

GVR Board of Directors Policy Governance Manual

Introduction and Foundation of the Package:

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

A “source” is a point of origin. A source document is a “fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based.” (Websters)

Without a simply expressed clear point of source, interpretations, opinions, and writings, implementation may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated. The point of source (“authoritative source”) is John Carver, the creator of Policy Governance, with Miriam Carver, his fellow master teacher.

Without a simply expressed clear source document, Policy Governance is not reliably grounded and not transferable as a paradigm of governance. It is left vulnerable to interpretation, adaptation, and impotence. This Source Document (pages 1-4) has been produced by the International Policy Governance Association and approved by John and Miriam Carver as being true to source.

What Policy Governance is NOT!

1. Policy Governance is not a specific Board structure. It does not dictate Board size, specific officers, or require a CEO. While it gives rise to principles for committees, it does not prohibit committees nor require specific committees.
2. Policy Governance is not a set of individual “best practices” or tips for piecemeal improvement.
3. Policy Governance does not dictate what a Board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, or managing change.
4. Policy Governance does not limit human interaction or stifle collective or individual thinking.

What Policy Governance IS!

Policy Governance is a comprehensive set of integrated principles that, when consistently applied, allows governing Boards to realize owner-accountable organizations.

Starting with recognition of the fundamental reasons that Boards exist and the nature of Board authority, Policy Governance integrates unique principles designed to enable accountable Board leadership.

Principles of Policy Governance

- 1. Ownership:** The Board connects its authority and accountability to those who morally, if not legally, own the organization. “Owners,” as used in the Policy Governance model, are not all stakeholders, but only those who stand in a position corresponding to shareholders in an equity corporation.
- 2. Governance Position:** With the ownership above it and operational matters below it, governance forms a distinct link in the chain of command or moral authority. Its role is commander, not advisor. It exists to exercise that authority and properly empower others rather than to be management’s consultant, ornament, or adversary. The Board—not the staff—bears full and direct responsibility for the process and products of governance, just as it bears accountability for any authority and performance expectations delegated to others.
- 3. Board Holism:** The Board makes authoritative decisions directed toward management and toward itself, its individual directors, and committees only as a total group. That is, the Board’s authority is a group authority rather than a summation of individual authorities.
- 4. Ends Policies:** The Board defines in writing the (a) results, changes, or benefits that should come about for specified (b) recipients, beneficiaries, or otherwise defined impacted groups, and (c) at what cost or relative priority for the various benefits or various beneficiaries. These are not all the possible “side benefits” that may occur, but those that form the purpose of the organization, the achievement of which constitutes organizational success. Policy documents containing solely these decisions are categorized as “Ends” in describing the Policy Governance model, but they can be called by

whatever name a Board chooses if the concept is strictly preserved.

5. **Board Means Policies:** The Board defines in writing those behaviors, values, practices, disciplines, and conduct of the Board itself and of the Board’s delegation/accountability relationship with its own subcomponents and with the executive part of the organization. Because these are non-Ends decisions, they are called “Board means” to distinguish them from ends and staff means. In describing the Policy Governance model, documents containing solely these decisions are categorized as Governance Process and Board-Management Delegation, but they can be called by whatever name a Board chooses, if the concept is strictly preserved.
6. **Executive Limitations Policies:** The Board makes decisions with respect to its staff’s means decisions and actions only in a proscriptive way in order simultaneously (a) to avoid prescribing means and (b) to put off limits those means that would be unacceptable even if they work. Policy documents containing solely these decisions are categorized as “Executive Limitations” in describing the Policy Governance model, but they can be called by whatever name a Board chooses, if the concept is strictly preserved.
7. **Policy “Sizes”:** The Board’s decisions in Ends, Governance Process, Board-Management Delegation, and Executive Limitations are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time. These documents—which replace or obviate Board expressions of mission, vision, philosophy, values, strategy, and budget—are called policies in describing the Policy Governance model, but they can be called by whatever name a Board chooses, if the concept is strictly preserved.
8. **Delegation to Management:** If the Board chooses to delegate to management through a chief executive officer (CEO), it honors the exclusive authority/accountability of that role as the sole connector between governance and management.
9. **Any Reasonable Interpretation:** In delegating further decisions—beyond the ones recorded in Board policies—the Board grants the CEO the right to use any reasonable interpretation of those policies.

10. Monitoring: The Board monitors organizational performance through fair but systematic assessment of whether a reasonable interpretation of its Ends and Executive Limitations policies is being achieved. If there is a CEO, this constitutes the CEO's evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands Board actions inconsistent with Policy Governance, the Board creatively uses the consent agenda or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. Thus, in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing Board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance Boards live these principles in everything they are, do and say.

Produced by International Policy Governance Association in consultation with John and Miriam Carver, 2005 - 2007.

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ENDS 1.0

1.0 GVR homeowner-members and guests have an active, healthy, fulfilling lifestyle in a secure and safe environment. These Ends are achieved at a level that justifies the resources invested and is affordable to homeowner-members.

1.1 GVR homeowner-members participate in GVR’s diverse activities.
(Active)

1.2 GVR homeowner-members and guests enjoy physical, mental, and emotional health. (Healthy)

1.3 GVR homeowner-members are satisfied and feel their lives are purposeful. (Fulfilling)

1.4 Resources invested include staff, volunteers, finances, capital assets (facilities and equipment), and reserve funds. (Resources)

1.5 Dues are commensurate with cost of living, inflation, and operational expenses. (Affordability)

EXECUTIVE LIMITATIONS 2.0

E.L. 2.0 – Global Executive Limitation

2.0 The CEO must not cause or allow any organizational practice, activity, decision, or circumstance which is unlawful, imprudent or in violation of commonly accepted business and professional ethics and practices, GVR governing documents, or Arizona statutes.

E.L. 2.1 – Treatment of GVR Homeowner-Members

2.1 With respect to interactions with homeowner-members, guests or tenants, the CEO must not cause or allow conditions, procedures, or decisions that are unsafe, undignified, discriminatory, unnecessarily intrusive or which leave homeowner-members uninformed.

The CEO must not:

2.1.1 Use methods of collecting, reviewing, transmitting, or storing client information that fails to protect against improper access.

2.1.2 Operate facilities that are not inviting, in good working condition, safe, accessible, or otherwise discourage the use of these facilities.

2.1.3 Allow homeowner-members to be uninformed or misinformed of their rights and responsibilities or without a way to be heard.

2.1.4 Withhold non-confidential information from homeowner-members.

2.1.5 Deal with homeowner-members, clubs or committees in a way that favors or privileges certain individuals or clubs over others except when responding to Board directives.

E.L. 2.2 – Treatment of Staff

2.2 With respect to the treatment of paid and volunteer staff, the CEO must not cause or allow conditions that are unsafe, unfair, undignified, discriminatory, disorganized, or unclear.

The CEO must not:

2.2.1 Operate without sufficient, written personnel rules that are clear and readily available.

2.2.2 Fail to provide staff without an effective and unbiased method to deal with grievances.

2.2.3 Subject staff to wrongful conditions, nepotism, or preferential treatment based on personal reasons.

2.2.4 Retaliate against any staff member for non-disruptive expression of dissent, or reporting of unethical or illegal activity or behavior.

2.2.5 Allow staff to be unprepared to deal with emergency situations.

2.2.6 Fail to provide timely, candid and constructive feedback and positive reinforcement.

2.2.7 Establish compensation and benefits that are inequitable.

E.L. 2.3 – Financial Planning and Budgeting

2.3 Financial planning and budgeting must not deviate materially from Board's Ends priorities, nor risk the financial health of the organization or non-compliance with policies established by the Board.

The CEO must not allow budgeting or financial planning that:

2.3.1 Risks incurring those situations or conditions described as unacceptable in Board policy.

2.3.2 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

E.L. 2.4 – Financial Condition and Activities

2.4 With respect to the actual, ongoing financial condition and activities, the CEO must not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies and funding agreement provisions.

The CEO must not:

2.4.1 Incur debt other than payables or other reasonable and customary liabilities incurred in the ordinary course of doing business, without prior Board approval.

2.4.2 Use or move any reserves unless approved by the Board.

2.4.3 Allow late payment of contracts, payroll, loans or other financial obligations.

2.4.4 Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

2.4.5 Acquire, encumber or dispose of real estate without approval of the Board.

2.4.6 Allow receivables to be unpursued after a reasonable grace period.

2.4.7 Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

E.L. 2.5 - Emergency CEO Succession

2.5 In order to protect the Board from sudden loss of CEO services, the CEO must have no fewer than two other designates sufficiently familiar with Board and CEO issues and processes to enable either to take over with reasonable proficiency as an interim successor.

E.L. 2.6 – Asset Protection

2.6 The CEO must not cause or allow corporate assets to be unprotected, inadequately maintained or unnecessarily risked.

The CEO must not:

2.6.1 Allow Directors, staff, and the organization itself to be inadequately insured against theft, casualty, and liability losses.

2.6.2 Subject equipment or assets to improper wear and tear or insufficient maintenance.

2.6.3 Unnecessarily expose the organization, its Board or staff to claims of liability.

2.6.4 Allow purchases: (a) that are uncontrolled or subject to conflicts of interest; and (b) over \$25,000 without having obtained comparative prices, quality and value, and without a documented method of assuring the balance of long-term quality and cost. Orders shall not be split to avoid these criteria.

2.6.5 Allow intellectual property, personal information and files to be exposed to loss or significant damage or otherwise be unavailable.

2.6.7 Allow inadequate security of premises and property.

2.6.8 Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.

2.6.9 Compromise the independence of the Board's audit or other external monitoring or advice.

2.6.10 Hold operating capital in insecure instruments, including uninsured checking accounts, or in non-interest-bearing accounts except where necessary to facilitate ease in short-term operational transactions.

2.6.11 Endanger GVR's public image, credibility, or its ability to accomplish Ends.

2.6.12 Change GVR's name or substantially alter its identity in the community.

2.6.13 Create or purchase any subsidiary or affiliated corporation unless approved by the Board.

E.L. 2.7 – Compensation and Benefits

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

The CEO must not:

2.7.1 Change the CEO's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

2.7.2 Promise or imply permanent or guaranteed employment.

2.7.3 Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

2.7.4 Create obligations over a longer term than revenues can be safely projected, and in all events subject to losses in revenue.

E.L. 2.8 – Communication and Support to the Board

2.8 The CEO must not cause or allow the Board to be uninformed or unsupported in its work.

The CEO must not:

2.8.1 Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.

2.8.1.1 Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions/interpretations and verifiable data directly related to each section of the policy.

2.8.1.2 Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, including an indication of when compliance will be achieved, regardless of the Board's monitoring schedule.

2.8.1.3 Allow the Board to be without documentation required by the Board or let the Board be unaware of relevant trends, legal actions, media coverage, or facility utilization.

2.8.1.4 Present information in unnecessarily complex or lengthy form or in a form that fails to clarify the issue.

2.8.1.5 Let the Board be unaware if, in the CEO's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the CEO.

2.8.1.6 Deal with the Board in a way that favors or privileges certain directors over others except when responding to officers or committees duly charged by the Board.

2.8.2 Withhold from the Board and its processes logistical and clerical assistance.

2.8.2.1 Allow the Board to be deprived of a workable, user-friendly mechanism for official Board, officer, or committee communications.

2.8.2.2 Allow the Board to be deprived of pleasant and efficient settings and arrangements for Board and committee meetings.

2.8.2.3 Delay in providing information and notice to the Board and/or homeowner-members concerning Board actions, meetings, activities and events.

E.L. 2.9 – Ends Focus of Grants and Contracts

2.9 The CEO must not enter into any grant or contract arrangements that fail to emphasize the production of Ends and the avoidance of unacceptable means.

GOVERNING POLICIES 3.0

G.P. 3.0 – Global Governance Commitment

3.0 The purpose of the Board, as representative of the homeowner-members of GVR, is to see to it that Green Valley Recreation, Inc. (a) achieves appropriate results for its homeowner-members at an appropriate cost as specified in Board Ends policies, and (b) avoids unacceptable actions and situations as prohibited in Board Executive Limitations policies.

G.P. 3.1 – Governing Style

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

Accordingly:

3.1.1 The Board must cultivate a sense of group responsibility. The Board, not the staff, must be responsible for proactively developing excellence in governing policy. The Board must be the initiator of policy, not merely a reactor to staff initiatives. The Board must not use the expertise of individual homeowner-members to substitute for the judgment of the Board, although the expertise of individual homeowner-members may be used to enhance the understanding of the Board as a body.

3.1.2 The Board must direct, control and inspire the organization through the careful establishment of written policies.

3.1.3 The Board must enforce upon itself whatever discipline is needed to govern with excellence. Discipline must 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 must observe those currently in force scrupulously.

3.1.4 Continual Board development must include orientation of new Directors in the Board's governance process and ongoing Board discussion of process improvement.

3.1.5 The Board must allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling Board obligations.

3.1.6 The Board must monitor and discuss the Board's process and performance at each Board meeting. Self-monitoring must include comparison of Board activity and discipline to Board policies in the Governance Process and Board Management Delegation categories.

Policy	Frequency	Month(s)	Initiating Director
G.P. 3.0 - Global Governance Commitment	Once/year	May	President
G.P. 3.1 - Governing Style	Every board meeting	Every month	Rotating Director
G.P. 3.2 - Board Job Description	Once/year	May	Officers
G.P. 3.3 - Agenda Planning	Once/year	May	Officers
G.P. 3.4 - Chief Governance Officer's (C.G.O.'s) Role	Once/year	November	President
G.P. 3.5 - Vice President's Role	Once/year	November	Vice President
G.P. 3.6 - Board Secretary's Role	Once/year	November	Secretary
G.P. 3.7 - Board Treasurer Role	Once/year	November	Treasurer
G.P. 3.8 - Board Members' Code of Conduct	Once/year	October	Officers

G.P. 3.9 - Board Committee Principles	Once/year	February	Committee Chairs
G.P. 3.10 - Board Committee Structure	Once/year	February	Committee Chairs
G.P. 3.11 - Cost of Governance	Once/year	September	President and Treasurer
B.M.D. 4.0 - Global Board-Management Connection	Once/year	December	TBD
B.M.D. 4.1 - Unity of Control	Once/year	January	TBD
B.M.D. 4.2 - Accountability of the CEO	Once/year	January	TBD
B.M.D. 4.3 - Delegation to the CEO	Once/year	February	President
B.M.D. 4.4 - Monitoring the CEO	Once/year	February	President

G.P. 3.2 – Board Job Description

3.2 Specific job outputs of the Board, as an informed agent and voice of the membership, are those that ensure appropriate organizational performance.

Accordingly, the Board has direct responsibility to create:

3.2.1 Linkage between the membership and the operational organization.

3.2.2 Written governing policies that address the broadest levels of all organizational decisions and situations.

3.2.3 Assurance of successful organizational performance on Ends and Executive Limitations.

3.2.4. Policies related to areas where the Board maintains responsibility including obtaining legal advice from an attorney on matters related to contract negotiations or interpretation, pending or contemplated litigation, personnel matters, and hearing and adjudicating member disciplinary matters.

G.P. 3.3 – Agenda Planning

3.3 To accomplish its job consistent with Board policies, the Board must follow an annual agenda which (a) completes a re-exploration of Ends policies annually and (b) continually improves Board performance through Board education and enriched input and deliberation.

3.3.1 The cycle must conclude each year by March 31 so that administrative planning can be based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.

3.3.2 The cycle must start with the Board's development of its agenda for the next year.

3.3.2.1 Consultations with selected groups in the membership, or other methods of gaining member input must be determined and arranged in the first quarter, to be held during the balance of the governance year.

3.3.2.2 Governance education, and education related to Ends determination (e.g. presentations by consultants) must be primarily arranged in the first quarter, to be held during the balance of the governance year.

3.3.3 Throughout the governance year, the Board must attend to items required by the Articles of Incorporation, Bylaws, State Statutes or other legal requirements as expeditiously as possible.

3.3.4 The Board must schedule time for monitoring compliance by the CEO with Executive Limitations and Ends policies, and for review of the policies themselves.

3.3.5 CEO remuneration or compensation must be decided after a review of monitoring reports received in the last year during the month of March.

G.P. 3.4 – Chief Governance Officer’s (Board President) Role

3.4 The Board President is the Chief Governance Officer (CGO) and assures the integrity of the Board's process.

Accordingly:

3.4.1 The assigned result of the Board President’s job is to ensure that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization. Specifically,

3.4.1.1 Meeting discussion content must be on those issues which, according to Board policy, clearly belong to the Board to decide or to monitor.

3.4.1.2 Information that is for neither monitoring performance nor Board decisions must be avoided or minimized and always noted as such.

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

3.4.2 The authority of the Board President consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-Management Delegation, excluding (a) employment or termination of a CEO and (b) where the Board specifically delegates portions of this authority to others. The Board President is authorized to use any reasonable interpretation of the provisions in these policies. Specifically,

3.4.2.1 The Board President is empowered to chair Board meetings with all the commonly accepted power of that position, such as rulings according to Robert's Rules of Order.

3.4.2.2 The Board President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the Board President has no authority to supervise or direct the CEO.

3.4.2.3 The Board President may represent the Board to outside parties in announcing Board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.

3.4.2.4 The Board President may delegate this authority, although remains accountable for its use.

G.P. 3.5 – Board Vice President's Role

3.5 The Vice-President is a member of the Board whose purpose is to assist the President, as needed, with assuring the integrity of the Board processes. In the absence of the President, the Vice-President shall perform all the duties of the President.

G.P. 3.6 – Board Secretary’s Role

3.6 The Board Secretary is an officer of the Board whose purpose is to ensure the integrity of the Board’s documents. Specifically,

3.6.1 The Secretary shall ensure that minutes are kept of meetings of the Membership and the Board of Directors.

3.6.2 The Secretary shall be given all notices in accordance with provisions of these policies or as required by law.

3.6.3 The Secretary shall see that all records of The Corporation are properly kept and preserved and that the names and addresses of all homeowner-members of The Corporation are on file in the office of The Corporation.

3.6.4 In the absence of the Secretary, the Assistant Secretary shall perform all the duties of the Secretary.

3.6.5 The authority of the Secretary includes access to and control over all Board documents.

G.P. 3.7 Board Treasurer’s Role

3.7 The Treasurer is an officer of the Board whose purpose is to assist the Board with its obligations related to the Board (governance) budget and the governance of GVR finances.

3.7.1 The Treasurer advises the Board regarding compliance with E.L. policies, E.L. 2.4 Financial Condition and Activities, E.L. 2.6 Asset Protection, and E.L. 2.7 Compensation and Benefits.

3.7.2 The Treasurer ensures that the annual Board budget is prepared for Board review and decision in a timely manner.

3.7.3 The Treasurer ensures the Board has the information it needs to know that E.L. 2.3 Financial Planning/Budgeting, E.L. 2.4 Financial Condition and Activities, and E.L. 2.6 Asset Protection are adequate, relevant, necessary, and reasonably interpreted by the CEO.

3.7.4 The Treasurer ensures the Board has the information needed to make decisions pursuant to E.L. 2.6.4 regarding spending decisions over \$25,000.

3.7.5 In the absence of the Treasurer, the Assistant Treasurer shall perform all the duties of the Treasurer.

G.P. 3.8 – Board Members/Directors’ Code of Conduct

3.8 The Board commits itself and its directors to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Directors. Specifically,

3.8.1 Directors must have loyalty to the homeowner-members, unconflicted by loyalties to other directors, staff, other organizations, or any personal interest as a consumer.

3.8.2 Directors must avoid conflict of interest with respect to their fiduciary responsibility. Specifically,

3.8.2.1 There must be no self-dealing or business by a Director with the organization. Directors must annually disclose their involvement with other organizations, GVR clubs, the GVR Foundation, vendors, or any association that may be or may reasonably appear as being a conflict.

3.8.2.2 When the Board is to decide upon an issue, about which a Director has an unavoidable conflict of interest, that Director must recuse herself or himself, without comment, from not only the vote, but also from the deliberation.

3.8.2.3 Directors must not use their Board position to obtain employment in the organization for themselves, family members, or close associates. Should a Director apply for employment within GVR, he or she must first resign from the Board.

3.8.3 Directors may not attempt to exercise individual authority over the organization. Specifically,

3.8.3.1 Directors' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.

3.8.3.2 Directors' interaction with public, press or other entities may express his/her individual opinion, but must recognize the legitimacy of any Board decision and the limitation and inability of any Director to speak for the Board except as explicitly authorized by the Board.

3.8.3.3 Except for participation in Board deliberation about whether the CEO has achieved reasonable interpretation of Board policy, Directors must not express individual judgments of performance of employees.

3.8.4 Directors must respect the confidentiality appropriate to legal or personnel issues including a) legal advice from an attorney on matters related to contract negotiations or interpretation, b) pending or contemplated litigation, c) personnel matters including CEO evaluations, and d) hearing and adjudicating member disciplinary matters.

3.8.5 Directors must be properly prepared for Board deliberation.

3.8.6 Directors must support the legitimacy and authority of Board decisions, irrespective of the Director's personal position on the issue.

G.P. 3.9 – Board Committee Principles

3.9 Board committees must be assigned for reinforcing the wholeness of the Board's job. Board committees must not interfere with delegation from Board to CEO.

Accordingly:

3.9.1 Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily must assist the Board by preparing policy alternatives and implications for Board deliberation. In

keeping with the Board's broader focus, Board committees normally will not have direct dealings with current staff operations.

3.9.2 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 must be carefully stated in order not to conflict with authority delegated to the CEO.

3.9.3 Board committees cannot exercise authority over staff. Since the CEO works for the full Board, he or she must not be required to obtain approval of a Board committee before an executive action.

3.9.4 This policy applies to any group which is formed by Board action, whether it is called a committee and regardless whether the group includes Directors. It does not apply to committees formed under the authority of the CEO.

G.P. 3.10 – Board Committee Structure

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

Accordingly, the following will be the Board standing committees:

The Fiscal Affairs Committee:

3.10.1 The Fiscal Affairs Committee assists the Board in financial matters by reviewing, understanding and recommending for Board approval financial reports, return on financial assets, money transfers and budgets. Specifically,

3.10.1.1 Review all reports on changes in physical assets and financial assets.

3.10.1.2 Review monthly and annual reports that show Board approved capital and operational budgets verses actual expenses.

3.10.1.4 Assess return on operational accounts and recommend changes if appropriate.

3.10.1.5 Review, approve, and forward to the Board requests for transfers between funds.

3.10.1.6 Review the proposed annual budget to ensure Board policy guidelines were followed.

The Board Affairs Committee:

3.10.2 The Board Affairs Committee assists the Board in the governance of organizational policies and governing documents. Specifically,

3.10.2.1 Assist the Board in effectively carrying out its governing functions in such a manner to clearly delineate the roles and responsibilities between governance and management.

3.10.2.2 Review GVR's corporate governance policies for consistency and clarity and make recommendations to the Board as needed.

3.10.2.3. Forward all proposed revisions to the Articles of Incorporation and/or Bylaws to the Board President for legal review.

3.10.2.4. Present proposed changes to the Articles of Incorporation and/or Bylaws to the Board for their review and insertion on the next ballot.

3.10.2.5. Recommend revisions to the corporate policy manual (CPM) for compliance with GVR Bylaws and Policy Governance and to clearly identify the roles of the Board and of the management.

The Planning and Evaluation Committee:

3.10.3 The Planning and Evaluation Committee assists the Board regarding decisions on capital projects by reviewing, evaluating, prioritizing, and recommending capital projects. Specifically,

3.10.3.1 Solicit club requests, review/prioritize and make annual recommendations for club projects, as well as recommend funding levels to the Board for approval.

3.10.3.2 Review other capital project opportunities with input from the administration and homeowner-members, and identify, acquire cost estimates, evaluate, prioritize and present recommendations to the Board.

The Audit Committee:

3.10.4 The Audit Committee assists the Board in overseeing the financial structure and internal controls of the Corporation with access to the books and records and the activities of Management and Staff personnel. Specifically,

3.10.4.1 Oversee the organization's internal controls, including management's compliance with applicable policies and procedures and risk management.

3.10.4.2 Oversee the annual independent audit process, including engaging the independent auditor, receiving all reports and management letters from the auditor, and interacting with the auditing firm, Board treasurer and GVR Board.

3.10.4.3 Review the annual information returns (e.g. IRS Form 990, related schedules and forms) and recommend submission by the appropriate officer. The Audit Committee also transmits the returns to the Board for review.

3.10.4.4 Review the organization's procedures for reporting problems. The audit committee exercises primary responsibility to review the whistle-blower policy and process, anti-fraud policies, and policy and procedures related to the discovery of errors or illegal acts, whistle-blower hotline, and other communication methods and determine the process for "special investigations" (whistle-blower allegations, anti-fraud compliance, discovery of errors or illegal acts).

3.10.4.5 Oversee the preparation and implementation of the governance policies referenced in the Form 990: conflict of interest, document retention, and whistle-blower policies.

The Nominations and Elections Committee:

3.10.5 The Nominations and Election committee assists the Board with all activities related to nomination, election, and training of directors.

Specifically,

3.10.5.1 Submitting a slate of qualified candidates to the Board.

3.10.5.2 Recommending orientation and training activities to the Board regarding pre-service training of candidates and in-service orientation and training of all directors.

The Investment Committee:

3.10.6 The Investment Committee is a committee of the Board whose responsibility is to review, understand, approve and forward to the Board the evidence that the investments are being managed in a fiscally responsible way. Specifically,

3.10.6.1 Review monthly and annual statements of investment accounts providing quarterly updates to the Board.

3.10.6.2 Review monthly reports produced by the administration on all reserves showing inflows, outflows of cash, income received and change of market value.

3.10.6.3 Monitor the administration's requests for transfers between funds and advise the Board when any transfer may create a negative financial impact.

3.10.6.4 Create and maintain the investment policy and assure the investment policy is being adhered to.

G.P. 3.11 – Cost of Governance

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

Accordingly,

3.11.1 Board skills, methods, and supports must be sufficient to assure governing with excellence. Specifically,

3.11.1.1 Training and retraining must be used liberally to orient new Directors and candidates for membership, as well as to maintain and increase existing Directors' skills and understandings.

3.11.1.2 Outside monitoring assistance must be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit and investment.

3.11.1.3 Outreach mechanisms must be used as needed to ensure the Board's ability to listen to owner viewpoints and values.

3.11.2 Costs must be prudently incurred, though not at the expense of endangering the development and maintenance of the organization's ability to operate. Sufficient funds shall be budgeted each fiscal year for:

3.11.2.1 Training, including attendance at conferences and workshops.

3.11.2.2 Audit, and other third-party monitoring of organizational performance.

3.11.2.3 Surveys, focus groups, opinion analyses, and meeting costs.

BOARD/MANAGEMENT DELEGATION 4.0

B.M.D. 4.0 – Global Board/Management Connection

4.0 The Board's sole official connection to the operational organization, its achievements and conduct must be through a Chief Executive Officer (CEO).

B.M.D. 4.1 – Unity of Control

4.1 Only officially passed motions of the Board are binding on the CEO.

Accordingly,

4.1.1 Decisions or instructions of individual Directors, officers, or committees are not binding on the CEO except in rare instances when the Board has specifically authorized such exercise of authority.

4.1.2 In the case of Directors or committees requesting information or assistance without Board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds or is disruptive.

B.M.D. 4.2 – Accountability of the CEO

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

Accordingly,

4.2.1 The Board must never give instructions to persons who report directly or indirectly to the CEO.

4.2.2 The Board must not evaluate, either formally or informally, any staff other than the CEO.

4.2.3 The Board must view CEO performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends and avoidance of Board proscribed means must be viewed as successful CEO performance.

B.M.D. 4.3 – Delegation to the CEO

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

Accordingly,

4.3.1 The Board must develop policies instructing the CEO to achieve specified results, for specified recipients at a specified relationship between cost and results. These policies must be developed systematically from the broadest, most general level to more defined levels, and must be called Ends policies. All issues that are not Ends issues as defined above are Means issues.

4.3.2 The Board must develop policies that limit the latitude the CEO may exercise in choosing the organizational Means. These limiting policies must describe those practices, activities, decisions and circumstances that would be unacceptable to the Board, even if they were to be effective. These policies must be developed systematically from the broadest, most general level to more defined levels; they must be called Executive Limitations policies. The Board must never prescribe organizational Means of the CEO. Specifically,

4.3.2.1 Below the global level, a single limitation at any given level does not limit the scope of any foregoing level.

4.3.2.2 Below the global level, the aggregate of limitations on a given level may embrace the scope of the foregoing level, but only if justified by the CEO to the Board's satisfaction.

4.3.3 As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the CEO shall have full force and authority as if decided by the Board.

4.3.4 The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice given to the CEO, but if any particular delegation is in place, the Board must respect and support the CEO's choices.

B.M.D. 4.4 – Monitoring the CEO

4.4 Systematic and rigorous monitoring of CEO performance must be solely against the only expected CEO job outputs: organizational accomplishment of any reasonable interpretation of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations.

Accordingly,

4.4.1 Monitoring is simply to determine if expectations expressed in Board policies have been met. Information that does not disclose this must not be considered monitoring information.

4.4.2 The Board must obtain disclosure about the CEO's interpretations of the Board policy being monitored from the CEO himself or herself.

4.4.3 The Board must obtain data disclosing whether or not the CEO's interpretations have been accomplished using one or more of three methods: (a) by internal report, in which the CEO discloses the data to the Board; (b) by external report, in which an external, disinterested third party selected by the Board collects the data; and/or (c) by direct inspection, in which data are collected by the Board, or a designated Director/s.

4.4.4 In every case, the Board must determine: (a) the reasonableness of the CEO’s interpretations, using a “reasonable person test” rather than with interpretations favored by Directors or the Board as a whole. The Board is the final arbiter of reasonableness. The Board must also assess: (b) whether data demonstrate the accomplishment of the interpretation.

4.4.5 All policies that instruct the CEO must 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 must normally use a routine schedule, as follows:

IR = internal review, ER = external review, BDI = Board direct inspection

Policy	Method	Frequency	Month(s)
Ends 1.0	Internal	Once/year	March
E.L. 2.0 - Global	Internal	Once/year	March
E.L. 2.1 - Treatment of Homeowner-Members	Internal	Twice/year	April and November
E.L. 2.2 - Treatment of Staff	Internal	Once/year	February
E.L. 2.3 - Financial Planning and Budgeting	Internal	Once/year	October
E.L. 2.4 - Financial Condition	Internal x 3 External x 1	Quarterly	March (external), June, September, December (internal)

Policy	Method	Frequency	Month(s)
E.L. 2.5 - Emergency CEO Succession	Internal	Once/year	January
E.L. 2.6 - Asset Protection	Internal x 3 External x 1	Quarterly	March (external), June, September, December (internal)
E.L. 2.7 - Compensation and Benefits	Internal	Once/year	September
E.L. 2.8 - Communication and Support to the Board	Direct Inspection	Twice/year	April and October
E.L. 2.9 - Ends Focus of Grants & Contracts	Internal	Once/year	December

B.M.D. 4.5 – Policy Violations

4.5. The Board as a whole, rather than an individual Board member, has a responsibility to regularly monitor the performance of the CEO as outlined in the Ends and Executive Limitations policies. If there is an appearance of policy violation, even though a policy is not scheduled for monitoring, the Board may request a monitoring report. The Board may also use the occasion of a concern to re-evaluate the adequacy of its policy to address the issue raised.