

Adopted February 11, 2013

Board Policy Manual  
**SwimMAC Carolina**  
Charlotte, NC



## **BOARD OF TRUSTEES**

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## ENDS

## POLICY 1.0

POLICY TITLE: *ENDS STATEMENT*

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People at all stages of life excel in competitive swimming as quality citizens at a cost the members and partners will support.

1. Children/families entering the sport with an opportunity for life-long enrichment
2. Athletes benefiting from collegiate athletic opportunities
3. Athletes inspired to train for Elite levels
4. The SwimMAC Carolina model of excellence is embraced by other members of the global competitive swimming community

**POLICY TITLE: *GENERAL EXECUTIVE CONSTRAINT***

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

THIS POLICY FORMS THE LARGEST (I.E., BROADEST AND THEREFORE MOST OPEN TO INTERPRETATION) OF ALL POLICIES IN THE MANAGEMENT LIMITATIONS CATEGORY. ANY FURTHER MANAGEMENT LIMITATIONS POLICIES WILL BE A NARROWING OF THE PROVISIONS OF THIS POLICY. THE EXAMPLES THAT FOLLOW DEMONSTRATE SUCH FURTHER NARROWING. REMEMBER THAT THE CEO IS GRANTED THE AUTHORITY TO USE *ANY REASONABLE INTERPRETATION OF THE BOARD'S WORDS*)

POLICY TITLE: *TREATMENT OF MEMBERS*

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With respect to interactions with members (*or those applying to be members*), the CEO will not cause or allow conditions or procedures which are unjust, unsafe, untimely, unresponsive, undignified or unnecessarily intrusive.

**Teaching note:** the board should only include policies that it feels it must have to be trustworthy trustees; remembering that it takes time away from reaching the Ends to gather sufficient data to assure the board that each of the Limits are being upheld. The board must feel certain that such time away from Ends accomplishment is really worth it for the long-term benefit of the organization.

With respect to the treatment of volunteers and employees, the CEO will not cause or allow conditions that are unlawful, unjust, unsafe or undignified.

Pertaining to employees, the CEO will not:

1. Operate without ensuring employees are provided with current written personnel policies which clarify personnel rules for employees.
2. Retaliate against an employee for non-disruptive, internal expression of dissent, or for reporting to management or to the Board of Directors (per the grievance process in the personnel manual) acts or omissions by personnel, management or the Board of Directors that the employee believes, in good faith and based on credible information, constitutes a violation of state or federal law or a governing policy of the Board.
3. Allow staff to be unprepared to deal with life-threatening situations.

**POLICY TITLE: *FINANCIAL CONDITION & ACTIVITIES***

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With respect to financial condition and activities, the CEO will not cause or allow the development of fiscal jeopardy, or a material deviation of actual expenditures from the Board's Ends priorities.

The CEO will not:

1. Expend more funds than have been received in the fiscal year to date unless the liquidity and long-term reserve requirements below are met.
  - A. The CEO will not borrow from reserves (defined as accumulated excess revenues) in an amount greater than can be replenished by certain, otherwise unencumbered revenues within 90 days.
  - B. A safety reserve of six months is kept on hand.
2. Use Board-designated long-term reserves/restricted funds.
3. The CEO will not borrow funds (with exception of credit cards used for normal business purposes, and paid in full each month).
4. Acquire, encumber, lease or dispose of real estate.

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

The CEO will not:

1. Operate without employing risk management practices to minimize exposure of the organization, its Board or staff to claims of liability.
2. Allow any activity wherein normally prudent protection has not been given against conflict of interest
3. Allow intellectual property, information and files to be exposed to loss, improper access or significant damage, or operate without maintaining documents and records in accordance with a Records Retention Schedule approved by legal counsel. (in accordance with Sarbanes-Oxley)
4. Invest or hold operating capital in insecure instruments or in non interest-bearing accounts except where necessary to facilitate ease in operational transactions.
5. Endanger the organization's public image, its credibility, or its ability to accomplish Ends.
6. Change the organization's name or substantially alter its identity.



POLICY TITLE: ***FINANCIAL PLANNING & BUDGETING***

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

Accordingly, the CEO will not allow budgeting that:

1. Risks incurring those situations or conditions described as unacceptable in the "Financial Conditions and Activities" Board policy.
2. Omits credible projection of revenues and expenses, cash flow, and disclosure of planning assumptions.
3. Provides less for Board activities during the year than is set forth in the Cost of Governance policy (*see policy in Governance Process*).

The CEO will not cause or allow jeopardy to the organization's fiscal integrity or public image when dealing with employment, compensation and benefits for employees, consultants or contractors.

The CEO will not:

1. Establish current compensation and benefits that deviate materially from the geographic and/or professional market value for the skills employed.
2. Establish or change benefits so as to cause situations that are unpredictable for the organization, or inequitable for employees.

**POLICY TITLE: *EMERGENCY EXECUTIVE SUCCESSION***

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

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

The CEO will not:

1. Withhold, impede or confound information necessary for the Board's informed accomplishment of its job.
  - A. The CEO will not neglect to submit monitoring reports (including CEO interpretations of board policies being monitored, as well as relevant data) required by the Board (see "Monitoring CEO Performance" policy in *Board-Management Delegation*) in a timely, accurate and understandable fashion.
  - B. The CEO will not allow the Board to be uninformed of any actual or anticipated noncompliance with any Ends or Management Limitations policy, regardless of the Board's monitoring schedule.
  - C. The CEO will not let the Board be without decision information it periodically requests, or unaware of relevant trends or incidental information, including but not limited to anticipated adverse media coverage, threatened or pending lawsuits, or material external and internal/organizational changes. Notification of planned internal changes is to be provided in advance, when feasible.
  - D. The CEO will not allow the Board to be uninformed 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 or Board member behavior that is detrimental to the work relationship between the Board and the CEO.
  - E. The CEO will not present information in unnecessarily complex or lengthy form, or in a form that fails to differentiate among information of three types:
    - monitoring
    - decision preparation (or "action item"); and
    - incidental/ "FYI."
2. Impede the Board's holism, misrepresent its processes and role, or impede its lawful obligations.
  - A. The CEO will not deal with the Board in a way that favors or privileges certain board members over others except when:
    - (i) fulfilling individual requests for information, or
    - (ii) responding to officers or committees with respect to duties charged to them by the Board.

POLICY TITLE: ***GOVERNANCE–MANAGEMENT CONNECTION***

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The Board’s sole official connection to the operational organization, its achievements and conduct will be through a Chief Executive Officer (CEO), titled CEO, Director of Coaching. The CEO may delegate appropriate management interaction with the Board to the Executive Director.

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

Accordingly:

1. Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO except in rare instances in which the Board has explicitly delegated such exercise of authority.
2. If Board members or committees request information or assistance without Board authorization, the CEO can refuse such requests that, in his/her opinion, require an inappropriate amount of staff time or funds or are disruptive. The committee or Board member may then refer such requests to the full Board for consideration.

**POLICY TITLE: *ACCOUNTABILITY OF THE CEO***

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The CEO is the Board's only official 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:

1. The Board will not give instructions to persons who report directly or indirectly to the CEO.
2. The Board will not evaluate, either formally or informally, any staff other than the CEO.
3. The Board will view CEO performance as identical to organizational performance, so that organizational accomplishment of Board stated Ends and compliance with Management Limitations will be viewed as successful CEO performance.

POLICY TITLE: *DELEGATION TO THE CEO*

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

Accordingly:

1. The Board will develop and maintain *Ends* policies instructing the CEO to achieve certain results, for certain recipients at a specified worth or priority. These policies will be developed systematically from the broadest, most general level to more defined levels. All issues that are not Ends issues as defined here are Means issues.
2. The Board will develop and maintain *Management Limitations* policies that limit the latitude the CEO may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the Board, even if effective in producing the desired results. These policies will be developed systematically from the broadest, most general level to more defined levels. The Board will not prescribe organizational means delegated to the CEO.
3. As long as the CEO uses *any reasonable interpretation* of the Board's Ends and Management 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. The Board may change its Ends and Management Limitations policies, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice given to the CEO. However, as long as any particular delegation is in place, the Board will respect and support decisions made by the CEO that are compliant with Board policy, as reasonably interpreted.



POLICY TITLE: *MONITORING CEO PERFORMANCE*

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

Accordingly:

1. Monitoring is simply to determine the degree to which Board policies are being met. Information that does not address policy compliance will not be considered in the evaluation of CEO performance.
2. The Board will acquire monitoring data by one or more of three methods:
  - A. by internal report, in which the CEO discloses, in writing, policy interpretations and compliance information to the Board. As appropriate in a given context, the CEO may present information to justify his/her interpretation.
  - B. by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies, as reasonably interpreted by the CEO, or
  - C. by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria, as reasonably interpreted by the CEO.
3. In every case, the standard for compliance shall be *any reasonable CEO interpretation* of the Board policy being monitored. The Board is the final judge of reasonableness, and will always judge with a “reasonable person” test (whether what the CEO did was what a reasonably prudent executive would do in that context), even if those choices may not be the choices the Board or its members may have made.
4. In every case, the Board will judge whether (a) the CEO’s interpretation is reasonable, and (b) whether data demonstrate accomplishment of or compliance with the CEO’s interpretation.
5. Actions determined to be not compliant with a reasonable interpretation of Board policies will be subject to a remedial process agreed to by the Board.
6. All policies instructing the CEO will be monitored at a frequency and by a method chosen by the Board. The Board may monitor any policy at any time by any method, but will ordinarily depend on the following routine schedule.

**POLICY TITLE: *MONITORING CEO PERFORMANCE* (CONTINUED)**

<b>POLICY</b>	<b>METHOD</b>	<b>FREQUENCY</b>	<b>SCHEDULE</b>
2.0 General Executive Constraint	Internal	Annually	July
2.1 Treatment of Members/Consumers	Internal	Annually	September
2.2 Treatment of Staff	Internal	Annually	September
2.3 Financial Condition & Activities	Internal	Quarterly	May, August, November, February
	Direct Insp.	Semi-Annually	April/October
	External	Annually	Close of F.Y. (month)
2.4 Asset Protection	Internal	Annually	March
2.5 Financial Planning/Budgeting	Internal	Quarterly	June, September, December, March
2.7 Emergency Executive Succession	Internal	Annually	February
2.6 Compensation and Benefits	Internal	Annually	March
2.8 Board Awareness & Support	Internal	Annually	November
1. _ Ends Policies	TBD	Some each mtg	

(NOTE: As Ends Policies are adopted, they are to be added to this table and preferably spread throughout the year to allow for an on-going emphasis on Ends. It is also recommended that the board develop a schedule for the monitoring of board performance related to Board-Management Delegation and Governance Process.)

## GOVERNANCE PROCESS

## POLICY 4.0

### POLICY TITLE: ***GOVERNANCE COMMITMENT***

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The purpose of the Board, on behalf of its moral owners identified herein as those individuals clearly committed to the Ends of SwimMAC Carolina, is to ensure that the organization achieves appropriate results for appropriate recipients at an appropriate cost (as specified in Board Ends policies), *and* avoids unacceptable actions and situations.

**POLICY TITLE: *GOVERNING STYLE & VALUES***

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The Board will govern lawfully, observing Policy Governance principles, with an emphasis on (a) integrity and truthfulness in all of its activities and practices, (b) outward vision rather than internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of Board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) governing proactively rather than reactively.

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 primary initiator of governing policy.
2. The Board may use the expertise of individual members to enhance the Board's understanding of issues, but will not substitute such expertise for the judgment of the Board.
3. 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 focus will be on the achievement of intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
4. 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, adherence to board standards of conduct, and ensuring the continual development of governance capability.
  - A. Continual Board development will include periodic discussion of process improvement, and orientation of new Board members, within 30 days of their appointment, in the Board's governance process and these policies.
5. Although the Board can change its governing policies at any time, it will conscientiously observe those currently in effect.
6. All policies of the Board are contained in this document, and they remain in effect, unless amended or deleted by Board action.
7. The Board will allow no officer, individual or Board Committee to prevent the Board from fulfilling its duties and commitments.
8. The Board will monitor and assess its process and performance at the completion of each meeting. Self-monitoring will include comparison of Board activity and discipline to Governance Process and Board-Management Delegation policies.
9. The Board's activities, with the exception of personnel or other matters of a sensitive nature, shall be open and accessible to reasonable scrutiny by its "owners."
10. The Board, in its activities, will not discriminate on the basis of race, creed, national origin, religion, age, handicap, political affiliation, sex, sexual orientation, or marital, parental or military status. (ELEMENTS OF THIS POLICY WILL DIFFER APPROPRIATELY FOR DIFFERENT ORGANIZATIONS)

On behalf of the “ownership” it represents, the Board of Directors assumes direct responsibility for defining and ensuring appropriate organizational performance:

1. The Board will be the conduit linking ownership interests and operational performance.
  - A. Needs Assessment: The Board, in cooperation with the CEO, will assess the needs of the ownership as they relate to the organization’s activities and scope of influence, and will develop Ends policies identifying and prioritizing intended organizational outcomes to address those needs.
  - B. Advocacy: The Board, in cooperation with the CEO, will inform the ownership of the organization’s present accomplishments on their behalf, and expected future results.
2. The Board will develop and maintain written governing policies that realistically address the broadest levels of all organizational decisions and situations:
  - A. ENDS: Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost/priority).
  - B. MANAGEMENT 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/MANAGEMENT DELEGATION: How authority is delegated and its proper use monitored: the CEO’s role, authority and accountability.
3. The Board will assure successful CEO performance on Ends and Management Limitations.
4. The Board will participate cooperatively with the CEO, or his designee, to produce non-fee-based funding as necessary.

(THIS POLICY SHOULD INCLUDE ANY OTHER DECISION AREAS THAT MANAGEMENT LIMITATIONS DENY TO THE CEO, AND OTHER PRODUCTS FOR WHICH THE BOARD CHOOSES TO HOLD ITSELF, AND NOT THE CEO, DIRECTLY RESPONSIBLE.)

(ANNUAL TARGETS ABOUT INTEGRITY OR COMPLETENESS IN THESE AREAS SHOULD BE ARTICULATED EITHER BY EXPANDING THIS POLICY OR ESTABLISHING A SEPARATE POLICY TITLED, FOR EXAMPLE, “ANNUAL GOVERNANCE WORKPLAN.”)

To fulfill its role, the Board will prepare and follow an annual workplan (June to May) that (1) completes a re-exploration of Ends policies each year and (2) continually improves Board performance through Board education, enriched input and deliberation.

Accordingly:

1. The Board's annual planning cycle will conclude each year on the last day of May so that administrative planning and budgeting can be based on accomplishing a one-year segment (Sept. to August) of the Board's most recent statement of long-term Ends.
2. The cycle will start in June with the Board's development of its workplan for the next year.
  - A. Consultations with selected groups in the ownership, or other methods of gaining ownership input, will be determined and arranged in the first quarter, to be held during the balance of the year.
  - B. Board education related to Ends issues (e.g. presentations by advocacy groups, staff, futurists, etc.), and education about governance and operational issues, will be determined and arranged in the first quarter, to be held during the balance of the year.
  - C. The Chair will, at the commencement of the Board's annual planning cycle, prepare and present for the Board's consideration a tentative agenda plan for the following year's meetings.
3. The Chair will determine the agenda for any particular meeting, although Board members may request or recommend any appropriate matters for Board consideration.
  - A. A Board member may recommend or request a matter for Board discussion by submitting the item to the Chair at least 10 days prior to the regularly scheduled Board meeting.
  - B. The meeting agenda and packet are to be received by Board members at least 7 days prior to the scheduled Board meeting.
  - C. By an affirmative vote of a majority of those present at a meeting, additional matters may be added to the agenda of any regular Board meeting.
4. The Board will attend to consent agenda (or, "required approval") items (those items delegated to the CEO yet required by law or contract to be Board-approved) as expeditiously as possible.
5. At any meeting prior to which monitoring reports have been received, the board will determine by vote whether a majority of members judge each report to have demonstrated fulfillment of a reasonable interpretation of the applicable policy.
6. CEO remuneration will be decided during the appropriate month as defined by the contract, based on a summary/review of the Board's judgments of monitoring reports received during the last year.

POLICY TITLE: *CHAIR/CHIEF GOVERNANCE OFFICER'S ROLE*

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The Chair/Chief Governance Officer (CGO) assures the integrity of the Board's process.

Accordingly:

1. The Board expects the CGO to see to it that the Board behaves consistently with its policies and those legitimately imposed upon it from outside the organization.
  - A. Meeting discussion content will include only those issues that clearly (according to Board policy) belong to the Board to decide, consider, or to monitor.
  - B. Information that is not for monitoring performance, board education or board decisions will be avoided or minimized and always noted as such.
  - C. Deliberation will be fair, open, thorough, timely, orderly, and kept to the point.
  
2. The CGO is authorized to make decisions consistent with the Board's Governance Process and Board/Management Delegation policies, with the exception of (a) employment/termination of the CEO, or (b) instances where the Board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of these policies.
  - A. The CGO is empowered to preside at Board meetings with the commonly accepted power of that position, such as ruling and recognizing.
  - B. The CGO has no authority to make decisions within the Board's Ends and Management Limitations policy areas. Therefore, the CGO has no authority to supervise or direct the CEO.
  - C. The CGO 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 CGO may delegate this authority but remains accountable for its use.
  - E. The CGO may appoint Board members to serve on Board Committees and as Chair of such committees, except where specified otherwise in Bylaws or Board policies.

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

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The Board commits itself and its members to ethical, professional, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly:

1. Board members must demonstrate loyalty to the interests of the entire ownership, unconflicted by loyalties to segments of the ownership, staff, other organizations, or any personal interests as a consumer of the organization's services.
2. Board members are accountable for discharging their duties honestly and in good faith. Board members shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
3. Board members must avoid conflict of interest with respect to their fiduciary responsibility.
  - A. There must be no self-dealing or any conduct of private business or personal services between any Board member and the organization. (or... *except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.*)
  - B. When the Board is to decide upon an issue about which a member has a conflict of interest, that member shall disclose the conflict to the Board and absent herself or himself without comment from not only the vote but also from the deliberation.
  - C. Board members must not use their Board positions to obtain staff employment for themselves, family members or close associates. Should a Board member apply for staff employment, he or she must first resign from the Board.
  - D. Board members will annually complete a form disclosing their involvements and interests that could give rise to a conflict of interest, including but not limited to roles as directors or officers of other organizations, substantial business/investment holdings, or other transactions or affiliations with businesses and other organizations or those of family members.
4. Board members must not attempt to exercise individual authority over the organization.
  - A. Board members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.
  - B. Board members' interaction with public, media or other entities must recognize this limitation and that Board members are not to speak for the CEO, or to speak for the Board except to repeat explicitly stated Board decisions.
  - C. Except for participation in Board deliberation about whether the CEO has achieved any reasonable interpretation of Board policies, Board members will not publicly express individual judgments of performance of employees or the CEO.
5. A Board member aware of credible information that suggests that a Board policy has been violated, by either the Board or the CEO, has an affirmative obligation to bring the concern to the Board's agenda for monitoring.
6. Board members must respect the confidentiality appropriate to issues of a sensitive nature.
7. Board members will support the legitimacy and authority of the final determination of the Board on any matter, irrespective of the member's personal position on the issue.



POLICY TITLE: *DIRECTORS' INDIVIDUAL RESPONSIBILITIES*

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The individual and collective participation of its members is integral to the leadership success of the Board.

Therefore, each Board member is expected to fulfill the following responsibilities:

1. Attendance — As effective deliberations and decision-making require collaboration and participation, Board members are expected to attend Board meetings. Absence from more than two of the Board's regularly scheduled meetings in any (fiscal/Board planning) year will constitute that member's resignation from the Board.
  - A. In case of extenuating circumstances, a Board member may request a waiver to this provision. These waivers may be granted only by vote of the Board.
2. Preparation and Participation — Board members will review agenda materials in advance of Board and committee deliberations and will participate productively in discussions.
3. Members as Individuals — The CEO is accountable only to the Board as a whole, and not to individual Board members. Therefore, the relationship between the CEO and individual members of the Board, including the CGO, is collegial, not hierarchical.
4. Voluntarism — As the CEO is responsible for operational activities and results, members of the Board choosing, as individuals, to volunteer in operational capacities are subject to the direct supervision of the CEO or responsible staff person.
5. Contributions — Each Board member is expected and required to make an annual financial contribution as a tangible demonstration of their commitment to the organization. The demonstration of support, rather than the amount of the contribution, is of principal importance. Board members are expected to contribute within their individual means.
6. Participation in Organizational Activities —
  - A. In addition to Board meetings, Board members are expected to attend the following events/functions:
    - i. Major fund-raisers
    - ii. Annual meeting of membership
    - iii. Annual Team "Kick-off" event
    - iv. Attend appropriate part of SwimMAC Ultra-Swim in May
  - B. Board members are also encouraged to attend the following events/functions:
    - i. Entire team social events
    - ii. Hosted meets

**POLICY TITLE: *BOARD COMMITTEE PRINCIPLES***

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Board committees, when used, have one essential role—to strengthen and support the work of the Board as a whole. Board committees are not to interfere with delegation from Board to the CEO, or from the CEO to other staff.

Accordingly:

1. Board committees may be established to help the Board do its job, not to help, advise or exercise authority over staff.
2. Board committees most commonly assist the Board by undertaking activities not delegated to the CEO, by preparing policy alternatives and implications for Board deliberation, or by performing specific monitoring functions.
3. Board committees may not speak or act for the Board except when formally given such authority for specific and/or time-limited purposes. The Board will carefully state its expectations and committee authority (in the “Board Committee Structure” policy) in order not to conflict with authority delegated to the CEO.
4. Because the CEO works for the full Board, he or she will not be expected to obtain approval of a Board committee before an executive action.
5. This policy applies to any group formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. This policy does not apply to committees formed under the authority of the CEO.

POLICY TITLE: **BOARD COMMITTEE STRUCTURE**

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A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. The only Board committees are those which are set forth in this policy. Unless otherwise stated, a Board Committee will cease to exist when its task is complete. Unless otherwise specified, the CEO, or his/her staff designee, will serve as a non-voting member of each committee.

**1. Governance Committee**

- A. Product #1: Properly screened slate of potential Board members and proposed slate of officers, recommended to the Board no later than June of each year.  
Product #2: Upon election of new Board members, arrangement of orientation/training of Board members (*or, in some cases, candidates for Board membership*) in the Board's governing process and strategic issues of the Board's choosing.  
Product #3: Recommendations brought forth for Board consideration regarding additional Board training opportunities that enhance the Board's governance capabilities.
- B. Authority: To incur costs of no more than \$\_\_\_ in direct charges and no more than \_\_\_ hours of management time.
- C. Composition: List committee leadership/membership here.

**2. Audit Committee**

- A. Product #1: Confirmation of auditor's independence, and (*recommendation to Board for*) engagement of auditor — by no later than \_\_\_\_\_ of each year.  
Product #2: Annual specification of scope of audit, prior to outside audit, consistent with Board monitoring policy, including approval of any permitted non-audit services to be provided by the independent auditor.  
Product #3: Review with the independent auditor of any problems encountered performing the audit, and of any management letter provided by the auditor.  
Product #4: Recommendations for Board consideration regarding revisions to the Board's fiscal policies.
- B. Authority: To direct work of outside auditors, to use management time as needed for administrative support, and to incur costs of no more than \$\_\_\_\_\_ for all matters related to the audit.
- C. Composition: List committee leadership/membership here.

**3. Ownership Linkage Committee**

- A. Product: Development of mechanisms and plans for Board approval regarding linkage between the Board and the ownership.
- B. Authority: To incur costs of no more than \$\_\_\_ in direct charges and no more than \_\_\_ hours of management time.
- C. Composition: List committee leadership/membership here.

4. **CEO Contract Committee**

A. Product #1: Contract CEO compensation package alternatives for Board consideration. To be presented to the Board in a timely manner to allow final action to be taken by both parties by (                    date/no later than     days prior to expiration of the current CEO employment contract.).

Product #2: Accompanying the options for Board consideration, data as to comparable compensation for similarly qualified persons in functionally comparable positions at similar organizations.

Product #3: Contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding CEO compensation.

B. Authority: To incur costs of no more than \$     in direct charges, to include compensation surveys and outside counsel to draft contract, and no more than      hours of management time.

C. Composition: List committee leadership/membership here.

The Board will consciously invest in its ability to govern competently and wisely.

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
  - A. Training and retraining will be used appropriately to orient new members and to maintain and increase existing Board member skills and knowledge.
  - B. Outside monitoring assistance, including fiscal audit, will be arranged as needed so that the Board can exercise confident control over organizational performance.
  - C. Outreach mechanisms will be used as needed to ensure the Board understands owner viewpoints and values.
2. Costs will be prudently incurred, but sufficient to ensure the development and maintenance of superior governance.
  - A. Up to \$\_\_\_\_\_ in fiscal year 2013 for Board training, including publications.
  - B. Up to \$\_\_\_\_\_ in fiscal year 2013 for Board member travel/reimbursements (attendance at conferences, workshops, etc.)
  - C. Up to \$\_\_\_\_\_ in fiscal year 2013 for audit and other third-party monitoring of organizational performance.
  - D. Up to \$\_\_\_\_\_ in fiscal year 2013 for surveys, focus groups and opinion analyses.
  - E. Up to \$\_\_\_\_\_ in fiscal year 2013 for Board-hosted ownership linkage/outreach events.
  - F. Up to \$\_\_\_\_\_ in fiscal year 2013 for Board meeting and retreat costs.
  - G. Up to \$\_\_\_\_\_ in fiscal year 2013 for Board committee functions.
3. The Board will establish its governance budget for the next fiscal year each year during the month of May.