Midwest Collaborative

for

Library Services

Board Policy Manual

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Section 1: ENDS

1.0 POLICY TITLE: *ENDS*

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.

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 have 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 either 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, he or she 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. Fail to establish with members and/or customers a clear understanding of what may be expected and what may not be expected from the service offered.

4. Fail to inform members and/or customers of this policy, or to provide a way for members and/or customers to be heard who believe they have not been accorded a reasonable interpretation of their protections under this policy.

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, disorganized, or unclear.

Further, without limiting the scope of the foregoing by this enumeration, he or she 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 and (B) the employee alleges that Board policy has been violated to his or her 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, he or she 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 his or her own compensation and benefits, except as his or her 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, he or she shall not:

1. Fail to include 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 2019-2028, in which case, expenses shall not exceed revenues by more than 3 percent of net assets less real estate.

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, he or she 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 2018-2028, in which case, expenses shall not exceed revenues by more than 3 percent of net assets less real estate.

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 2018-2028, in which case, expenses shall not exceed revenues by more than 3 percent of net assets less real estate.

4. Fail to settle payroll and debts in a timely manner.

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 $10,000 for non-budgeted items. 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.

8. Fail to aggressively pursue receivables after a reasonable grace period.

9. Fail to periodically monitor the cancelled checks drafted by the organization.

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, he or she shall not:

1. Fail to insure against theft and property losses to at least 80% replacement value and against liability losses to Board members, staff and the organization itself in an amount greater than the average for comparable organizations, and employee fidelity bonds to protect the organization against embezzlement.

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 $5,000 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. Fail to have a comprehensive disaster plan that addresses both major and minor incidents in order to ensure continuity of operations.

2.7 POLICY TITLE: *ENDS FOCUS OF CONTRACTS*

The Executive Director may not enter into any 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, he or she shall not:

1. Fail to prohibit particular methods and activities to preclude MCLS funds from being used in imprudent, unlawful or unethical ways.

2. Fail to assess and consider a vendor’s capability to produce appropriately targeted, efficient results.

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, he or she shall not:

1. Neglect to submit monitoring data required by the Board (see policy 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/LANDLORD*

With respect to MCLS's building and property, the Executive Director shall not cause conditions for tenants that are unclear, unsafe, 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, he or she shall not:

1. Fail to present a professional, clean, and organized appearance inside and outside the building.

2. Lease to organizations that will detract from or harm MCLS's public image.

3. Fail to keep rent within market rates for similar buildings in similar locations.

4. Enter into a lease without a written agreement.

5. Sign a lease with terms longer than 5 years, without Board approval.

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, he or she shall not permit any MCLS staff member to:

1. Enter into any contract or agreement that personally benefits him or her or any MCLS staff member at the expense of the entire organization.

2. Divert beneficial opportunities to other entities which might otherwise flow to MCLS.

3. 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.

4. 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.

5. Engage in activities that place competing demands on their time and loyalties.

6. 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 **e**nsure that all divergent views are considered in making decisions, yet must resolve into a single organizational position.

Accordingly:

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 initiator of policy, not merely a reactor to staff initiatives. The Board may use the expertise of individual Board members to enhance the ability of the Board as a body, rather than to substitute the individual judgments for the Board's values.

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

    a. In accordance with this discipline, the Board will only allow itself to address 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.

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 herself or himself 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, he or she 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 calendar which (a) re-explores Ends policies, (b) monitors executive limitations policies, (c) enhances Ownership Linkage, and (d) improves Board performance through Board education and enriched input and deliberation.

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 November 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 November retreat. Candidates for open Board seats will be approved.

   d. 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.

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. An example of a format which would follow these policies is illustrated below:

Policy Governance Board Agenda
Call to Order
Accountability of Meeting Preparation
Approval of the Agenda
Consent Agenda
Approval of Board Minutes
Receipt of Monitoring Reports
Ends Policy Development
Executive Limitations Policy Development
Governance Process Policy Development
Board-CEO Linkage Policy Monitoring & Development
Board Education
Board Self-Assessment
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 gather data in a way that reflects the diversity of the ownership. It shall meet with, gather input from, and otherwise interact with owners in order to understand the diversity of their perspectives.

3. To help facilitate its ownership link plan, the Board will establish and maintain an ownership linkage committee.

4. In 2016, the Board will establish and maintain an interim ownership linkage plan, in order to insure that the Board has intentional and constructive dialogue and deliberation with the owners, primarily around the organization's Ends. The plan will include selection of owners that reflect the ownership's diversity for dialogue, methods to be used, and questions to be asked of the owners. The information obtained from this dialogue with owners will be used to inform the Board's policy deliberations.

   All Board members are accountable to the Board for participating in the linkage with owners as identified in the plan.

5. 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: *PRESIDENT'S ROLE*

The President assures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties.

Accordingly:

1. 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.

   a. Meeting discussion content will be only those issues which, according to Board policy, clearly belong to the Board to decide, not the Executive Director.

   b. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

2. The authority of the President consists in making decisions that fall within topics covered by Board policies on Governance Process and 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.

a. The President is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).

b. 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.

c. 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 her or him.

d. The President may delegate this authority, but remains accountable for its use.

3.7 POLICY TITLE: *VICE PRESIDENT'S ROLE*

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 Director or over the CEO except as that authority is granted to the President and for such time as the Vice President is serving in the role of President.

3.8 POLICY TITLE: SECRETARY'S ROLE

The Board Secretary is an officer of the board whose purpose is to ensure the integrity of the board's documents.

1. The assigned result of the Secretary's job is to see to it that all board documents and filings are accurate and timely.

   a. 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.

   b. Policies will rigorously follow Policy Governance principles.

   c. Bylaws elements necessary for legal compliance and for consistency with the principles of Policy Governance will be known to the board.

   d. Requirements for format, brevity, and accuracy of board minutes will be known to the CEO.

2. 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.

3.9 POLICY TITLE: *TREASURER'S ROLE*

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.

1. The assigned result of the Treasurer's job is to see to it that audit scope and auditor candidates are identified.

2. The Authority of the Treasurer is to act as the Chair of the Audit Committee.

3.10 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, he or she 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.

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.

3.11 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.

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 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 CEO time per annum.

    c. The committee should be comprised of at least four Board members.

    d. Beginning in calendar year 2014, the committee will review the Ownership Linkage Plan, modify as necessary, and outline a plan of action including methods of gathering data and monitoring goals.

    e. Each year, the committee will propose a detailed plan of action for the upcoming year, to be approved by the Board at the August meeting.

    f. Depending on the method chosen, the committee may request that the CEO hire a facilitator to assist with implementation of the plan.

    g. The committee will use publications, such as *C-O-N-N-E-C-T, A Guide to Ownership Linkage*, as guides for developing the Ownership Linkage Plan.

3.12 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 GOVERNANCE-MANAGEMENT CONNECTION*

The Board's sole official connection to the operational organization, its achievements and conduct will be through a Chief Executive Officer, titled 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.

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.

Policy	Method	Frequency
1.0 Ends	Internal	Annual: September
2.0 Global Executive Limitations	Internal	Annual: March
2.1 Treatment of Members and/or Customers	Internal	Annual: August
2.2 Treatment of Staff	Internal	Annual: September
2.3 Compensation & Benefits	Internal	Annual: April
2.4 Financial Planning/Budgeting	Internal	Annual: April
2.5 Financial Condition & Activities	Internal	Quarterly: Nov, Feb, May, Aug
	External	Annual: November
2.6 Asset Protection	Internal	Annual: October
2.7 Contracts	Internal	Annual: January
2.8 Emergency Succession	Internal	Annual: June
2.9 Communication & Support	Direct Inspection	Annual: May
2.10 Facilities/Landlord	Internal	Annual: November
2.11 Conflicts of Interest and Conflicts of Commitment	Internal	Annual: July

4.5 POLICY TITLE: *EXECUTIVE DIRECTOR COMPENSATION & BENEFITS POLICY*

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 encourage all Board members to submit their comments about the Ends monitoring report by October 15.

3. Prior to the annual retreat in November, 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 November Board meeting, 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.

Complete Monitoring Schedule

Policy #	Policy Title	Type of Report	Frequency	Date Due
1.0	Ends	Internal	Annually	September
2.0	Global Executive Limitations	Internal	Annually	March
2.1	Treatment of Members &/or Customers	Internal	Annually	August
2.2	Treatment of Staff	Internal	Annually	September
2.3	Compensation & Benefits	Internal	Annually	April
2.4	Financial Planning/Budgeting	Internal	Annually	April
2.5	Financial Condition & Activities	Internal External	Quarterly Annually	Feb, May, Aug, Nov November
2.6	Asset Protection	Internal	Annually	October
2.7	Ends Focus of Contracts and Grants	Internal	Annually	January
2.8	Emergency Executive Director Succession	Internal	Annually	June
2.9	Communication & Support to the Board	Direct Inspection	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 Process/Membership Linkage	Direct Inspection	Annually	May
3.1	Governing Style	Direct Inspection	Annually	September
3.2	Board Job Description	Direct Inspection	Annually	November
3.3	Board Member 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	President's Role	Direct Inspection	Annually	November
3.7	Vice President's Role	Direct Inspection	Annually	November
3.8	Secretary's Role	Direct Inspection	Annually	November
3.9	Treasurer's Role	Direct Inspection	Annually	November
3.10	Board Committee Principles	Direct Inspection	Annually	September
3.11	Board Committee Structure	Direct Inspection	Annually	September
3.12	Cost of Governance	Direct Inspection	Annually	March
4.0	Global Governance-Management Linkage	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

Monthly Schedule for Policy Monitoring

Month	Report Due		Type of Report	Responsibility
January	2.7	Ends Focus of Contracts and Grants	Internal	Dykhuis
		Re-adopt Policy Manual with New Board		Board
	3.3	Board Member Code of Conduct	Direct Inspection	Garrison
February	2.5	Financial Condition & Activities	Internal	Dykhuis
March	2.0	Global Executive Limitations	Internal	Dykhuis
	3.12	Cost of Governance	Direct Inspection	Waterman
	4.1	Unity of Control	Direct Inspection	Riley
	4.4	Monitoring Executive Director Performance	Direct Inspection	Garrison
April	2.3	Compensation & Benefits	Internal	Dykhuis
	2.4	Financial Planning/Budgeting	Internal	Dykhuis
May	2.5	Financial Condition & Activities	Internal	Dykhuis
	2.9	Communication & Support to the Board	Direct Inspection	Gushrowski
	3.0	Global Gov Process/Membership Linkage	Direct Inspection	Scheuher
June	2.8	Emergency Executive Director Succession	Internal	Dykhuis
	3.5	Board Linkage with Ownership	Direct Inspection	Hart
July	2.11	Conflicts of Interest and Conflicts of Commitment	Internal	Dykhuis
	4.0	Global Governance-Management Linkage	Direct Inspection	Linderman
	4.2	Accountability of the Executive Director	Direct Inspection	Speer
	4.3	Delegation to the Executive Director	Direct Inspection	Boruff-Jones
August	2.1	Treatment of Members &/or Customers	Internal	Dykhuis
	2.5	Financial Condition & Activities	Internal	Dykhuis
September	1.0	Ends	Internal	Dykhuis
	2.2	Treatment of Staff	Internal	Dykhuis
	3.1	Governing Style	Direct Inspection	Davis

	3.10	Board Committee Principles	Direct Inspection	Kern
	3.11	Board Committee Structure	Direct Inspection	Macklin
October	2.6	Asset Protection	Internal	Dykhuis
	3.4	Agenda Planning	Direct Inspection	Pohjola-Andrade
November	2.5	Financial Condition & Activities	Internal	Dykhuis
	2.5	Financial Condition & Activities	External	Auditor
	2.10	Facilities/Landlord	Internal	Dykhuis
	3.2	Board Job Description	Direct Inspection	Gallagher
	3.6	President's Role	Direct Inspection	Kern
	3.7	Vice-President's Role	Direct Inspection	Linderman
	3.8	Secretary's Role	Direct Inspection	Frank-Wilson
	3.9	Treasurer's Role	Direct Inspection	Scheuher
	4.5	Executive Director Compensation and Benefits	Direct Inspection	Weismantel