the Board is obligated to identify and know what the owners want and need.
2. The Board shall see to it that data is gathered in a way that reflects the diversity of the ownership.
3. The Board will consider its ownership linkage successful if, to a continually increasing degree:
 - a. When developing or revising Ends, the Board has access to diverse viewpoints that are reflective of the ownership regarding what benefits this organization should provide, for whom, and the relative priority of those benefits.
 - b. The owners are aware that the Board is interested in and seriously considers their perspective.

- c. If asked, the owners would say that they have had the opportunity to let the Board know their views.
- d. The owners are aware of how the Board has used the information they provided.

3.6 POLICY TITLE: *OFFICER ROLES*

The elected Board officers each serve a distinctive and delineated role in the organization.

1. The President assures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties. Accordingly:
 - a. The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - i. Meeting discussion content will be only those issues which, according to Board policy, clearly belong to the Board to decide, not the Executive Director.
 - ii. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.
 - b. The authority of the President consists in making decisions that fall within topics covered by Board policies 3.0 on Governance Process and 3.2.d on Board-Executive Director Linkage, with the exception of (a) employment or termination of an Executive Director and (b) where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.
 - i. The President is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).
 - ii. The President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise or direct the Executive Director.
 - iii. The President may represent the Board to outside parties in announcing Board-stated positions and in stating decisions and interpretations within the area delegated to them.
 - iv. The President may delegate this authority, but remains accountable for its use.
2. The work of the Vice President is to perform all of the duties as President in the President's absence. The position carries with it no authority above or beyond any other Board member or over the Executive Director except as that authority is granted to the President and for such time as the Vice President is serving in the role of President. The Vice President is to act as the Chair of the Nominating Committee.

3. The Board Secretary is an officer of the Board whose purpose is to ensure the integrity of the Board's documents.
 - a. The assigned result of the Secretary's job is to see to it that all Board documents and filings are accurate and timely.
 - i. Policies will be current in their reflection of Board decisions. Decisions upon which no subsequent decisions are to be based, such as consent agenda decisions, motions to adjourn, and staff or Board member recognitions need not be placed in policy.
 - ii. Policies will rigorously follow Policy Governance principles.
 - iii. Bylaws elements necessary for legal compliance and for consistency with the principles of Policy Governance will be known to the Board.
 - iv. Requirements for format, brevity, and accuracy of Board minutes will be known to the Executive Director.
 - b. The authority of the Secretary is access to and control over Board documents, and the use of staff time not to exceed 50 hours per annum.
4. The Board Treasurer serves primarily to assist the Board in maintaining and leading in the process of securing an auditor for an external inspection of the organization's financial policies.
 - a. The assigned result of the Treasurer's job is to see to it that audit scope and auditor candidates are identified.
 - b. The Authority of the Treasurer is to act as the Chair of the Audit Committee.

3.7 POLICY TITLE: *BOARD COMMITTEE PRINCIPLES*

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to Executive Director.

Accordingly:

1. Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the Executive Director.
3. Board committees cannot exercise authority over staff. Because the Executive Director works for the full Board, they will not be required to obtain approval of a Board committee before an executive action.

4. Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore, a Board committee which has helped the Board create policy on some topic will not be used to monitor organizational performance on that same subject.
5. Committees will be used sparingly and ordinarily in an ad hoc capacity with the exception of the standing committees as laid out in Policy 3.3.8 Board Committee Structure.
6. This policy applies to any group which is formed by Board action, whether or not it is called a Board committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the Executive Director.

Active Board committees are expected to report to the Board via quarterly board meetings.

3.8 POLICY TITLE: *BOARD COMMITTEE STRUCTURE*

A committee is a Board committee only if its existence and charge come from the Board, regardless whether Board members sit on the committee. The only Board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

1. Nominating Committee
 - a. Product: Provide a pool of potential Board members.
2. Audit Committee
 - a. Product: Specification of scope of audit prior to outside audit; submission of the Board's Cost of Governance to the Executive Director, and monitoring of Financial Policies where Direct Inspection is the chosen method.
 - b. Authority: To incur no more than an amount approved by the Board for direct charges and use of no more than 50 person-hours staff time per annum.
 - c. A new audit field team will be required at least every three years.
 - d. The Audit Committee may meet with MCLS staff at mid-year to review MCLS's financial activities and will report back to the MCLS Board when appropriate.
 - e. The committee will set the date to meet with the auditor to review the annual audit. The audit will be presented to the Board not later than the February Board meeting following the fiscal year of the audit.
3. Ownership Linkage Committee
 - a. Product: Development, implementation, and monitoring of an Ownership Linkage Plan in accordance with Policy 3.5 Board Linkage with Ownership.

- b. Authority: To incur no more than an amount approved by the Board for direct charges and use of no more than 50 person-hours Executive Director time per annum.
- c. Membership: The committee should be comprised of at least four Board members.
- d. Useful resources to inform the work: CONNECT- A Guide to Ownership Linkage Tool Kit, published by the Governance Coach, Calgary, Alberta, Canada.
- e. Process: the committee will review the Board's annual plan of work, modify the ownership linkage plan as necessary, and using an equity and inclusive lens, outline a plan form implementation, including methods of gathering data and monitoring goals.
- f. Each August, the committee will propose the plan, including proposed questions to be explored for the upcoming year for input from the Board, as well as provide the Board an opportunity to make sense of the data collected during the year.
- g. Each November, the committee will implement the plan. Depending on the linkage method chosen, the committee may request that the Executive Director hire support to assist with implementation of the plan.

3.9 POLICY TITLE: *COST OF GOVERNANCE*

Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - a. Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings. This will include an annual retreat for Board members.
 - b. 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 audit.
 - c. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.
2. Time spent by Board members will not be compensated. However, actual expenses incurred by Board members will be reimbursed after submission of the established procedures expense report. Reimbursable expenses include mileage, travel and accommodations, meals, and Board-approved training.
3. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability, and not to exceed \$40,000.

Section 4: BOARD-EXECUTIVE DIRECTOR LINKAGE

4.0 POLICY TITLE: *GLOBAL BOARD GOVERNANCE-MANAGEMENT CONNECTION*

The Board's sole official connection to the operational organization, its achievements and conduct will be the Executive Director.

4.1 POLICY TITLE: *UNITY OF CONTROL*

Only officially passed motions of the Board are binding on the Executive Director.

Accordingly:

1. Decisions or instructions of individual Board members, officers, or committees are not binding on the Executive Director except in rare instances when the Board has specifically authorized such exercise of authority.
2. In the case of Board members or committees requesting information or assistance without Board authorization, the Executive Director can refuse such requests that require, in the Executive Director's opinion, a material amount of staff time or funds or is disruptive.

4.2 POLICY TITLE: *ACCOUNTABILITY OF THE EXECUTIVE DIRECTOR*

The Executive Director 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 Executive Director.

Accordingly:

1. The Board will never give instructions to persons who report directly or indirectly to the Executive Director.
2. The Board will not evaluate, either formally or informally, any staff other than the Executive Director.
3. The Board will view Executive Director performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends and avoidance of Board proscribed Means will be viewed as successful Executive Director performance.

4.3 POLICY TITLE: *DELEGATION TO THE EXECUTIVE DIRECTOR*

The Board will instruct the Executive Director through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the Executive Director to use any reasonable interpretation of these policies.

Accordingly:

1. The Board will develop policies instructing the Executive Director to achieve certain results, for certain 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 Ends policies.

2. The Board will develop policies that limit the latitude the Executive Director may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.
3. As long as the Executive Director uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the Executive Director is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.
4. The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and Executive Director domains. By doing so, the Board changes the latitude of choice given to the Executive Director. But as long as any particular delegation is in place, the Board will respect and support the Executive Director's choices.

4.4 POLICY TITLE: *MONITORING EXECUTIVE DIRECTOR PERFORMANCE*

Systematic and rigorous monitoring of Executive Director job performance will be solely against the only expected Executive Director job outputs: Organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations.

Accordingly:

1. Monitoring is simply to determine the degree to which Board policies are being met. Data that does not do this will not be considered to be monitoring data.
2. The Board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the Executive Director discloses 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. In every case, the standard for compliance shall be any reasonable Executive Director interpretation of the Board policy being monitored.
 - a. In its review of internal monitoring reports, the Board will require a standard of excellence in monitoring where the interpretation includes the presentation of the Executive Director's established operational definition, details the standard for successful performance, and includes a rationale to justify the reasonableness of the definition. The interpretation will be followed by data and evidence that demonstrates both results and compliance with the operational definition, and includes the Executive Director's declaration of compliance or non-compliance. In every case, the standard for compliance shall be any reasonable interpretation by the

Executive Director of the Board policy being monitored. Only the Board may decide what constitutes a reasonable interpretation.

4. All policies that instruct the Executive Director 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.

4.5 POLICY TITLE: *EXECUTIVE DIRECTOR COMPENSATION AND BENEFITS*

The Board shall negotiate a contract with the Executive Director that will stipulate compensation and benefits for the Executive Director. Executive Director remuneration will be decided annually at the last meeting of the calendar year.

Accordingly:

1. Prior to the last meeting of the calendar year, the President shall provide the Board a chart showing the Executive Limitations monitoring reports and dates submitted.
2. The Policy 1.0 Ends monitoring report, which is due each September, will form the basis for the annual review. The President will expect all Board members to submit their comments about the Ends monitoring report by October 15.
3. Prior to the annual retreat, the officers of the Board will meet with the Executive Director to discuss the upcoming review. Among the items discussed at this time will be the Ends monitoring report, Executive Limitations monitoring reports that occurred through the year, the financial position of the organization, and the expectations about changes in compensation. During years that the Board is negotiating a contract extension with the Executive Director, additional terms and conditions unrelated to salary may be included.
4. At the Board meeting during the annual retreat, the President, after consultation with other Board officers, will provide a recommendation to the Board regarding Executive Director remuneration. The Board as a whole will approve any changes to salary and benefits.

Appendix A: Complete Monitoring Schedule

| Policy # | Policy Title | Type of Report | Frequency | Date Due |
|----------|---|-------------------|-----------|--------------------|
| 1.0 | Ends Statement | Internal | Annually | September |
| 2.0 | Global Executive Constraint | Internal | Annually | March |
| 2.1 | Treatment of Members and/or Customers | Internal | Annually | August |
| 2.2 | Treatment of Staff | Internal | Annually | September |
| 2.3 | Compensation and Benefits | Internal | Annually | April |
| 2.4 | Financial Planning/Budgeting | Internal | Annually | April |
| 2.5 | Financial Condition and Activities | Internal | Quarterly | Feb, May, Aug, Nov |
| | | External | Annually | November |
| 2.6 | Asset Protection | Internal | Annually | October |
| 2.7 | Ends Focus of Contracts | Internal | Annually | January |
| 2.8 | Emergency Executive Director Succession | Internal | Annually | June |
| 2.9 | Communication and Support to the Board | Internal | Annually | May |
| 2.10 | Facilities/Landlord | Internal | Annually | November |
| 2.11 | Conflicts of Interest and Conflicts of Commitment | Internal | Annually | July |
| 3.0 | Global Governance Commitment | Direct Inspection | Annually | May |
| 3.1 | Governing Style | Direct Inspection | Annually | September |
| 3.2 | Board Job Description | Direct Inspection | Annually | November |
| 3.3 | Board Members' Code of Conduct | Direct Inspection | Annually | January |
| 3.4 | Agenda Planning | Direct Inspection | Annually | October |
| 3.5 | Board Linkage with Ownership | Direct Inspection | Annually | June |
| 3.6 | Officer Roles | Direct Inspection | Annually | November |
| 3.7 | Board Committee Principles | Direct Inspection | Annually | September |
| 3.8 | Board Committee Structure | Direct Inspection | Annually | September |
| 3.9 | Cost of Governance | Direct Inspection | Annually | March |
| 4.0 | Global Board Governance-Management Connection | Direct Inspection | Annually | July |
| 4.1 | Unity of Control | Direct Inspection | Annually | March |
| 4.2 | Accountability of the Executive Director | Direct Inspection | Annually | July |
| 4.3 | Delegation to the Executive Director | Direct Inspection | Annually | July |
| 4.4 | Monitoring Executive Director Performance | Direct Inspection | Annually | March |
| 4.5 | Executive Director Compensation and Benefits | Direct Inspection | Annually | November |

Appendix B: Monthly Schedule for Policy Monitoring

| Month | Report Due | Type of Report | Responsibility |
|-----------|------------|---|-----------------------------------|
| January | 2.7 | Ends Focus of Contracts | Internal Garrison |
| | | Re-adopt Policy Manual with New Board | Board |
| | 3.3 | Board Members' Code of Conduct | Direct Inspection Lake |
| February | 2.5 | Financial Condition and Activities | Internal Garrison |
| March | 2.0 | Global Executive Constraint | Internal Garrison |
| | 3.9 | Cost of Governance | Direct Inspection Patton |
| | 4.1 | Unity of Control | Direct Inspection R. Smith |
| | 4.4 | Monitoring Executive Director Performance | Direct Inspection McNeil |
| April | 2.3 | Compensation and Benefits | Internal Garrison |
| | 2.4 | Financial Planning/Budgeting | Internal Garrison |
| | 2.5 | Financial Condition and Activities | Internal Garrison |
| May | 2.9 | Communication and Support to the Board | Internal Garrison |
| | 3.0 | Global Governance Commitment | Direct Inspection T. Smith |
| | 2.8 | Emergency Executive Director Succession | Internal Garrison |
| June | 3.5 | Board Linkage with Ownership | Direct Inspection Tuite |
| | 2.11 | Conflicts of Interest and Conflicts of Commitment | Internal Garrison |
| | 4.0 | Global Board Governance-Management Connection | Direct Inspection Ketcham |
| July | 4.2 | Accountability of the Executive Director | Direct Inspection Speer |
| | 4.3 | Delegation to the Executive Director | Direct Inspection Petrusa |
| | 2.1 | Treatment of Members and/or Customers | Internal Garrison |
| August | 2.5 | Financial Condition and Activities | Internal Garrison |
| | 1.0 | Ends Statement | Internal Garrison |
| September | 2.2 | Treatment of Staff | Internal Garrison |
| | 3.1 | Governing Style | Direct Inspection Boruff-Jones |

| | | | | |
|----------|------|--|-------------------|-----------|
| | 3.7 | Board Committee Principles | Direct Inspection | LaPrise |
| | 3.8 | Board Committee Structure | Direct Inspection | Hawthorne |
| | | | | |
| October | 2.6 | Asset Protection | Internal | Garrison |
| | 3.4 | Agenda Planning | Direct Inspection | Ingmire |
| | | | | |
| November | 2.5 | Financial Condition and Activities | Internal | Garrison |
| | 2.5 | Financial Condition and Activities | External | Auditor |
| | 2.10 | Facilities/Landlord | Internal | Garrison |
| | 3.2 | Board Job Description | Direct Inspection | T. Smith |
| | 3.6 | Officers Roles | Direct Inspection | R. Smith |
| | 4.5 | Executive Director Compensation and Benefits | Direct Inspection | Hawthorne |