Governing Policies of the AFCI Board of Directors

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Introduction

This Governing Policies Manual contains the current standing (ongoing) performance standards, values and expectations of the Board of Directors of the Association For Creative Industries (AFCI).

1. **Purpose:** This Manual is designed to help the Board approach decisions from the perspective of its own, previously established standards, values and expectations by:
   
   A. Elevating efficiency of having all ongoing Board policies in one place.
   
   B. Quickly orienting new Board members to current policies.
   
   C. Eliminating redundant or conflicting policies.
   
   D. Having greater ease of reviewing current policy when considering new issues.
   
   E. Providing clear, proactive policies to guide the CEO and staff, as well as Board officers, members and committees.

2. **Consistency:** Each policy in this document is expected to be consistent with the law, the Articles of Incorporation and the Bylaws, all of which have precedence over these Board policies. Except for time-limited or procedural-only Board decisions (approving minutes, electing an officer, etc.), which are recorded in Board meeting minutes, all standing Board policies shall be included or referred to in this document. The CEO is responsible for developing operational and administrative policies and procedures that are consistent with the standards set forth in this Manual.

3. **Transition:** Unless a prior Board resolution or contract obligates the organization with regard to a specific matter, these periodically updated standards supersede previous Board resolutions with the exception of those obligating the organization in regard to a specific matter. If an actual or apparent conflict arises between this Manual and other policies or Board resolutions, the matter shall be brought to the Board’s attention for resolution.

4. **Changes:** These policies are intended to be reviewed and refined, as appropriate. Proposed revisions may be submitted for Board consideration, by any Board member or by the CEO. Whenever changes are adopted, the updated document should be dated and promptly disseminated to the Board and CEO.

5. **Specificity:** Each new policy will be drafted to fit into the appropriate section of the Manual. For consistency, policies should be drafted starting with the broadest policy statement, then adding specificity down to the level of detail that the Board is comfortable allowing discretion (“reasonable interpretation”) when delegating further decisions to the Board Chair, Board Committees or the CEO.
Policy 2.0 General Executive Constraint
Date of adoption / Last revision: 10.12.12

The CEO shall not cause or allow any practice, activity, decision or organizational circumstance that is unlawful, imprudent, or in violation of 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 POLICY CATEGORY. THE ADDITIONAL POLICIES IN THIS CATEGORY NARROW THE LATITUDE OF AUTHORITY DELEGATED TO THE CEO. THE BOARD SHOULD ADD SPECIFICITY TO THE POINT WHERE THE MAJORITY WOULD ACCEPT AND AGREE ON A REASONABLE INTERPRETATION OF THE BOARD’S POLICY STATEMENTS.
With respect to interactions with members/customers, or those applying to become members, the CEO shall not cause or allow conditions or procedures that are unfair, unsafe, untimely, undignified or unnecessarily intrusive.

Accordingly, he/she shall not:

1. Operate without ensuring that members/customers are treated with respect and courtesy.
2. Operate without ensuring that new members are placed in the appropriate membership classification.
3. Collect, review, transmit, store or destroy member/customer information in a manner that fails to protect against improper access to that information.
4. Operate without clearly conveying to members/customers what may be expected from the services offered.
5. Operate without informing members/customers, as appropriate, of this policy, and without having in place a complaint/response process to address concerns raised by members/customers.
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Policy 2.2 Treatment of Staff
Date of adoption / Last revision: 10.12.12

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

Further, he/she shall not:

1. Operate without maintaining a program to provide interested member volunteers opportunities for meaningful involvement with a contribution to AFCI’s Ends.

Pertaining to employees, he/she shall not:

2. Operate without ensuring employees are provided with a written Personnel Manual, approved by qualified legal counsel, which clarifies personnel rules for employees, provides for effective handling of grievances, and protects against wrongful conditions.

3. Retaliate or allow retaliation 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 AFCI 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.

4. Prevent staff from grieving to the Board when (a) internal grievance procedures outlined in the Personnel Manual have been exhausted and (b) the employee alleges that Board policy has been violated.

5. Allow staff to be unaware of these Governing Policies, including but not limited to this Treatment of Staff policy, and the CEO’s interpretations of staff’s protections under this policy.

6. Allow staff to be unprepared to deal with reasonably foreseeable emergency situations.
With respect to financial condition and activities, the CEO shall not cause or allow the development of fiscal jeopardy, or a material deviation of actual expenditures from the Board’s Ends priorities.

Further, the CEO shall not:

1. Manage finances without adherence to applicable Generally Accepted Accounting Principles (GAAP) as promulgated by the Financial Accounting Standards Board (FASB).
2. Expend more funds than have been received in the fiscal year to date, unless the following liquidity requirements are met:
   A. The CEO may not allow the reserve to fall below 20% of annual operating revenue.
   B. The CEO may not incur any organizational indebtedness, with the exception of use of credit cards for business purchases which must be paid in full each month.
3. Use Board-designated long-term reserves.
4. Operate without settling payroll obligations and payables in a timely manner.
5. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
6. Acquire, encumber, lease or dispose of real property.
7. Operate without aggressively pursuing material receivables after a reasonable grace period.
8. Operate without adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.
9. Neither the Chief Executive Officer nor any other employee may loan funds of the Association for any purpose or commit Association assets as collateral for any purpose without consent. The aggregate amount of any loan(s) (i.e. all loans, all parties), up to $25,000 will require approval of the Executive Committee of the Board of Directors. Any loan or series of loans in excess of an aggregate of $25,000 will require a vote by the full Board of Directors.
10. Neither the Chief Executive Officer nor any other employee of the Association may use the line of credit of the Association for any purpose without the expressed written consent of the Board of Directors.
Governing Policies of the AFCI Board of Directors

Policy 2.4 Asset Protection
Date of adoption / Last revision: 10.12.12

The CEO shall not allow Association For Creative Industries assets to be unprotected, inadequately maintained or unnecessarily risked.

Further, he or she shall not:

1. Allow the organization to be uninsured:
   A. Against theft and casualty losses to at least replacement value.
   B. Against liability losses to Board members, staff and the organization itself in an amount equal to or greater than the average for comparable organizations.
   C. Against employee theft and dishonesty, or through the provision of trust or surety bonds for officers or employees.

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

3. Operate without employing risk management practices to minimize exposure of the association, its Board or staff to claims of liability.

4. Allow any purchase without reasonable protection against conflict of interest.

5. Allow a purchase of any material amount without having compared prices and quality.

6. Allow AFCI’s intellectual property, information and files to be exposed to loss, improper access or significant damage.

7. Operate without adhering to a Records Retention schedule, approved by qualified legal counsel, for the maintenance of documents and records. (See Attachment 2.4 B.)

8. Receive, process or disburse funds under controls insufficient to meet the Board-appointed auditor’s standards (as set forth in the auditor’s management letter and/or other correspondence).

9. Compromise the independence of the Board’s auditor or other external monitors or advisors, such as by engaging parties already chosen by the Board as consultants or advisers, unless previously approved by the Board of Directors.

10. Allow AFCI investment funds to be managed in a manner inconsistent with policy 2.6 Investment Management.

11. Endanger AFCI’s public image, its credibility, or its ability to accomplish the Ends.

12. Change AFCI’s name or substantially alter its identity.
Financial planning for any fiscal year or the remaining part of any fiscal year may not deviate materially from the Board’s Ends priorities, risk financial jeopardy, or fail to take into account multi-year planning considerations.

Further, the CEO shall not allow budgeting that:

1. Risks incurring those liquidity situations or conditions described as unacceptable in policy 2.3 Financial Condition and Activities.
2. Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow projections, and disclosure of planning assumptions.
3. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received.
4. Provides less for Board activities during the year than is set forth in policy 4.9 Governance Investment.
With regard to the management of cash investments of the Association, the CEO may not fail to adhere to the following Investment Policy:

1. To manage investment risk and returns within acceptable risk parameters that preserve capital (protect against principle loss) and provide applicable liquidity.

2. The monies should be invested based on the time horizon of the Association's cash flow needs.

3. Cash needs in the near term for operating and capital expenditures (e.g. 1 year) may be invested in:
   A. Interest-bearing business checking accounts at federally-insured banks and savings and loan institutions;
   B. Credit card merchant accounts at federally insured banks and savings and loan institutions;
   C. Money market funds of government securities; and
   D. Federally insured certificates of deposit, not to exceed FDIC limits per institution including interest at commercial banks or savings and loan institutions to the extent of the amount insured.

   It is understood that the funds held in (a), (b) or (c) above may exceed federally insured limits at any time due to ongoing liquidity needs.

4. Funds needed in one or more years, including funds in the reserve funds, may provide interest income to meet expenses occurring as the result of normal operations and shall be invested in securities in which the credit risk is considered negligible (implied or actual investment grade) such as:
   A. Money market funds of US government securities;
   B. Federally-insured certificates of deposit, not to exceed FDIC limits per institution including interest at commercial banks or savings and loan institutions to the extent of the amount insured;
   C. Direct obligations guaranteed by the US Government, its agencies, or instrumentalities.
   D. Government sponsored enterprises (e.g. Federal Home Loan Bank, Federal Farm Credit System, and Federal National Mortgage Association).

5. Investments should be diversified among various issuers to reduce concentration, liquidity and interest rate risk.
Governing Policies of the AFCI Board of Directors

Policy 2.7 Emergency CEO Succession
Date of adoption / Last revision: 10.12.12

The CEO will not operate without management succession planning processes to facilitate competent operation of the association during key personnel transitions.

Further, her/she may not:

1. Operate without ensuring that at least one (1) other member of the management team is sufficiently familiar with Board and CEO issues and processes to take over with reasonable proficiency as an interim successor.
Policy 2.8 Compensation and Benefits
Date of adoption / Last revision: 10.12.12

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

Further, the CEO will not:

1. Change his or her own compensation.
2. Change his or her own benefits, except as his or her benefits are consistent with a package for all other employees.
3. Promise or imply anything other than "at-will" employment.
4. Establish current compensation and benefits that deviate materially from the geographic and/or professional market value for the skills employed.
5. Pertaining to consultants and contract vendors, create obligations over a longer term than revenues can be safely projected.
6. Establish or change retirement benefits so as to cause situations unpredictable for the Association or inequitable for employees.
Policy 2.9 Communications and Support to the Board
Date of adoption / Last revision: 10.12.12

The CEO shall not cause or allow the Board to be uninformed or unsupported in its work. Accordingly, the CEO shall not:

1. Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Management Limitations policy of the Board, regardless of the monitoring schedule set forth by the Board.

2. Neglect to submit monitoring reports (including the CEO’s policy interpretations, as well as compliance data) required by the Board (see policy 3.4 Monitoring CEO Performance) in a timely, accurate and understandable fashion.

3. Let the Board be without decision information it periodically requests, or unaware of relevant trends or significant 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 material internal changes is to be provided to Board members in advance, when feasible.

4. Let the Board be unaware of any Board or Board member actions that, in the CEO’s opinion, are not consistent with the Board’s 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.

5. Present information in unnecessarily complex or lengthy form, or without differentiating among three types of written communications:
   A. monitoring;
   B. decision preparation (or “action item); and
   C. incidental/ “FYI”.

6. Allow the Board to be without reasonable logistical and administrative support for official Board, officer or committee communications and functions.

7. Impede the Board’s functioning as a group or misrepresent its processes and role.

8. The CEO will not deal with the Board in a way that favors or privileges certain Board members over others except when:
   A. fulfilling individual requests for information; or
   B. responding to officers or committees duly charged by the Board.

9. Neglect to supply for the Board’s consent agenda, those items delegated to the CEO yet required by law, regulation or third-party to be Board-approved, along with applicable monitoring information.
Policy 3.0 Governance-Management Connection
Date of adoption / Last revision: 10.12.12

The Board’s sole official connection to the operational organization, its achievements and conduct will be through the Chief Executive Officer (CEO).
Policy 3.1 Unity of Control

Date of adoption / Last revision: 10.12.12

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

1. No Board member, officer or committee has authority over the CEO or any member of the CEO's staff, except in rare instances when the person or committee has been explicitly authorized to direct staff on an issue.

2. Board members or committees may request information or assistance without Board authorization. If such a request, in the CEO's judgment, requires a material amount of staff time or funds or is disruptive, it may be declined. The committee or Board member may then refer the request to the full Board for consideration.
Governing Policies of the AFCI Board of Directors

Policy 3.2 Accountability of the CEO
Date of adoption / Last revision: 10.12.12

The CEO is the only staff person accountable to the Board of Directors for operational achievement and conduct.

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 consider and evaluate CEO performance as synonymous with organizational achievement of Ends and compliance with Management Limitations. Consequently, the CEO’s accountability and evaluation are based on performance in two areas:
   A. Organizational accomplishment of Board’s established Ends priorities.
   B. Organizational operations within the parameters of legality, prudence and ethics established in the Board’s Management Limitations policies.
The Board will instruct the CEO through written policies that prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly:

1. Ends policies instructing the CEO to achieve certain results for members at a specified worth or priority. These policies will be developed systematically from the broadest, most general level to more defined levels.

2. Management Limitations policies define the boundaries of legality, prudence and ethics within which the CEO is expected to operate. These policies 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 also 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. An Ends or Management Limitations policy at a given level of specificity does not limit the scope of any preceding level.

4. The CEO is authorized to establish all further policies, make decisions, take actions, establish practices and develop activities as long as they are consistent with any reasonable interpretation of these Ends and Management Limitations policies.

5. 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 the CEO’s choices that are consistent with Board policy, as reasonably interpreted.
The Board will systematically and rigorously monitor CEO job performance, determining 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 accomplishment of Ends and compliance with Management Limitations will not be considered in the Board’s evaluation of CEO performance.

2. A given policy may be monitored by one or more of three methods:
   
   A. **Internal Reports**: The CEO discloses in writing his/her policy interpretations, along with data supporting his/her assessment of accomplishment of, or compliance with, the policy under review. As appropriate in a given context, the CEO may present information supporting the “reasonableness” of his/her interpretation.
   
   B. **External Reports**: An external, disinterested third party selected by and reporting to the Board assesses accomplishment of or compliance with Board policies, as reasonably interpreted by the CEO.
   
   C. **Direct Board Inspection**: Designated Board member(s) or committee assesses accomplishment of, or compliance with, Board policies, as reasonably interpreted by the CEO.

3. In every case, the Board commits itself to accept 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). Interpretations favored by individual Board members or by the Board as a whole shall not constitute a “reasonable person” test.

4. The Board’s action on submitted monitoring reports will record its judgment as to whether:
   
   A. the CEO’s interpretations are reasonable, and
   
   B. data demonstrate accomplishment of or compliance with the CEO’s interpretation.

5. Actions determined not to be 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:
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## Policy 3.4 Monitoring CEO Performance, continued

Date of adoption / Last revision: 4.6.14

### BOARD MONITORING SCHEDULE

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Policy 4.0 Governance Commitment
Date of adoption / Last revision: 10.12.12

The purpose of the Board of Directors, on behalf of the Membership, is to ensure that the Association For Creative Industries (1) achieves appropriate results for the Membership at an appropriate cost (as specified in Board Ends policies), and (2) avoids unacceptable actions and situations.
Governing Policies of the AFCI Board of Directors

Policy 4.1 Governing Style and Values
Date of adoption / Last revision: 10.12.12

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) results for members, (c) encouragement of diversity in viewpoints, (d) strategic leadership rather than administrative detail, (e) clear distinction of Board and chief executive roles, (f) collective rather than individual decisions, and (g) focus on the future. Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for Board performance. The Board will lead AFCI by proactively setting performance expectations.

2. The Board will use its members’ expertise to enhance its understanding of issues, but will not simply defer to that expertise as the judgment of the entire Board.

3. The Board will set performance standards and expectations for the Association through the careful articulation of written policies. The Board’s major focus will be on the intended long-term impacts for and on behalf of the membership, not on the administrative/operational means of attaining those results.

4. The Board will establish and adhere to its own performance expectations pertaining to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, speaking to management and the public with one voice and continually building the strength and reputation of the Board as an effective leadership team.
   A. Continual Board development will include periodic discussion of its own performance, and orientation of new Board members (before or after) their appointment / election / being seated as voting Board members) in the Board’s governance process and these policies.
   B. Orientation for new Board members will include three primary components:
      i. Governance process: Board leaders will ensure provision of training including the governance principles underlying this policies manual, and review of AFCI’s Bylaws and these policies, with particular emphasis on the Board Members’ Code of Conduct and Directors’ Individual Responsibilities policies.
      ii. Current strategic issues: Board leaders and the CEO will provide overview and background information on significant issues being addressed and decided upon early in new Board member’s tenure.
      iii. Operational overview: The CEO will help new Board members achieve a general understanding of AFCI’s operating organization (financials, key personnel, key products/programs/services, FAQs, etc.).

5. While the Board can change these governing policies at any time, it will diligently adhere to those currently in effect.

6. All on-going 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 be accountable to AFCI’s Membership for competent, conscientious and effective fulfillment of its governance obligations. The Board will not allow any officer, individual or committee of the Board to usurp or hinder this commitment.

8. The Board will monitor and discuss its process and performance at each meeting. Self-assessment will compare Board activity and discipline to the standards set forth in these Governance Process and Board-Management Delegation policies. The Vice-Chair is assigned responsibility to insure that the Board of Directors adheres to its policies, and that revisions to them are made in a manner consistent with Policy Governance principles.
9. The Association’s activities, with the exception of personnel or other matters of a sensitive nature, shall be open and accessible to reasonable scrutiny by its members.

10. The Association, in its hiring and other 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.
On behalf of the membership of the Association For Creative Industries, the Board of Directors will ensure appropriate organizational performance by assuming direct responsibility for the following:

1. The Board will produce the link between the membership and the operational organization.
   A. Needs Assessment: The Board will assess needs and trends affecting the membership as they relate to AFCI’s activities and scope of influence, and will develop Ends policies identifying and prioritizing the results the organization is to produce in addressing those needs.
   B. Advocacy: The Board will inform the membership of the organization’s expected future results, and its present accomplishments.

2. The Board will ensure that written performance standards, as set forth in these governing policies, appropriately address the broadest levels of all organizational decisions and situations.
   A. Ends: Results priorities pertaining to organizational impacts, products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
   B. Management Limitations: Boundaries of prudence and ethics within which all executive activity and decisions must take place.
   C. Governance Process: Specification of how the Board defines, carries out, and assesses its own work.
   D. Board/Management Delegation: How power is delegated to management, and its proper use monitored: the CEO role, authority and accountability.

3. The Board will ensure Ends fulfillment, financial solvency and organizational integrity by holding the CEO accountable for achievement of Ends and adherence to Management Limitations.

4. The Board will make determinations regarding AFCI’s positions on or endorsements of legislation and/or public policy as it deems appropriate in serving the interests of the membership.

5. The Board will make decisions regarding conferring Affiliate Membership, and will select honorees for the annual AFCI Awards, including but not limited to Honorary Membership each year.

6. An annual cost of living increase based on the CPI index will be applied to all dues levels unless directed otherwise by the Board of Directors.

7. The Board shall maintain and ensure adherence to a policy requiring the Association to evaluate its participation in joint venture arrangements under applicable tax law, and to take steps to safeguard AFCI’s exempt status with regard to such arrangements. (See Attachment 4.2 A)

8. The Board shall adopt a policy on the process for determining compensation for the chief executive officers and the other paid officers of the Association. (See Attachment 4.2 B)

9. The Board shall adopt a written whistleblower policy extending to both staff and volunteers. (See Attachment 4.2 C)

10. The Board shall review the Form 990 before it is filed.
The Board will prepare and follow an annual work-plan that (1) re-explores Ends policies annually and (2) continually improves Board performance through Board education and interactions with members, staff and outside experts.

Accordingly:

1. **Annual Cycle**: The annual planning cycle will conclude each year on the last day of October, so that administrative planning and budgeting can be focused on addressing both long- and short-term Ends priorities.

2. **Work Plan Development**: The Board’s planning cycle will start in November with the Board’s development of its work plan for the next Board planning year. At that time, the Chair will prepare and share for the Board’s consideration and approval a suggested work plan for the following year’s meetings. Considerations should include:
   
   A. **Board Education**: Identification of topics that will elevate the Board’s understanding, primarily of external issues and trends and to a lesser extent key areas of governance and operations.
   
   B. **Membership Linkage**: How the Board will connect with AFCI’s membership (e.g. through surveys, focus groups, presentations to the Board by selected groups within the membership, or other methods of gaining membership input).
   
   C. **Assessment/Evaluation of CEO Performance**: Reviewing the schedule of planned monitoring activities and of the Ends and Management Limitations policies.
   
   D. **Self-Assessment**: Methods and timeline for periodic and objective evaluation of how well the Board is fulfilling its role (i.e., in accordance with its Board Process and Board/Management Delegation policies) and open discussion of how the Board’s performance can be improved.

3. **Meeting Agendas**: The Chair will determine the agenda for any particular Board meeting, although Board members and the CEO may request or recommend any appropriate matters for Board consideration.
   
   A. A Board member or the CEO may recommend or request a matter for Board discussion by submitting the item to the Chair at least two (2) weeks prior to the scheduled Board meeting.
   
   B. The meeting agenda and packet are to be received by Board members at least five (5) days prior to the scheduled Board meeting.
   
   C. By an affirmative vote of a majority of those present, additional matters may be added to the agenda of any Board meeting.

4. **Consent Agenda**: "Required Approvals" may appear on a Consent Agenda, in which one motion can address those items delegated to the CEO yet required by law or third-party to be Board-approved.
   
   A. To use Board meeting time as efficiently as possible, the CEO is expected to provide substantiation that Consent Agenda items comply with the Board’s Management Limitations expectations.
   
   B. Items may be removed from Consent Agenda for discussion upon majority vote of the Board.

5. **CEO Monitoring**: The Board will act on monitoring reports received prior to the meeting, determining by majority vote whether the report:
   
   A. Conveys a reasonable interpretation of the respective policy.
   
   B. Provides reasonable substantiation of compliance with the policy, as interpreted.
Policy 4.3 Agenda Planning, continued
Date of adoption / Last revision: 10.12.12

6. **CEO Annual Compensation Review:** No later than mid-December, the Board will summarize its review and judgments of monitoring activities (monitoring reports, audits, etc.) in the past year and will act on the CEO Compensation Committee’s recommendations for any adjustments to the CEO’s compensation and benefits, to be effective January 1st.
As AFCI’s chief governance officer, the Chair’s primary role is to ensure the integrity of the Board’s process and, secondarily to represent the Board to outside parties.

Accordingly:

1. The Chair’s job is to ensure that the Board acts in a manner consistent with its policies and any requirements 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. Deliberation will be fair, open, thorough, timely, orderly, and kept to the point.

2. The Chair 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 Chair is authorized to use any reasonable interpretation of these policies.

   A. The Chair is empowered to preside at Board meetings with the commonly accepted power of that position, such as ruling and recognizing.
   
   B. The Chair has no authority to make decisions within the Board’s Ends and Management Limitations policy areas. Therefore, the Chair has no authority to supervise or direct the CEO.
   
   C. The Chair may represent the Board to outside parties in announcing Board-stated positions and in stating decisions and interpretations within the area delegated to her or him. The Chair may delegate this authority but remains accountable for its use.

   D. The Chair may appoint Board members to serve on Board Committees, unless specified otherwise in Bylaws or Board policies.
The Board expects of 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 AFCI’s membership, superseding any conflicting loyalties to staff, other organizations, family members, segments of the membership or any personal interests as customers/members of the Association.

2. 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, 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 their involvement or those of family members, as directors or officers of other organizations with vendors or other affiliations with other entities that might reasonably be perceived as a conflict. Board members will promptly update their disclosures if, during the year, a material change in circumstances should occur.

3. 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 stipulated by the Board.
   B. Board members’ interaction with public, media or other entities must recognize that Board members are not to speak for the CEO or for the Board, except to repeat explicitly stated Board decisions.
   C. Board members will not publicly express individual judgments of CEO or staff performance, other than when participating in the Board’s monitoring functions.

4. 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.

5. Board members must respect the confidentiality appropriate to issues of a sensitive nature.

6. Board members will support the legitimacy and authority of the final determination of the Board on any matter, regardless of the member’s personal position on the issue.

7. Board Members shall not cause, allow or participate in any practice, activity or circumstance that is unlawful under prevailing antitrust laws, regulations or applicable court decisions.
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. **Commitment**: Board members are expected to, upon election to the Board, sign a Letter of Commitment indicating that they have reviewed and commit to abide by AFCI’s Bylaws and Governing Policies, as may be amended from time to time.

2. **Attendance**: Board members are expected to attend Board meetings. Absence from two consecutive regularly scheduled Board meetings will constitute that member’s resignation from the Board. Waivers to this provision, in cases of extenuating circumstances, may be granted by majority vote of the Board.

3. **Preparation and Participation**: Board members are expected to review agenda materials in advance of Board and committee meetings and to participate productively in discussions.

4. **Members as Individuals**: The CEO is accountable only to the Board as an organization, and not to individual Board members. Therefore, the relationship between the CEO and individual members of the Board, including the Chair, is collegial, not hierarchical.

5. **Voluntarism**: The Board recognizes the importance of Association members’ volunteer involvement in various organizational activities, and Board members are encouraged to participate in non-Board capacities. However, 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.

6. **Participation in Organizational Activities**:
   A. In addition to regular Board meetings, Board members are expected to attend the following events/functions:
      - Annual Meeting
      - Association Trade Shows
      - Association Awards Ceremony(ies)
   B. Board members are also encouraged to attend the following events/functions:
      - Keynote Address at Trade Show
      - Other Association Receptions and Social Functions
Board committees may be used to help the Board be more effective and/or efficient in its work. Board committees are not to interfere with the Board’s delegation of authority to the CEO, or the CEO’s to other staff.

Accordingly:

1. Board committees are to help the Board do its job, not to help, advise or exercise authority over staff.

2. Board committees will ordinarily undertake activities not delegated to the CEO, such as by preparing policy alternatives and implications for Board deliberation, or by performing specific monitoring functions. Board committees will normally not have direct involvement with current staff operations.

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 expectations and authority of each Board Committee (in policy 4.8 Board Committee Structure) in order not to conflict with authority delegated to the CEO.

4. As the CEO works for the full Board, he or she will not be required to seek approval of a Board committee before an executive action.

5. Unless specifically authorized by the Board, a Board Committee may not make any commitments of organizational resources or funds.

6. 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. It does not apply to committees formed under the authority of the CEO.
Board committees are those established by and with authority emanating from the Board, regardless of whether its composition includes non-Board members. The only Board committees are those set forth below. Unless otherwise stated, a Board Committee will cease to exist when its task is complete.

1. **Nominating Committee**
   A. **Deliverable**: Properly screened slate of potential Board members, per by Bylaws, no later than the October Board Meeting each year.
   B. **Authority**: To incur costs of no more than $5,000 in direct charges and no more than 5 hours of management time.
   C. **Composition**: (FROM BYLAWS) The Nominating Committee shall be composed of three members, not current eligible for and seeking reelection, and two alternates elected from the incumbent Board of Directors, and three members and two alternates elected from among the voting members. One of the members of the Board of Directors shall be elected to serve as Chair of the Nominating Committee. Committee to be selected at the Winter Board Meeting each year, at which any Board member may bring forth nominations to serve.

2. **Industry Awards Committee**
   A. **Deliverable**: Recommendations to the Board of Directors for Honorees to receive AFCI Industry Awards.
   B. **Authority**: To incur cost of no more than $3,000 in direct charges and no more than 5 hours of management time.
   C. **Composition**: At the Winter Board Meeting, the Board Chair will appoint three Board members, one of whom to serve as committee chairperson, plus two voting AFCI members.

3. **Hall of Fame Awards Committee (Established 2013 with HOF)**
   A. **Deliverable**: Recommendations to the Board of Directors for Honorees to receive AFCI Hall of Fame Awards.
   B. **Authority**: To incur cost of no more than $3,000 in direct charges and no more than 5 hours of management time.
   C. **Composition**: At the Winter Board Meeting, the Board Chair will appoint three Board members, one of whom to serve as committee chairperson, plus two voting AFCI members.
4. Audit Committee

A. **Deliverable #1:** Annual specification of scope of audit, prior to outside audit, consistent with Board monitoring policy.

**Deliverable #2:** Assessment and confirmation of auditor’s independence, and recommendation to Board for engagement of auditor -- by no later than July Board meeting of each year.

**Deliverable #3:** Assurance that the auditor has unfettered access to organizational management and records.

**Deliverable #4:** Review with the independent auditor of any problems encountered performing the audit, the audited financial statements, and any management letter provided.

**Deliverable #5:** Recommendations for Board consideration regarding revisions to AFCI’s Investment Policy.

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 $40,000 for all matters related to the audit.

C. **Composition:** Financial literacy a priority for committee membership. At the Winter Board Meeting, the Board Chair shall recommend for Board consideration and approval least three financially literate Board members, one of whom to serve as the committee chairperson, and at least one non-board member.

5. Member Connect Committee

On hold for 2016 - the Membership & Dues Task Force will address any needs as was done in 2015

A. **Deliverable:** Mechanisms and plans for Board approval regarding linkage between the Board and the membership (see policy 4.2.1 Board Job Products). *(NOTE: Category Interest Groups will be sub-groups to the Membership Connect Committee.)*

B. **Authority:** To incur costs of no more than $5,000 in direct charges and no more than 40 hours of management time.

C. **Composition:** At least four board members and two voting AFCI members appointed by the Chair at the Winter Board Meeting. The Board Chair shall appoint four Board members, one of whom to serve as committee chairperson, plus two voting AFCI members.
5. CEO Compensation Committee

A. **Deliverable #1**: Annual CEO compensation package alternatives/recommendations for Board consideration. To be presented to the Board in a timely manner to allow final action to be taken by both parties. Timing will be tied to the conclusion of the AFCI Mega Trade Show & Conference and completion of the shows evaluation against KPI’s.

**Deliverable #2**: Accompanying the recommendations, data as to comparable compensation for similarly qualified persons in comparable positions.

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

B. **Authority**: To incur costs of no more than $1,000 in direct charges and no more than 40 hours of management time.

C. **Composition**: At the Winter Board Meeting, the Chair will recommend for consideration and approval three Board members, including a committee chairperson and at least one non-board member.

6. Bylaws Committee

A. **Deliverable**: Recommendations to the Board for revisions to the Bylaws, if/as necessary.

B. **Authority**: To incur costs of no more than $1,000 in direct charges and no more than 40 hours of management time.

C. **Composition**: Three Board members, including a committee chairperson, appointed by the Board Chair as needed.

7. Treatment of Staff (Policy 2.2) Direct Inspection Task Force

A. **Deliverable**: Direct Board Inspection (per policy 3.4.2) verification of adherence to policy 2.2.

B. **Authority**: To incur costs related to travel and expenses to AFCI office plus related meals. To design and implement an online Employee Satisfaction Study and interview all staff. To schedule time of staff members selected for interview.

C. **Composition**: Two Board members to be appointed by the Chair at the Winter Board Meeting.

6. International Task Force

On Hold for 2016 – We will continue utilizing the AFCI UK Board, Canadian Executive Board, and Membership & Dues Task Force to monitor and address member needs.

A. **Deliverable**: Direct Board Inspection (per policy 3.4.2) verification of adherence to policy 2.2.

B. **Authority**: To incur costs related to travel to AFCI office, use of hotel meeting space and related meals. To schedule time of staff members selected for interview.

C. **Composition**: At least four Board members, including a committee chairperson, and two voting AFCI members appointed by the Board Chair at the Winter Board Meeting.
7. Standards & Compliance Committee

On Hold for 2016 – Executive team will assemble if/as necessary

A. **Deliverable:** Supply chain resources and education of AFCI members on their application and benefits. Recommendations for AFCI role relative to product safety

B. **Authority:** To incur costs not to exceed the approved annual budget to include consultant, speaker, website development, teleconference and other miscellaneous charges

C. **Composition:** Two Board members, including a committee chairperson, appointed by the Board Chair at the Winter Board Meeting.

8. Young Creative Industry Leaders (In 2016 concept will be restructured)

A. **Deliverable:** Recommendations for the Board from a group of people that are considered Young Execs. To act as an ongoing task force for additional ideas to match the ends statements, from the view of the Young ExeCs vision of AFCI. To begin to develop them into a possible feeder system to the Board.

B. **Authority:** To incur costs of no more than $1000 (1 meeting, at the Winter show and conference calls).

C. **Composition:** The whole group is at large, will rotate in and out depending upon who is available per show to attend. This is intentional. ‘ Two Board members, including a committee chairperson, and two voting AFCI members, appointed by the Board Chair at the Winter Board Meeting.

9. Membership and Dues Taskforce – For 2016 if/as needed will address Member Connect Responsibilities

A. **Deliverable:** Recommendations for Board consideration on dues, member definition, member qualifications, affiliate member qualifications and privileges and other actions to facilitate membership processes.

B. **Authority:** To incur costs for teleconference and if necessary taskforce meeting. To request appropriate data and recommendations from staff.

C. **Composition:** Three Board members, including a committee chairperson, and two voting AFCI members, will be appointed by the Board Chair at the Winter Board Meeting.

10. Branding Taskforce (Established Post 2015 BOD Meeting and Contract with Verse)

A. **Deliverable:** The role of the taskforce is to provide additional review and insight to AFCI Staff and Verse regarding their findings and proposals. The taskforce also provides the Board with oversight to the process and project overall.

B. **Authority:** To incur costs for teleconference and if necessary taskforce meeting. To request appropriate data and recommendations from staff.

C. **Composition:** Three Board members, including a committee chairperson, and two voting AFCI members, will be appointed by the Board Chair at the Winter Board Meeting.
11. Digital Business Taskforce (NEW for 2016)
   A. **Deliverable**: The role of the taskforce is to help AFCI understand the make up, participants and trends in the businesses who are educating, inspiring, entertaining and selling to consumers primarily using an internet or broadcast platform. They will also help assess how AFCI can embrace this new trade area of the industry and or assess the impact or opportunity they present to the association.

   B. **Authority**: To incur costs for teleconference and if necessary taskforce meeting. To request appropriate data and recommendations from staff.

   C. **Composition**: Three Board members, including a committee chairperson, and two voting AFCI members, will be appointed by the Board Chair at the Winter Board Meeting.

12. Conference Taskforce (New for 2016)
   A. **Deliverable**: The role of the taskforce is to review and recommend the composition, quality and delivery of the Mega Show conference education program, including seminars and workshops organized by staff or outsourced with 3rd party providers.

   B. **Authority**: To incur costs for teleconference and if necessary taskforce meeting. To request appropriate data and recommendations from staff.

   C. **Composition**: Three Board members, including a committee chairperson, and two voting AFCI members, will be appointed by the Board Chair at the Winter Board Meeting.

13. Market Research Taskforce (Established 2014 when elevated to a primary goal)
   A. **Deliverable**: The role of the taskforce is to help AFCI Staff in determining an appropriate research offering to its members and the community at large. It is also to provide expert guidance on selection, methodology and distribution of research studies conducted by the association, especially the Size of Industry Project.

   B. **Authority**: To incur costs for teleconference and if necessary taskforce meeting. To request appropriate data and recommendations from staff.

   C. **Composition**: Three Board members, including a committee chairperson, and two voting AFCI members, will be appointed by the Board Chair at the Winter Board Meeting.

14. Trade Show Taskforce (Established 2014 while considering a new venue)
   A. **Deliverable**: Provide recommendations and feedback to the AFCI Staff on the Mega Show program, location and event as a whole.

   B. **Authority**: To incur costs for teleconference and if necessary taskforce meeting. To request appropriate data and recommendations from staff.

   C. **Composition**: Three Board members, including a committee chairperson, and two voting AFCI members, will be appointed by the Board Chair at the Winter Board Meeting.
15. Society of Decorative Painters (SDP) Taskforce
(Established 2014 with Management Contract)

A. **Deliverable:** The role of the taskforce is to support AFCI Staff in its association management contract of SDP and to provide our Board of Directors with oversight on this management role. Work with AFCI staff on determining appropriate next steps in leveraging our relationship for mutual benefits of both associations. This includes a potential merger or co-location of events. It is also to act as the communication link between SDP, Mark and the AFCI Board.

B. **Authority:** To incur costs for teleconference and if necessary taskforce meeting. To request appropriate data and recommendations from staff.

C. **Composition:** Three Board members, including a committee chairperson, and two voting AFCI members, will be appointed by the Board Chair at the Winter Board Meeting.
The Board will consciously invest in its ability to govern effectively. Accordingly:

1. The Board will allocate resources to ensure that it has sufficient skills, methods, and supports to assure excellence in its leadership.
   A. Training will be used appropriately to orient new Board members, and to maintain and increase existing Board member skills and knowledge.
   B. Outside monitoring assistance, including but not limited to 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 membership viewpoints and values.

2. Costs will be prudently incurred, but sufficient to ensure the development and maintenance of superior governance. At its Fall meeting each year, the Board will establish a budget for its governance prerogatives for the next fiscal year.
   Budget considerations should include:
   A. Board training, including consultants and publications
   B. Board member attendance at governance conferences/workshops
   C. Audit and other third-party monitoring of organizational performance
   D. Board initiated membership surveys, focus groups and other “Member Connect” functions/activities
   E. Board meeting costs
   F. Board Committee expenditures Board meeting costs other than Audit, as itemized in policy 4.8 Board Committee Structure.