

Preamble to the Board Policies of the Perpich Center for Arts Education (PCAE)

During the 7-month period between August 2006 and March 2007, PCAE's Board Development Committee worked with the PCAE Executive Director and the Community Consulting Group of Minneapolis to evaluate the PCAE Board's governance style and policies. The Board chose to use the *Carver Governance Model* as its template, and adopted revisions to its governance policies based upon that model.

The *Carver Governance Model* has ten basic principles:

1. The board governs on behalf of persons who are not seated at the table but who have a vested interest in the organization's success.
2. While diverse points of view on the board are both respected and encouraged, once a board decision has been made the board presents that decision in a unified voice.
3. The board focuses its attention on setting policies that embody the board's beliefs, commitments, values, and vision.
4. In setting policies, the board addresses the broadest policies first, before progressing to more narrow policies.
5. The board focuses its time and energies on defining and delegating rather than on reacting and ratifying.
6. The primary duty of board governance is to answer the question, "What good, for whom, and at what cost?" The value and success of every board action should be measurable in terms of the changes it effects.
7. The board manages the staff by setting limits on allowable and/or unallowable activities, thus enabling the staff to be as creative as possible.
8. The board reserves the right to create its code of conduct, set its agenda, state the circumstances under which it will use committees, define the role and powers of the chair, and define the nature of its relationship with the organization's stakeholders.
9. The board establishes a relationship with staff that is both empowering and safe.
10. The board monitors the performance of staff in accordance with established policies, vision, and mission statements.

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Statements that articulate PCAE’s core values and identify specific methods by which members of the Board (as individuals and as a group) carry out their responsibilities and evaluate the impact of their decisions.

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Statements that cover miscellaneous topics—those not addressed in previous sections, and unique (singular) so as not to warrant creating an additional, separate topic section.

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Ends Statements

NOTE: These will be determined following the development of a strategic plan and annual goals. The Board will begin the strategic planning process in September 2007, with the resultant plan and goals slated for adoption on or before June 30, 2008.

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Executive Limitations Policy #1:

General Executive Constraint

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

Policy #2: Staff Treatment

Policy #3: Compensation and Benefits

Policy #4: Financial Planning

Policy #5: Financial Condition

Policy #6: Asset Protection

Policy #7: Communication and Counsel to the Board

Policy #8: Grant-making Process

Policy #9: Communication to the Community

Executive Limitations Policy #2:

Staff Treatment

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

Accordingly, s/he may not:

1. Reward or penalize an employee using criteria other than that which is clearly linked to the employee's job performance or job qualifications.
2. Subject staff to unsafe or unhealthy conditions.
3. Withhold from staff an unbiased, due process grievance procedure as determined by the State of Minnesota Department of Employee Relations and/or any negotiated employee contracts.
4. Prevent staff from appealing to the Board, provided the employee alleges that s/he has been harmed because:
 - a. Board policy has not been followed, or
 - b. Board policy does not adequately protect his/her human rights as defined in State Personnel Policies and the PCAE Affirmative Action Plan.

Executive Limitations Policy #3:**Compensation and Benefits**

With respect to compensation and benefits to employees, consultants, contract workers, and/or volunteers, the Executive Director may not jeopardize PCAE's fiscal integrity or public image.

Accordingly, s/he may not:

1. Change his/her own compensation and benefits as established by the Board and the employment classification of the State of Minnesota.
2. Promise or imply permanent or guaranteed employment, except as stipulated by State negotiated contracts.
3. Establish current compensation and benefits which:
 - a. Deviate from State of Minnesota employee classification salary schedules.
 - b. Obligate PCAE for a term greater than two years.
 - c. Obligate PCAE for a term greater than that covered by revenue projections.
 - d. Obligate PCAE to agreements that are not subject to termination/cancellation based on losses in PCAE revenue.
 - e. Obligate PCAE to agreements that are not in accordance with requirements of the State of Minnesota.
4. Establish deferred or long-term compensation and benefits, which deviate from State of Minnesota, approved personnel policies and employment contracts.

Executive Limitations Policy #4:

Financial Planning

With respect to financial planning (budgeting for all or any remaining part of a fiscal period), the Executive Director may not jeopardize PCAE's programmatic or fiscal integrity.

Accordingly, s/he may not cause or allow budgeting which:

1. Is not detailed enough to provide:
 - a. Projections of revenues, grants and expenses.
 - b. Separation of capital and operational items.
 - c. Cash flow statements and balance sheet projections.
 - d. Timely planning assumptions.
 - e. Information required by the Executive Budget Officer of the Minnesota Department of Finance.
2. Extends beyond the biennial budget cycle of the State of Minnesota.
3. Expends more funds on an annual basis than what a conservative revenue projection would allow.
4. Deviates materially from Board-stated priorities (see PCAE's Strategic Plan and Annual Goals).
5. Deviates materially from the State of Minnesota budgeting process.

Executive Limitations Policy #5:**Financial Condition**

With respect to the status of PCAE's financial condition, the Executive Director may not expend funds outside of Board approved budgets, or otherwise jeopardize fiscal integrity.

Accordingly, s/he may not:

1. Expend more funds than have been allocated within the time period required by the State of Minnesota Department of Finance.
2. Expend more revenue dollars than will be reimbursed within a contract or grant period.
3. Expend more revenue dollars than have been approved through either PCAE's spending policy, or through the financial policies, procedures, and biennial budgeting process of the Minnesota Department of Finance.
4. Indebt PCAE in a manner that is out of compliance with the requirements of the Minnesota Finance Department.
5. Use donor/funder-restricted funds to support anything other than what is stipulated by the donor/funder.
6. Use Board designated funds (unrestricted, temporarily restricted, permanently restricted) for anything other than what was approved by the Board through its budgeting process.
7. Allow cash and liquid assets in any PCAE bank account to drop below the amount needed to settle related debt.
8. Allow actual expenditures to deviate from Board priorities as stated in PCAE's Strategic Plan and Annual Goals, except as otherwise required by State of Minnesota negotiated contracts.

Executive Limitations Policy #6:**Asset Protection**

With respect to proper stewardship of PCAE assets, the Executive Director may not risk losses beyond those that may occur as a result of the normal course of business operations.

Accordingly, s/he may not:

1. Fail to insure against losses as required by the State of Minnesota.
2. Subject property and/or equipment to improper wear and tear or insufficient maintenance.
3. Unnecessarily expose PCAE, its Board, or its staff, to claims of liability.
4. Make a single purchase or award a single contract that is either greater than \$20,000 or greater than what is allowed by the State of Minnesota (whichever is less) unless such action is approved by the Board.
5. Make any expenditure over \$5,000 or make any expenditure in accordance with State of Minnesota purchasing or contracting requirements (whichever is more restrictive) without obtaining written, competitive bids.
6. Fail to establish and maintain controls that meet the State of Minnesota's standards for receiving, processing, or disbursing funds.
7. Make purchases from or award contracts to family members or close associates (or organizations associated with family members or close associates), without prior approval from the Board. PCAE Board and staff will strictly follow the State's Conflict of Interest policy as well as any additional requirements as put forth by the State of Minnesota.

Executive Limitations Policy #7:

Communication and Counsel to the Board

With respect to providing information and counsel to the Board, the Executive Director may not cause or allow the Board to be uninformed or misinformed.

Accordingly s/he may not:

1. Let the Board be unaware that a proposed Board action may be inconsistent with the Board's existing policies, plans, or goals.
2. Let the Board be unaware of any changes in the assumptions upon which any Board policy, plan, or goal has been established.
3. Fail to submit in a timely, accurate, and understandable fashion the monitoring data required by the *Monitoring Executive Director Performance* policy.
4. Fail to gather, consider, and/or convey external points of view as requested by the Board.

Executive Limitations Policy #8:

Grant-making Process

With respect to the annual grant-making process, the Executive Director may not authorize grants apart from Board-designated funds and guidelines.

Accordingly, s/he may not:

1. Award grants that exceed the annually established funding by category.
2. Award grants that commit PCAE beyond the fiscal year.
3. Grant any funds restricted by the Board for other use.
4. Award grants that deviate materially from Board-established priorities in PCAE's Strategic Plan, Annual Goals, and/or the budget.
5. Fail to give potential grantees the information and guidelines needed to:
 - a. Self-determine grant eligibility status, and
 - b. Submit a competitive proposal.

Executive Limitations Policy #9:

Communication to the Community

With respect to providing information to the media/community, the Executive Director may not cause or allow the Board's position to be misinterpreted or deviated.

Accordingly s/he may not:

Speak to the media/community as a representative of PCAE on issues that have little-to-no connection to the mission of PCAE, or are not pertinent to the field, unless otherwise given approval to do so by the Board.

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Governance Process Policy #1:**Governance Style**

The Board will govern with a style that emphasizes strategic leadership more than administrative detail, a vision of the future more than past/present circumstances, and a proactive approach more than a reactive stance.

In this spirit, the Board will:

1. Focus on PCAE's long-term impacts (as reflected in the Strategic Plan and Annual Goals), not on administrative or programmatic details.
2. Direct, control, and inspire the organization through broad, organizational values and perspectives as expressed in Board policies. These policies will address:
 - a. *Strategic Plan and Annual Goals*: "What good, for whom, and at what cost?"
 - b. *Executive Limitations*: Boundaries of prudence and ethics to be observed by staff.
 - c. *Governance Process*: Board role and responsibilities.
 - d. *Board-Executive Director Relationship*: Relationship between Board and staff.
3. Enforce upon itself whatever discipline is needed to govern with excellence. Such discipline includes but is not limited to: regular attendance, meaningful participation, initiation of policies and goals, adherence to clarified roles between Board and staff, speaking with one voice, and self-monitoring of governance activities as adopted in Board policies.
4. Be accountable to PCAE's stakeholders and the State of Minnesota for competent, conscientious, and effective accomplishment of PCAE's mission, allowing no officer, individual, or committee of the Board to usurp this role or hinder this aim.
5. Monitor and regularly discuss the Board's own process and performance as outlined in its plans, policies, and monitoring records. The Board, not the staff, is responsible for Board performance.

Governance Process Policy #2:**Board Responsibilities**

The job of the Board is to lead PCAE toward the attainment of its established vision, mission, and goals. The Board's specific responsibilities are unique to its trusteeship role and necessary for proper governance and management.

Consequently, the job of the Board shall be:

1. To provide the link between PCAE and its stakeholders. *
2. To create written governing policies which, at the broadest levels, address:
 - a. *Strategic Plan and Annual Goals*: Establishing vision (*What is different in the world because PCAE exists?*) and organizational outcomes (*What good, for whom, and at what cost?*).
 - b. *Executive Limitations*: Defining constraints on Executive Director authority, thereby establishing prudent and ethical boundaries within which the Executive Director will make decisions and provide direction.
 - c. *Governance Process*: Specifying how the Board conceives, carries out, and monitors its own tasks.
 - d. *Board-Executive Director Relationship*: Clarifying how the Board delegates and monitors the proper use of authority.
3. To evaluate the Executive Director's performance in accordance with the roles/responsibilities as outlined above in 2(a) and 2(b).

*** NOTE:** During and after the Board strategic planning process of 2007-2008, specific stakeholders will be identified and included in this document, possibly through a list in a document glossary.

Governance Process Policy #3:**Chairperson's Roles and Responsibilities**

The job of the Chairperson is to ensure the integrity of the Board's process. In order to carry out these responsibilities:

1. The Chairperson will ensure that the Board conducts itself in a manner consistent with its own rules and those legitimately imposed upon it from outside the organization, including:
 - a. Ensuring that discussion content at meetings comprises only issues that, according to Board policy, clearly belong to the Board to decide, not the Executive Director.
 - b. Ensuring that Board deliberation is timely, fair, orderly, efficient, and thorough.
2. The Chairperson has the authority to make any decision on behalf of the Board which falls within or is consistent with Board policies of *Governance Process* and *Board-Executive Director Relationship*, including:
 - a. The Chairperson is empowered to chair Board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).
 - b. The Chairperson's authority does not extend to making decisions regarding implementation of PCAE's Strategic Plan or Annual Goals, nor regarding the *Executive Limitation* policy areas, each of which is within the purview of the Executive Director.
 - c. The Chairperson's authority does not extend to supervising or otherwise directing the Executive Director. Only the full Board may supervise or interpret the meaning of its policies to the Executive Director.
3. Other than in rare and specifically authorized instances, the Chairperson and the Executive Director are the only persons authorized to speak on behalf of PCAE.

Governance Process Policy #4:**Board Members' Code of Conduct**

The Board expects ethical and business-like conduct of itself and its members. This expectation includes the proper use of authority and appropriate decorum when acting as Board members.

1. Board members must be loyal to the interests of PCAE's stakeholders. This accountability supersedes:
 - a. Any conflicting loyalty, such as that to advocacy or interest groups, membership on other boards, or employment by other organizations.
 - b. The personal interest of any Board member who may be an individual consumer of PCAE's services.
2. Board members must avoid any conflict of interest with respect to their fiduciary responsibility.
 - a. There must be no self-dealing.
 - b. Conducting of any private business or personal services between any Board member and PCAE requires proper disclosure and approval of the Board.
 - c. Board members must not use their positions to obtain employment within the organization for themselves, family members, or close associates.
 - b. A Board member must first resign from the Board should s/he wish to be considered for employment at PCAE, or be eligible to submit a bid to PCAE as an independent contractor.
 - c. A Board member will recuse her/himself from any discussion or vote in which there is an actual or perceived conflict of interest.
3. Board members may not exercise individual authority over the organization except as explicitly set forth in Board policies.
 - a. Board members' interaction with the Executive Director or staff must recognize that only the Board, acting as a whole, may govern and give direction to the Executive Director.
 - b. Board members' interaction with the public, press, or other entities must recognize and respect the role of the Board-designated spokesperson.
 - c. Board members will monitor and evaluate the Executive Director performance consistent with explicit Board policies.

Governance Process Policy #5:

Committee Principles

The Board may establish committees to help carry out its responsibilities.

1. A Board committee may not act for the Board unless it is given such authority by the full Board.
2. Board committees may not be created by the Board to supervise or direct staff.

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Board-Executive Director Relationship Policy #1:**Delegation to the Executive Director**

The job of the Board is generally confined to establishing broad policies, leaving implementation and development of internal management policy to the Executive Director. PCAE's Strategic Plan and Annual Goals direct the Executive Director to achieve certain results, while the *Executive Limitations* policies constrain the Executive Director to act within acceptable boundaries of prudence and ethics. All Board authority that is delegated to staff is, in reality, delegated through the Executive Director.

1. Outside of this policy document, the Executive Director is authorized to establish all PCAE policies, make all decisions, take all actions, and develop all activities, which are true to the Board's policies. The Board may, by extending its policies, "undelegate" areas of the Executive Director's authority, but will respect the Executive Director's choices in all other instances. This does not prevent the Board from obtaining information regarding activities in the delegated areas.
2. No Board member, officer, or Board committee has authority over the Executive Director. Individuals may request information, but if the request, in the Executive Director's judgment, requires a significant amount of staff time, it may be refused. Only the full Board may require reports from the Executive Director.
3. The Executive Director may not perform, allow, or cause to be performed any act which is contrary to explicit Board constraints (see *Executive Director Limitations* policies).
4. Should the Executive Director deem it necessary to deviate from Board policy, s/he shall inform an officer of the Board. The act of "informing" is meant to ensure that a violation is not intentionally withheld from the Board; it is not meant to:
 - a. Be a request for approval,
 - b. Exempt the Executive Director from subsequent Board judgment of the action, nor
 - c. Impede any executive decision.

Board-Executive Director Relationship Policy #2:

Job of the Executive Director

As the Board's link to PCAE operations, the Executive Director is accountable for all organizational performance, and exercises all authority as delegated by the Board. Executive Director performance will be considered to be synonymous with organizational performance.

Consequently, the Board will evaluate the Executive Director's job performance in two areas:

1. Organizational accomplishment of PCAE's Strategic Plan and Annual Goals.
2. Organizational operation within the boundaries of prudence and ethics as established in Board policies under *Executive Limitations*.

Board-Executive Director Relationship Policy #3:**Monitoring Executive Director Performance**

Monitoring the performance of the Executive Director is synonymous with monitoring organizational performance; this is in accordance with the Board's policies, Strategic Plan, Annual Goals, and *Executive Limitations* policy. Monitoring will be systemic, using a minimum of Board time so that meetings may be used to "create the future" rather than "review the past."

1. The purpose of monitoring is to determine the degree to which the Board's plan, policies, and goals are being implemented and achieved.
2. A given plan, policy, or goal may be monitored in one or more of three ways:
 - a. *Executive Director Report*: Disclosure by the Executive Director to the Board.
 - b. *Board Member(s) Review*: Direct inspection by the Board (or a Board-designated Board member or committee) of relevant documents, activities, and/or circumstances.
 - c. *External Audit/Report*: Direct inspection by a disinterested, external auditor, inspector, or judge, who is selected by and reports directly to the Board. Such reports must assess Executive Director performance only in accordance with Board policies, unless the Board identifies other standards.

Board-Executive Director Relationship Policy #3 (continued):**Monitoring Executive Director Performance****Chart & Schedule for Monitoring & Evaluation**

POLICY	METHOD	FRE- QUENCY	BY WHEN	BY WHOM
All Board Policies	Direct Board Inspection	Annually	September (Annual Retreat)	Board Dev Committee
Staff Treatment <i>(Executive Limitations Policy #2)</i>	External Audit/Report	Biennial	Dec. every odd year	HR Consultant
Compensation & Benefits <i>(Executive Limitations Policy #3)</i>	Direct Board Inspection	Annual	May	Personnel Committee
Financial Planning – Budget <i>(Executive Limitations Policy #4)</i>	Internal Report	Annual	August	Staff
Financial Condition <i>(Executive Limitations Policy #5)</i>	Direct Board Inspection External Audit/ Report Internal Report	Annually Every 3 yrs Quarterly	August	Finance Cmte. State Auditor Staff
Protection of Assets <i>(Executive Limitations Policy #6)</i>	Internal Report	Annual	May	Staff
Communication & Counsel <i>(Executive Limitations Policy #7)</i>	Direct Board Inspection	Annually	May	Personnel Cmte or Board Chair
Program Outcomes – Goals <i>(Strategic Plan / Staff Work Plan)</i>	Direct Board Inspection	Biennial	May of even years	Board Dev Committee
Governance & Board- Executive Director Relationship Policies	Direct Board Inspection	Annually	September Retreat	Vice-Chair

Miscellaneous Policies #1:

State of Residence

The Board acknowledges that its members serve at the pleasure of the Governor of the State and that it cannot require the resignation of its members. Nevertheless, if a Board member ceases to be a resident of the State, the Chair, at the direction of the Board, will take the following actions:

1. The Chair, or the Chair's designee will notify the Governor's appointment staff of the address change.
2. If the Board member's remaining term is 6 months or less, no additional action will be taken.
3. If the Board member's remaining term exceeds 6 months, the Chair, at the direction of the Board, will provide the Board member with a written request to consider resigning from the Board.

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