February 16, 2024

Prospective Board Applicant:

Alaska State Fair, Inc. is a private non-profit 501©3 corporation. The purpose of the Board of Directors is to ensure Alaska State Fair, Inc. operates within the law, always cognizant of the enjoyment, education, comfort, and safety of its customers, and in all circumstances with the best interest of the Corporation in mind. The Board of Directors does this by being an advisory Board, setting policy and directions. This leaves the CEO and staff to operate the Fair by implementing these policies and directions.

Vision - Alaska State Fair, Inc. provides a center for the Alaskan community to gather in a dynamic and safe atmosphere throughout the year.
Mission - Produce a traditional State Fair which educates and entertains Fairgoers. Provide stable finances through good business practices, statewide outreach, partnerships and hosting a variety of community, cultural, and business events.

Applicants must be a resident of the State of Alaska, be at least 18 years of age, and be a current member of Alaska State Fair, Inc. - either as a Lifetime Member or an Annual Member in the current year. Employees of the Corporation or their immediate family *who are currently or have been employed in the last year (365 days) or individuals sharing a domicile with an employee of the Corporation are not eligible to run for the board of directors. *within the second degree of consanguinity.

Board directors are required to make a personal donation once a year, which is an amount of their own choosing and confidential. The Fair often applies for grants and this donation indicates to granting institutions, that each individual Board director has a commitment to the Fair and its mission. Most major donors and foundations will not support a non-profit unless all Board directors have donated.

Director terms are for three years and this year we have one seat to fill. Directors may serve no more than three consecutive, three year terms in office.

The Membership application (unless you are already a current-2023 or lifetime member) Candidate Profile, Conflict of Interest forms MUST be completed and returned by March 18, 2024, 4:30 pm for you to run for a seat on the Alaska State Fair Board of Directors.

If you are interested in applying and want to know more, please read:

- Alaska State Fair Board of Directors Policy Manual
- Key Principles of Alaska State Fair, Inc. Policy of Governance

Please feel free to contact me with questions at jerry@alaskastatefair.org.

Thank you,

Jerry Baker
Administrative Services Manager

Alaska State Fair, Inc. is a private non-profit 501©3 corporation. The purpose of the Board of Directors is to ensure the Alaska State Fair, Inc. operates within the law, always cognizant of the enjoyment, education, comfort and safety of its customers, and in all circumstances with the best interest of the Corporation in mind. The Board of Directors does this by utilizing the Carver Model of Policy Governance. The Board of Directors sets policy and direction for the Fair and the CEO & staff.

Vision - Alaska State Fair, Inc. provides a center for the Alaskan community to gather in a dynamic and safe atmosphere throughout the year.

Mission - Produce a traditional State Fair which educates and entertains Fairgoers. Provide stable finances through good business practices, statewide outreach, partnerships and hosting a variety of community, cultural, and business events.

Board of Directors Candidate Profile

Personal information

Name: ______________________ Email: ______________________

Address: ____

Day Phone: __________ Evening Phone: __________ Fax: __________

Occupation: ____

Limit to 100 words.

1. State why you wish to serve on the Board of Directors.

2. Summarize employment experience.

3. List any volunteer activities, including board experience.

4. How have you participated in the Fair in the past? Please include fairgoer, vendor, volunteer, exhibitor, employee, events, programs, and activities.

5. Summarize what you value most about the Fair. State your specific areas of interest.

6. What is your vision for the Fair, and do you have specific policy goals?

Conflict of Interest Disclosure

Name________________________________ Office or Position Held____

A Conflict of Interest, or an appearance of a conflict, can arise whenever a transaction, or an action, of Alaska State Fair, Inc.(Fair) conflicts with the personal interest, financial or otherwise, of that of a Board member's employer, self or otherwise (collectively "your personal interests").

1. Are you an officer or director of any corporation with which the Fair does business?

2. Do you or any member of your family, have a financial interest, or receive any remuneration or income from any business/organization with which the Fair has business dealings?

3. Are you or any of your relatives, employed by the Fair more than 30 days each year?

4. Were you involved in any other activity during the past year, which could be interpreted as a possible conflict of interest?

Please describe below any relationships, transactions, or positions you hold (volunteer or otherwise), or circumstances that you believe could create a conflict of interest, now or in the future, between Alaska State Fair, Inc. and your personal interests, financial or otherwise:

_______ I have no conflict of interest to report.

I have the following conflict of interests, or potential conflicts of interests to report:

1.____

2.____

3.____

I have reviewed the Alaska State Fair, Inc. Conflict of Interest Disclosure and I understand it is my obligation to disclose a conflict of interest, or appearance of a conflict, to the President of the Board. When a conflict or the appearance of a conflict, arises, and for transactions in which I have a conflict, I will abstain from any vote on the matter involving the conflict.

I certify that the foregoing information is true and complete to the best of my knowledge.

____ ______________________________

Signature Date

This Disclosure form to be renewed each year at Regular Annual Board meeting.

SECTION 5 – IRS COMPLIANCE

POLICY TYPE: IRS COMPLIANCE

5.0 POLICY TITLE: *CONFLICT OF INTEREST*

It is the board's intention Alaska State Fair, Inc. will comply with IRS requests to review yearly any Conflict of Interests, provide a workplace where employees and volunteers provide a method to raise good faith concerns regarding the Corporation's business practices, and follow prescribed method to safeguard corporation documents.

The purpose of the conflict of interest provision is to protect this corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This provision is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Any director, principal officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest or receives any remuneration from the corporation, is an interested person.

Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Compensation: A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation (they are not prohibited from providing information to any committee regarding compensation).

Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Addressing Conflicts in Decision Making

After determining that a conflict does or may exist the board or committee can choose one or several of the following action steps:

1. Allow an interested person to make a presentation at the meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest,
2. The chairperson of the governing board or committee shall, if appropriate, appoint an independent and disinterested person or committee to investigate alternatives to the proposed transaction or arrangement,
3. After exercising due diligence, they shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest,
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, they shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest.

In conformity with the above determination, it shall make and record in the minutes, its decision as to whether to enter into the transaction or arrangement, including the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.

Alaska State Fair, Inc.
Board Policy

Vision

Alaska State Fair, Inc. provides a center for the statewide community to gather in a dynamic and safe atmosphere throughout the year.

Mission

Produce a traditional State Fair which educates and entertains Fairgoers.
Provide stable finances through good business practices, statewide outreach, partnerships and hosting a variety of community, cultural, and business events.

****

The purpose of the Board of Directors is to see to it that Alaska State Fair, Inc. operates within the law, always cognizant of the enjoyment, education, comfort, and safety of its customers, and in all circumstances with the best interest of the Corporation in mind.

Alaska State Fair, Inc.
Board Policy Manual

Table of Contents

This Policy Manual is the result of the Board of Directors' efforts to establish a consistent means of serving the needs of the people of the State of Alaska and the membership. It reflects the goals of the Corporation, brings consistency to its operation, provides fair treatment for all concerned, increases Staff efficiency, cuts down on wasted effort, and relieves the Board and Management of the burden of making repetitious decisions.

The guidelines offered here form the basis upon which Management and Staff conduct the business of the Corporation. The Board, as a policy-setting body, has ultimate responsibility for this manual's content. Its collective decisions will be the impetus for any change. Such changes in the Policy Manual shall be made only as an attempt to further improve the Fair's service to the public and will be kept sufficiently broad and practical so as not to place undue limits or burdens on Management.

Section 1 - ENDS

POLICY TYPE: ENDS
1.0 POLICY TITLE: *GLOBAL ENDS STATEMENT*

The Board of Directors for Alaska State Fair, Inc. shall govern lawfully to:
1. Adopt and assume ultimate responsibility for policies, which determine the purposes, governing principles, functions, and courses of action of the Board of Directors; with sufficient attention to detail as to be responsible for the direction of the Corporation,
2. Select and support the chief executive and provide a clear distinction of board and chief executive roles,
3. Protect assets and provide proper financial oversight,
4. Build a competent board with strategic leadership more than administrative detail,
5. **Ensure legal and ethical integrity,**
6. **Enhance Alaska State Fair, Inc.'s public standing by "speaking with one voice."**

This will be accomplished by:
1. Creation and review of a mission statement which purpose articulates the Corporation's goals, means, and primary constituents served, actively participating in the overall planning process, by encouraging diversity of viewpoints.
2. Abiding and following Alaska State Fair, Inc. written policies and procedures,
3. Reaching consensus on the chief executive's responsibilities and ensuring that the chief executive has the moral and professional support he or she needs to further the goals of the Corporation,
4. Assisting with developing the annual budget and ensuring that proper financial controls are in place,
5. Articulating prerequisites for candidates, orienting new directors, and periodically and comprehensively evaluating their own performance, working collectively rather than individually to make decisions,
6. Assuring adherence to legal standards and ethical norms is maintained throughout the process,
7. Defining accomplishments and goals to the public and garner support from the community.

Section 2 – Governance Process

POLICY TYPE: GOVERNANCE PROCESS
2.0 POLICY TITLE: *BOARD JOB DESCRIPTION*

Specific job outputs of the board, as an informed agent of the membership, are those that ensure appropriate Corporation performance.

Accordingly, the board has direct responsibility to create:

1. The link between the membership and community, and the operational Corporation.
2. Written governing policies, which address the broadest levels of all Corporation decisions and situations.
   A. Ends*:* Corporation products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
   B. Executive Limitations*:* Constraints on executive authority, which 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 tasks.
   D. Board-CEO Linkage*:* How power is delegated, and its proper use monitored; the CEO role, authority and accountability.
3. Assurance of successful CEO performance.

POLICY TYPE: GOVERNANCE PROCESS
2.1 POLICY TITLE: *GOVERNING STYLE*

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

Accordingly:

1. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the board as a body.
2. The board will direct, control, and inspire the Corporation through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended long-term impacts outside the staff Corporation, not on the administrative or programmatic means of attaining those effects.
3. The board will enforce upon itself whatever discipline is determined as defined.
4. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.
5. The Board will ensure legal and ethical integrity and allow no officer, individual or committee of the board to hinder or not fulfill its commitments.
6. The board will monitor and discuss the board's process and performance regularly. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board- CEO Linkage categories.
7. The presence of four Directors constitutes a quorum. Any changes to the policies herein require a 2/3's majority vote of the entire board of directors. Actions other than changes to the policies herein may result when a simple majority of quorum votes yes on a motion.
8. The board will follow Board Policy and Robert's Rules of Order for all meetings.

POLICY TYPE: GOVERNANCE PROCESS
2.2 POLICY TITLE: *AGENDA PLANNING*

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

1. The cycle will conclude each year on the last day of October so that administrative planning and budgeting can be based on accomplishing a one-year segment of the board's most recent statement of long term Ends.
2. The cycle will start with the board's development of its agenda for the next year.
3. Consultations with selected groups in the membership, or other methods of gaining community input will be determined and arranged between November and January each year.
4. Governance education related to Ends determination, (e.g. presentations by futurists, demographers, advocacy groups, staff, etc.) will be arranged between November and January each year.
5. Throughout the year, the board will attend to consent agenda items as expeditiously as possible.
6. CEO monitoring will be included on the agenda if monitoring reports show policy violations, or if policy criteria are to be debated.
7. CEO's remuneration will be decided during the month of December after a review of monitoring reports received in the last year.
8. Persons who wish to appear before the Board and seek action must first confer with the CEO. If after such a meeting, a person still wishes to approach the Board, they will be asked to submit a written summary of their concerns to the CEO no later than seven calendar days prior to the next regularly scheduled meeting. Meeting discussion content will be on those issues which, according to board policy, clearly belong to the board to decide or to monitor.
9. Information, which is for neither monitoring performance nor board decisions will be avoided or minimized and always noted as such.
10. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

POLICY TYPE: GOVERNANCE PROCESS
2.3 POLICY TITLE: *BOARD STRUCTURE*

The board will be comprised of seven individuals who are members of Alaska State Fair, Inc. The board is to meet periodically for the express purpose of conducting the governance function of the Corporation.

Accordingly:

1. Directors are to be elected from the Alaska State Fair membership according to the election process as prescribed in the Bylaws and Board of Directors Policy Manual/Committee Structure/Elections Policy.
2. The Board of Directors may provide by resolution the time and place for the holding of regular meetings of the Board without other notice than such resolution.
3. An Executive Session may be called as part of an agenda of any regular meeting to discuss Personnel, Security, Confidential Gifts of Donations, or Pending Litigation. An Executive Session may be called by the President or, in the President's absence, the Vice President at the request of the CEO or any Director. Immediately following the close of an Executive Session or at the beginning of the next meeting, an announcement detailing the action taken (but not the discussion leading up to the action) will be made by the President.
4. Emergency Board meetings of the full Board may be called only when Board action is required because of an event that severely impairs public health and safety, or administrative matters requiring immediate attention. Emergency meetings may be requested by the CEO or by any Director. The CEO will call the meeting by first notifying the President, or in case of the President's absence, the Vice President, and other Directors.

5. Special Meetings, of the Board of Directors may be called by or at the request of the President or any director. The person or persons authorized to call special meetings of **the Board** may fix any place, either within or outside the State of Alaska, as the place for holding any special meeting of the Board.
6. Any director may resign by written notice delivered to the Board of Directors, the President or Secretary of the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a future date. Any director may be removed from office with cause by a two-thirds majority vote of the Board, or with or without cause by a two-thirds majority vote of the Membership.
7. Copies of any correspondence sent out to members, public etc., under the auspices of the Alaska State Fair, Inc. as a Director shall be supplied to the CEO or Administrative Services Manager for legal and historical record.

POLICY TYPE: GOVERNANCE PROCESS
2.4 POLICY TITLE: *BOARD PRESIDENT'S ROLE*

1. President. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation; shall preside at all meetings of the Members and of the Board of Directors; may sign, with the Secretary or any other proper officer of the Corporation, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Corporation; and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
2. The Board President, a specially empowered member of the board, assures the integrity of the board's process and secondarily, occasionally represents the board to outside parties. Accordingly, the assigned result of the job is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the Corporation. The authority of the President consists in making decisions that fall within topics covered by board policies on Governance Process and Board-CEO Linkage with the exception of (a) employment or termination of a CEO and (b) where the board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.
3. The President is empowered to chair board meetings with all the commonly accepted power of that position, such as ruling and recognizing.
4. The President has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise or direct the CEO.
5. The President may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.
6. The President is empowered to chair board meetings with all the commonly accepted power of that position, such as ruling and recognizing.

POLICY TYPE: GOVERNANCE PROCESS
2.5 POLICY TITLE: *BOARD OFFICER'S ROLES*

Vice President. In the absence of the President or in event of his/ her inability or refusal to act, an Vice President (or in the event there is more than one Vice President, the Vice Presidents in the order of their election) shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

Secretary. In general, the powers and duties of the Secretary shall be those ordinarily incidental to the office of secretary of a non-profit corporation and such other powers and duties as may be assigned to the Secretary of the Board of Directors or by the President. The Secretary shall keep or cause to be kept the minutes of the meetings of the Members and of the Board of Directors and committees having any of the authority of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records of the Corporation; keep a register of the name and address of each Member as furnished to the Secretary by such Member; keep in safe custody the Seal of the Corporation, and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Treasurer. In general, the powers and duties of the Treasurer shall be those ordinarily incidental to the office of treasurer of a for-profit corporation and such other powers and duties as may be assigned to the Treasurer of the Board of Directors or by the President. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever; deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors. The Board of Directors may require and pay for the Surety or Bonding of the Treasurer.

POLICY TYPE: GOVERNANCE PROCESS

2.6 POLICY TITLE: ***BOARD OF DIRECTORS' CODE OF CONDUCT***

Directors will:

- Always be mindful of their first and foremost obligation as a Director and place the good of Alaska State Fair, Inc. before that of personal or professional gain,
- Review monthly BOD meeting packets, financial statements to be prepared for all meetings, and call the CEO/Finance Manager prior to monthly meeting if there are questions,
- Enhance the organization's public standing by acting as an ambassador for Alaska State Fair, Inc. and project a positive image of the Organization,
- Recognize interaction with public, press or other entities carries the same limitation and inability of any board member to speak for the board except to repeat explicitly stated board decisions,
- Recognize that interaction with the CEO or with staff lacks authority vested in individuals except when explicitly Board authorized, and not direct Alaska State Fair, Inc. staff,
- Attend other functions hosted by, or held at the Alaska State Fair to the extent possible, and assure that regular meetings are open to the membership,
- Have access to, and utilize electronic communication,
- Not express individual judgments of performance of employees or the CEO, except for participation in board deliberation about whether reasonable interpretation of board policy has been achieved by the CEO,
- Not exceed three (3) absences from regular meetings in a term year. Three absences will be deemed as a voluntary resignation,
- Not bring restricted and/or unauthorized materials onto Alaska State Fair property,
- Not permit activities which may endanger the life, safety, health, or well-being of others,
- Not use abusive language, intimidate, or harass customers, staff, volunteers, or participants,
- Not use their positions to obtain business or employment in the organization for themselves, family members, or close associates; seek special treatment from staff, volunteers or other participants beyond the benefits already provided in the Board Policy Manual.

POLICY TYPE: GOVERNANCE PROCESS
2.7 POLICY TITLE: ***BOARD MEMBER ACCESS TO FAIR PRODUCED EVENTS***

Directors shall have access for two, intended to provide Director's perspective, to Alaska State Fair, Inc. produced interim events and functions, produced and hosted by the Alaska State Fair, Inc.

Board Directors are entitled to the following for access to the annual Alaska State Fair:
a) One Full Access Picture ID
b) One Full Access Guest pass
c) One Season Director Parking Permit
d) 50 Good Any Day Admission Tickets
e) Four (4) General Season Parking Permits or 1 Season Orange Parking Permit Directors or anyone accompanying them will not be admitted on the grounds without proper passes.

POLICY TYPE: GOVERNANCE PROCESS
2.8 POLICY TITLE: ***BOARD COMMITTEE PRINCIPLES***

Board committees, when used, will be assigned to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to CEO.

Accordingly:
1. Board committees are to avoid over-identification with Corporation parts rather than the whole. This policy applies to any group which is 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.
2. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.
3. Board committees cannot exercise authority over staff. Because the CEO works for the full board, he or she will not be required to obtain approval of a board committee before an executive action.
4. Violations regarding Directors Code of Conduct will be investigated by an Ad Hoc Ad Hoc Committee. The Committee will consist of three Directors, not under investigation. This Committee will present findings to the entire BOD for discussion and appropriate disciplinary action. Any Director who violates this Code is subject to discipline, up to and including removal from the Board of Directors.

POLICY TYPE: GOVERNANCE PROCESS
2.9 POLICY TITLE: ***BOARD COMMITTEE STRUCTURE***

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 Standing Committees are those, which are established under this policy. Unless otherwise stated, an Ad Hoc Committee ceases to exist as soon as its task is complete. Board committees are always chaired by a Director. The CEO or a designated representative shall attend all committee meetings.

The President shall appoint Directors to Standing Committees no later than the first regular Board meeting after taking office. Existing committees shall remain in effect until the appointments are made. To the extent possible, the President should attempt to keep the make-up of the committees intact, thereby better utilizing the knowledge and experience of committee members. Also, the President should refrain from appointing any members to chair committees if they have not had at least one year experience on the Board.

Current Standing Committees established by the board are as follows:

1. Finance Committee – This committee shall review Management's annual budget for recommendation to the Board. To review and recommend to the Board the type and form of monthly financial reports prepared by Management. Three Directors and two staff may serve on the committee.
2. Rules Committee – This committee shall review the Articles of Incorporation and the By-laws of the Alaska State Fair, Inc., and recommend changes to the general membership. Three Directors, the CEO, and one other staff may serve on the committee.
3. Election Committee - This committee shall seek and identify candidates for each open seat at the next annual meeting and abide by the criteria set forth in the Annual Membership Election Policy. Three Directors (not running for office), one staff, and two general members of the corporation may serve on the committee.
4. Scholarship Committee-This committee will establish the number and dollar amount of scholarships, requirements for applicants and criteria for judging applications. Three Directors, the CEO and up to two staff may serve on this committee.

The President shall appoint Directors to Ad Hoc Committees. Ad Hoc Committees shall be assigned policy considerations deemed too cumbersome for full Board consideration and requiring expertise or knowledge possessed by members of the committee. Ad Hoc Committees shall be appointed only when areas of concern arise that are clearly outside the jurisdiction of existing committees.

Committees shall act only to bring recommendations before the full Board. Committee meetings are closed. Committee meetings shall be called by the committee chairperson and shall be in accordance with existing policy. Brief minutes of all committee meetings shall be kept.

No more than three Board members may sit on any one committee. Only Board Members may vote.

2.9a POLICY TITLE: *ANNUAL MEMBERSHIP MEETING ELECTION POLICY*

Election Committee Timeline

ACTION	**TIME**
First meeting of the Election Committee	No less than 120 calendar days prior to the Annual Membership Meeting
Call for Candidates. Announcements sent to local and state media.	No less than 90 calendar days prior to the Annual Membership Meeting
Election Committee meets to certify candidates.	Within 5 calendar days after candidate application deadline.
Candidates notified of Certification	No less than 2 working days after certification.
Press Release and list of candidates on Web Site	One week after candidates notified of certification.
Notice of Annual Membership Meeting with all voting information and ballots to Members.	No less than 20 days prior to Annual Membership Meeting and ad in newspaper with date, place and time of Annual Meeting.
Annual Membership Meeting	3rd Wednesday of May every year.

Candidate Criteria
To be eligible:

- candidates must be Alaska residents,
- at least 18 years old, and
- be members of Alaska State Fair, Inc., either as a lifetime member or an annual member in the current year.
- employees of the Corporation or their immediate family * who are currently or have been employed in the last year (365 days) or individuals sharing a domicile with an employee of the Corporation are not eligible to run for the board of directors.
  * within the second degree of consanguinity.

Order of Candidates
After the candidates have been certified by the Election Committee, the Election Committee will conduct a drawing. This drawing shall determine the order of the candidate's name on the candidate profile booklet, ballot, and order of speaking at the Annual Membership Meeting.

Candidates will be sent an email confirming they have been certified and their names will be listed in a Press Release and on our web site. Candidates will be advised they will have the opportunity to speak to the membership (3-minute limit) at the Annual Meeting.

Election Officials
The Election Committee will appoint a service organization within the Matanuska-Susitna Borough. ASF Staff will contact the service organization and schedule the service of counting votes. A minimum of six election clerks is required for the Annual Membership Meeting. The service organization will appoint an Election Officer who will be announced at the Annual Meeting.

Ballots will be mailed out to all eligible Alaska State Fair, Inc. members by an Alaska state certified vote counting company and mailed back to that same company. This company will prepare the ballots for counting by the chosen service organization at the Annual Meeting.

Ballot Receipt Procedures
Any current Annual or Lifetime Member who has met the registration deadline for voting, is eligible to receive a ballot either by mail or in person at the Annual Meeting.

Ballot Counting
Each candidate is allowed one observer during ballot counting. Questioned ballots are removed from the packet and the Election Officer and one other clerk reach consensus on their validity. All ballots are run through a certified ballot counting machine provided by the certified vote counting company and if the tallies are consistent, the final tally sheet is prepared for presentation to the Board President.

In the event of a tie between candidates, a coin toss will determine the winner.

The Election Officer signs the final tally sheet and gives it to the Board President. Ballots and tally sheets are returned to the ballot box until the vote counting company scans all ballots and tally sheets, in a format, which cannot be altered, and kept in Alaska State Fair, Inc. records for the legal amount of time.

POLICY TYPE: GOVERNANCE PROCESS
2.10 POLICY TITLE: *COST OF GOVERNANCE*

The board will invest in its governance capacity.

Accordingly:
1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
   A. Training and retraining will be used liberally to orient new members (candidates for directorship), to maintain and increase existing director skills and understandings.
   B. Outside monitoring assistance will be arranged so that the board can exercise confident control over Corporation performance. This includes, but is not limited to, fiscal audit.
   C. Outreach mechanisms will be used as needed to ensure the board's ability to listen to community viewpoints and values.
2. Costs will be prudently incurred as approved in the annual budget, though not at the expense of endangering the development and maintenance of superior capability.
   A. In each fiscal year for training, including attendance at conferences and workshops.
   B. In each fiscal year for audit and other third-party monitoring of Corporation performance.
   C. In each fiscal year for surveys, focus groups, opinion analyses, and meeting costs.
   D. In each fiscal year for Board of Directors meetings.
      - $90.00 per monthly attended meeting for directors.
      - $135.00 per monthly attended meeting for president.
      - $25.00 per committee or special meeting.
      - $100.00 per day for Retreats/Business Meeting Sessions

POLICY TYPE: GOVERNANCE PROCESS
2.10a POLICY TITLE: *BOARD TRAVEL*

Whenever possible, board members are expected to bear all travel-related costs associated with attending board meetings, committee meetings, or discharging any other governance responsibilities assigned by the board chair.

Reimbursement is allowed for reasonable, ordinary, and necessary expenses incurred in connection with Board approved expenses or travel on behalf of the Alaska State Fair, Inc. (Fair). Such reimbursement may be made via properly executed and documented procedures if it is authorized by the board, for a specific travel purpose, or in an approved budget of the Fair. Reimbursement will be under the following circumstances and according to these provisions:

Who Is Reimbursed
Members of the board, specially appointed committee members and authorized representatives of the board shall be reimbursed for expenses incurred while on Fair business.

Reimbursement Procedure
Request for reimbursement shall be submitted within 3 weeks of completion of the trip. Receipts are required for all expenditures. If circumstances require advance payment or a deposit, reimbursement may be requested before travel when accompanied by a written explanation and a receipt.

Reimbursable Transportation Expenses
- Airfare: The least expensive commercial airfare in coach class will be reimbursable from the airport nearest the traveler's home to the airport nearest the destination. Whenever possible, directors should take advantage of group fares, discounts, advance purchase, etc., arranged by the Corporation. When

independent arrangements are made, the Corporation will reimburse an amount equal to the best fare they were able to obtain through the above, or the exact amount expended by the traveler, whichever is less. Any additional expense and any expense related to companion travel is the responsibility of the traveler. Mileage earned and compensation for denied boarding awarded to the traveler while on Fair business is the property of the traveler and may be used at the traveler's discretion.
So that the amount of the reimbursement is not considered taxable income to the recipient, reimbursement of airfare is not to exceed the actual monetary amount expended by the traveler. Compensation will not be provided if the traveler is using mileage award or other complimentary tickets. Receipts are required for any reimbursable expense.

- Ground Transportation: Shuttle, taxi, personal automobile or other means to and from the airport at the points of origin and destination as other reasonable transportation cost associated with Fair business are to be reimbursed upon presentation of receipts.
- Parking: Parking fees at the airport of origin are reimbursable upon presentation of receipts for Directors traveling on authorized Fair business. Parking fees at the meeting site are the responsibility of the traveler unless otherwise authorized by the board.
- Meals: Meals shall be reimbursed as per the Federal Per Diem Rate applicable for the year and location.
- Hotel: All authorized travel will be reimbursed according to an amount equal to the best rate obtained by the Fair or the exact amount expended by the traveler, whichever is less. Receipts are required for any reimbursable expense.

SECTION 3 – EXECUTIVE LIMITATIONS

POLICY TYPE: EXECUTIVE LIMITATIONS
3.0 POLICY TITLE: *GLOBAL EXECUTIVE CONSTRAINT*

The CEO shall oversee the day-to-day operations of the Corporation in partnership and cooperation with the board. The board will focus its efforts on their fiduciary role and establish the Direction of the Corporation. The CEO will focus his/her efforts on the implementation of the board's intent through guidance and counsel of its Chair.

POLICY TYPE: EXECUTIVE LIMITATIONS
3.1 POLICY TITLE: *FINANCIAL PLANNING/BUDGETING*

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

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not plan in a manner that:

1. Doesn't include a competitive selection process for capital expansion projects with a value over $100,000.
2. Risks the Corporation incurring those situations or conditions described as unacceptable in the board's policy Financial Condition and Activities.
3. Fails to include credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
4. Provides less for board/supervisory committee prerogatives during the year than is set forth in the Cost of Governance policy.

POLICY TYPE: EXECUTIVE LIMITATIONS
3.2 POLICY TITLE: *FINANCIAL CONDITION AND ACTIVITIES*

With respect to the actual, ongoing financial condition and activities, the CEO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies.

Further, without limiting the scope of the foregoing by this enumeration, he or she shall:
1. Settle payroll and debts in a timely manner,
2. Ensure all tax payments or other government ordered payments or filings to be accurately filed and paid when due,
3. Not acquire, encumber, or dispose of real property held for Alaska State Fair, Inc. use,
4. When quality and costs are comparable, local preference in contracts, supplier, and employees shall be exercised.
5. When required, resources from outside Alaska may be used to accomplish unique Fair goals and to develop Alaskan expertise.

POLICY TYPE: EXECUTIVE LIMITATIONS
3.3 POLICY TITLE: *ASSET PROTECTION*

The CEO shall protect all corporate assets. Further, without limiting the scope of the foregoing by this enumeration, he or she shall:

1. Secure against theft and casualty losses to at least 80% percent replacement value and against liability losses to board members, staff and the Corporation itself in an amount at least equal to the average for comparable Corporations and Provide an annual report on D&O insurance and a broker response on adequacy.
2. Protect intellectual property*,
3. Process, receive, or disburse funds under controls which meet General Accounting Standards (GAP) practices,
4. Invest or hold operating capital in secure instruments, including insured checking accounts and bonds with at least an AA rating at any time, nor in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.

*Intellectual Property: A product of the intellect that has commercial value, including copyrighted property such as literary or artistic works, and ideational property, such as patents, appellations of origin, business methods, and industrial processes.

SECTION 4 – BOARD MANAGEMENT LINKAGE

POLICY TYPE: BOARD-MANAGEMENT LINKAGE
4.0 POLICY TITLE: *GLOBAL GOVERNANCE-MANAGEMENT CONNECTION*

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

POLICY TYPE: BOARD-MANAGEMENT LINKAGE

4.1 POLICY TITLE: *UNITY OF CONTROL*

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 when the board has specifically and properly authorized via motion such exercise of authority.**
2. In the case of board members or committees requesting information or assistance without board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds, or is disruptive.

POLICY TYPE: BOARD-MANAGEMENT LINKAGE

4.2 POLICY TITLE: *ACCOUNTABILITY OF THE CEO*

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

Accordingly:

1. **The board will never 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 Corporation performance, so that Corporation accomplishment of Board stated Ends and avoidance of board proscribed means will be viewed as successful CEO performance.

POLICY TYPE: BOARD-MANAGEMENT LINKAGE

4.3 POLICY TITLE: *DELEGATION TO THE CEO*

The board will instruct the CEO through written policies which prescribe the Corporation Ends to be achieved, and describe Corporation situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly:

1. **The board will develop policies instructing the CEO to achieve specified results for specified recipients at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies.**
2. **The board will develop policies which limit the latitude the CEO may exercise in choosing the Corporation means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.**
3. **As long as the CEO uses any reasonable interpretation of the board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the CEO shall have full force and authority as if decided by the board.**
4. **The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and CEO domains and by doing so, the board changes the latitude of choice given to the CEO. As long as any particular delegation is in place, the board will respect and support the CEO's choices.**

POLICY TYPE: BOARD-MANAGEMENT LINKAGE

4.4 POLICY TITLE: *MONITORING CEO PERFORMANCE*

Systematic and rigorous monitoring of the CEO's job performance will be done solely against the only expected CEO's job outputs: Corporation accomplishment of board policies on Ends and Corporation operation within the boundaries established in board policies on Executive Limitations.

Accordingly:

1. Monitoring will determine the degree to which board policies are being met. Unrelated data will not be considered monitoring data.
2. The board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the CEO discloses compliance information to the board, (b) by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies, and (c) by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.
3. In every case, the standard for compliance shall be any reasonable CEO interpretation of the board policy being monitored. The board is the final arbiter of reasonableness but will always judge with a reasonable person test rather than with interpretations favored by board members or by the board as a whole.
4. All policies which instruct the CEO will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method but will ordinarily depend on a routine schedule.

SECTION 5 – IRS COMPLIANCE

POLICY TYPE: IRS COMPLIANCE

5.0 POLICY TITLE: *CONFLICT OF INTEREST*

It is the board's intention Alaska State Fair, Inc. will comply with IRS requests to review yearly any Conflict of Interests, provide a workplace where employees and volunteers provide a method to raise good faith concerns regarding the Corporation's business practices, and follow prescribed method to safeguard corporation documents.

The purpose of the conflict-of-interest provision is to protect this corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This provision is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Any director, principal officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest or receives any remuneration from the corporation, is an interested person.

Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Compensation: A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation (they are not prohibited from providing information to any committee regarding compensation).

Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Addressing Conflicts in Decision Making
After determining that a conflict does or may exist the board or committee can choose one or several of the following action steps:

1. Allow an interested person to make a presentation at the meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest,
2. The chairperson of the governing board or committee shall, if appropriate, appoint an independent and disinterested person or committee to investigate alternatives to the proposed transaction or arrangement,
3. After exercising due diligence, they shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest,
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, they shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest.

In conformity with the above determination, it shall make and record in the minutes, its decision as to whether to enter into the transaction or arrangement, including the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.

POLICY TYPE: IRS COMPLIANCE
5.1 POLICY TITLE: ***Investigation-Related Records***

Purpose:
To establish a written policy preventing the destruction of documents: In reasonable anticipation of and during the course of an investigation.

It is ASF's policy that during or in reasonable anticipation of an investigation, inquiry or other official proceeding by law enforcement authorities, the (Counsel), or ASF management, no ASF director, officer or employee shall destroy or otherwise compromise any ASF records, documents or other evidence relevant to the proceeding with the intent to impair their integrity or availability. It is further ASF's policy that the (Counsel), or ASF management, ASF director, officer or employee shall not otherwise obstruct, influence, or impede any such proceeding, or attempt to do so, or publicly disclose confidential evidence relevant to the proceeding. Any director, officer or employee who is found to have intentionally violated this policy shall be subject to disciplinary action, up to and including termination of employment with respect to officers and employees. ASF will cooperate with any law enforcement activities that arise from a violation of this policy.

POLICY TYPE: IRS COMPLIANCE
5.2 POLICY TITLE: *WHISTLEBLOWER*

Alaska State Fair, Inc. is committed to providing a workplace where employees and volunteers are free to raise good faith concerns regarding the Corporation's business practices, specifically: (1) reporting suspected violations of law on the part of the Corporation, including but not limited to state and federal laws and regulations; (2) providing truthful information in connection with an inquiry of the public or investigation by a court, agency, law enforcement, or other governmental body; and (3) identifying potential violations of Corporation's policy, specifically the policies contained in the Corporation's Policies and Procedures Manual.

By reference this policy is intended to incorporate those provisions of Section 301 of the Sarbanes-Oxley Act of 2002 and require the Corporation to establish formal procedures for: (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation, of concerns regarding questionable legal, ethical and accounting or auditing matters. The Corporation is committed to achieving compliance with all applicable laws and regulations, accounting standards, accounting controls and audit practices. Accordingly, in order to facilitate the reporting of concerns and complaints, the Corporation's has established the following procedures for (1) the receipt, retention and treatment of complaints (2) the confidential, anonymous submission by employees and volunteers of the Corporation of concerns regarding certain matters, and (3) protection of those employees and volunteers.

Scope of Matters of Complaint
These procedures relate to concerns or complaints relating to any questionable matter including, without limitation, the following:

1. Fraud or deliberate error in the preparation, evaluation, review,. or audit of any financial statement of the Corporation.
2. Fraud or deliberate error in the recording and maintaining of financial records of the Corporation.
3. Deficiencies in or noncompliance with the Corporation's internal accounting controls.
4. Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Corporation.
5. Violations of the law or regulations of the local, state or federal governments or agencies thereof.
6. Willful and knowing misrepresentations to members of the public with regard to the Corporation or the activities of the Corporation.
7. Willful and knowing misrepresentations to donors and entities providing grants to the Corporation; or
8. Deviation from full and fair reporting of the Corporation's financial condition.

Procedures
Normal Procedures: Persons who wish to appear before the Board and seek action must first confer with the CEO. If after such a meeting, a person still wishes to approach the Board, they will be asked to submit a written summary of their concerns to the CEO no later than seven calendar days prior to the next regularly scheduled meeting.
Any employee or volunteer of the Corporation may submit a concern or Complaint to the management of the Corporation without fear of dismissal or retaliation of any kind. The Corporation will not discharge, demote, suspend, threaten, harass, or in any manner discriminate against.
Any person, including employees, with a concern or complaint regarding compliance with applicable rules, accounting matters, and violations of the Corporation's applicable policies and Articles and Bylaws may submit their concern or complaint ("Complaints")on a confidential and anonymous basis to the President of the Corporation to bod@alaskastatefair.org if unable to resolve.

KEY PRINCIPLES OF
ALASKA STATE FAIR POLICY
OF GOVERNANCE

Introduction

If elected as a new Board member, following is a short summary of how the Board conducts its affairs under our Governance Policy/Board Policy Manual.

- It is important to be ready for a new learning experience that can be counterintuitive until you master the ideas and practices of Policy Governance. This can be a particular challenge if you have past or active Board experience on traditional operating Boards.

- Our Policy Governance is derived from The Carver Policy Governance® Model http://www.carvergovernance.com/model.htm, an integrated board leadership paradigm created by Dr. John Carver. It is a groundbreaking model of governance designed to empower boards of directors to fulfill their obligation of accountability for the organizations they govern. As a generic system, it is applicable to the governing body of any enterprise. The model enables the board to focus on the larger issues, to delegate with clarity, to control management's job without meddling, to rigorously evaluate the accomplishment of the organization - to truly lead its organization. Our Board members are expected to familiarize and absorb the key principles of The Policy Governance Model. Board meetings are not the proper place nor time for instructional educational programs and without this understanding, you will find yourself in continual conflict, which can lead to undisciplined and disruptive Board meetings.

Please use discipline and learn The Policy Governance Model, and Board Policy Manual, without which you will not be as effective on the Board as you most likely desire.

- It may help new Board members facing the challenge of understanding the Policy Governance model, to compare the Policy Governance Model to an analog clock. Clocks have cogs and gears designed to work in tandem. If you remove one cog from one gear, the clock will not tell time. Clocks are products of careful design; typical Board practices are not designed, so much as inherited. The strength in designed systems is their accuracy and power - the weakness is that they do not work if we choose which parts to use and which to omit.

- It may also help to think of the Board as the commander, not an adviser, it does not exist to help but to be in charge, the Board exists to govern, not help. The Boards' function is to set challenging expectations and then get out of the way, except to see that expectations set forth are accomplished through a reasonable monitoring program.

- If elected, the new concept of Ends, despite its apparent simplicity, will take some getting used to. It is not the same as goals, objectives, plans, or mission. Ends are simply the designation of organizational results, which gets the results and the cost of these results, with no contamination by methods used to achieve or support them - to do so would be operational and against our policy.

- Board members are obligated to support the legitimacy of Board decisions even if disagreed with, though there is no reason a Director should have to hide their disagreement. Directors must practice self-discipline to prescribe means, and to help your colleagues on the Board to do likewise. Discipline is required for the Governance model to work. This model is effective. It needs to remain effective; removing a cog could result in failure.

- The Board hires only one employee - the CEO and speaks as a collective group to the CEO. The Board empowers the CEO to any reasonable interpretation of Board generated expectations and the Board is duty bound to support the CEO's interpretation, not your own, to be reasonable unless it clearly violates Board policy. You must be disciplined and understand that as an individual you have no authority over the organization and that no one in the organization works for you.

- Again, be mindful that you serve on the Board to Govern, not Manage. The Board contracts and empowers the CEO to manage according to Board Policy. The CEO employs professional staff to maintain and enhance operations of the facilities and the Fair. It is the CEO and staff charged to manage Fair operations, not the Board.

- As a Board member, just listening to numbers of people is not enough. Board decisions are on behalf of what is in the best interest of the total statewide ownership and Alaska State Fair, Inc., not just those who take the time to lobby you as a Director.

Policy Governance is a trademarked name for a system of integrated concepts and principles that describe the job of any governance Board. The system was developed by John and Miriam Carver and is free for any organization to use. The system is trademarked in order to preserve its integrity as its adoption and use becomes increasingly widespread.

The Policy Governance model envisions a Board playing a leadership role focused on the big picture and visioning for the future, rather than being directly involved in the day-to-day operations and management of its organization. The leadership authority of the Board is derived from its role as a representative of member-owners, not from its relationship to management. Under a Policy Governance system, the Board fulfills its responsibilities by implementing policies to guide management and by monitoring compliance with those policies on a cyclical basis, or more frequently as necessary or desirable. Although the Board is responsible for the development of specific policies, policy development is informed by the organizational goals, vision, and values expressed by the member-owners, which can consist of many categories of ownership.

The Board monitors management under two sets of policies; the Ends Statements and the Executive Limitations policies. The Ends Statements define the big picture expectations for management and the future of the organization. They also identify the intended recipients of the benefits or services the organization provides or intends to provide, and the acceptable costs or relative priority of providing the intended benefits or services. Ends Statements are comparable to mission or vision statements in that they tend to set forth a model for idealized long term results, but they differ from mission or vision statements in the context of Policy Governance because they also serve the purpose of setting forth expectations to which management may be held accountable.

Executive Limitations set forth the operational means and boundaries that define the parameters under which management is expected to work toward achievement of the Ends. Although the Board has discretion to craft policies that are as broad or as specific as the Board considers necessary, the Executive Limitations are not intended to provide directives or mandates to management, but to allow for management to exercise broad discretion in defining its management methods and activities so long as those methods and activities do not fall outside the range of what the Executive Limitations define as acceptable. For this reason, Executive Limitations are commonly stated in the negative: "The CEO shall not..." As a rule of thumb, Executive Limitations should be stated as broadly as possible while still being accurate and should stop at the point where any reasonable interpretation by management would be acceptable.

Under Policy Governance, the Board also creates policies to guide its own conduct. The Board Process policies establish the Board's methodology for fulfilling its role and responsibilities. The Board - Management Relationship policies define the scope of Board and management authority and the Board's processes for monitoring policy compliance.
Monitoring of management-accountable policies (Ends Statements and Executive Limitations) is accomplished by presentation to the Board of a report from management that identifies evidence of compliance with the particular policy being monitored or acknowledgment of non-compliance. Non-compliance is not inherently regarded as a failure, so long as acknowledgment of non-compliance is accompanied by a reasonable explanation and a plan for achieving compliance within a reasonable timeframe.

When the Board reviews information it should consider whether the information presented as evidence of compliance represents a reasonable yardstick by which to measure compliance, and whether management's interpretation of the policy is a reasonable interpretation. If so, the Board may accept the information without further review. If the evidence is not sufficient to demonstrate compliance or if the policy interpretation is not reasonable, the Board then considers whether or not to impose any consequences for non-compliance. Throughout the process, the Board considers whether the policy as written accurately states the Board's intent. If not, the Board will meet again to discuss policy revisions. In summary, Policy Governance is a tool that helps maintain a clear distinction between the roles of the Board and Management and that empowers management to use any means available to achieve organizational goals within a framework of reasonable limitations. Policy Governance empowers a Board to focus on the linkage between the organization and the visions and values of member-owners by providing a framework for monitoring operations that can enable the Board to lay the conceptual groundwork for the organization's future with confidence that the operations are being taken care of by diligent and competent professionals.

Policy Governance is an ongoing, evolutionary process. As our Board and future Boards work with the basic policies we have adopted as a starting point, existing policies will be amended, and new policies may be added to the register. Member input is vital to the Board's ability to define and redefine its policy goals and the Board invites everyone to join the conversation, whether it's through email, phone or by personal communication with a Board member.
Here is another view/opinion of the Policy Governance Model, although the same in theory and ends. It is a good read and very full of information that will be necessary to absorb if you plan on efficiently serving a Policy Driven Board.

Put simply, the Policy Governance model as applied in business answers one question: How can a group of peers, on behalf of shareholders, see to it that a business achieves what it should (normally in terms of shareholder value) and avoids unacceptable situations and actions?

The model begins by accepting at face value several assumptions: The Board is owner-representative in fact, not merely in rhetoric. As such it has no responsible alternative but to exercise the authority of that role, lest shareholders lose their voice. (Shareholders are often an extended category; it can be members, partners, community etc.) As such, it cannot abdicate its prerogatives or even allow them to be defined by its employees, including the CEO. Further, the Board cannot allow its prerogatives to be assumed or even defined by any subcomponent of the Board, including the chair. These assertions are inescapable- there can be no authority exercised within the company that does not flow initially from the Board, even if by default. As the supreme authority (after shareholders), the Board must be in full control of its own job before presuming to control anything else. This requires that the Board as a group be responsible for its own actions, its omissions, its agendas, and the delegations it makes.

Beyond devising and controlling its own job, the Board must decide what authority and accountability to give others. Chief among those others are the chair and the CEO-separate roles whether or not they are filled by the same person. It is important to reiterate that both the chair and the CEO work for the Board, for the integrity of governance is destroyed if in either case the superior-subordinate relationship is reversed. Similarly, the Board creates and controls whatever committees it deems helpful to its job; the Board cannot be beholden to any committee, including the optional executive committee.

A Board exists to govern. While no one disputes this, widespread practice suggests that the Board exists primarily to advise. CEOs often use their Boards for advice, so much so that directors can begin to see their jobs as more advisory than supervisory. Without denying that individual directors have advice to give and without in any way making that advice unavailable to CEOs, it must be recognized that the Board—as a governing Board—does not exist to advise the CEO but to form the accountability link between owners and operators. As that link, the Board's job is fulfilled only if it properly defines expectations and demands achievement. Its job is not fulfilled by even sterling advice in the absence of defining and demanding. On the other hand, if defining and demanding is successful, the fact that a Board refrained from advising doesn't matter. The Board cannot allow its natural desire to advise to obscure the central challenge. How can a Board command in such a way that management is optimally empowered and challenged at the same time?

I realize that so strong a word as "command" seems anachronistic in these times-and may not be welcomed by either directors or CEOs. But the accountability chain is weakened if the Board fails to recognize that it has not only the authority but also the obligation to demand. After all, the company belongs to the shareholders, not to the CEO or the Board. The Board has no right not to exercise authoritative ownership prerogatives. Of course, "command" is meant in the same way that the CEO has the right to command within management; it does not imply dictatorial style.

It is important that the Board is painstakingly explicit in describing the nature of any delegation; clarity of roles is critical at so powerful a level of organization. What is the chair for? What is the CEO for? What is the audit committee for? What are other officers and committees for? These may seem simplistic questions, but slight variations can be the source of great differences in the governance process and the certainty of delegated performance.

A Board needs a CEO so that the business proceeds successfully. A Board needs a chair so that the Board itself proceeds successfully. Inasmuch as the chief role of the Board, as owner-representative, is to speak for shareholders in defining and demanding operational success, the chair and CEO roles are important ingredients in a Board's fidelity to shareholders. In that light, let me summarize each of these roles (whether or not chair and CEO roles are filled by the same person): The Board is accountable to the shareholders for the company's achieving what it should (such as ROE, long term investment value, etc.) and avoiding what is unacceptable (such as excessive risk, illegality, unethical conduct, etc.). The Board must, then, connect with shareholders sufficiently to be able to speak on their behalf, define success and failure for the CEO, and, finally, ascertain and assure CEO performance.

The chair is accountable to the Board for chairing the process so that directors fulfill their commitment to the discipline they have accepted in doing the job. The chair is not, therefore, the "boss" of the Board, but its especially empowered servant whose task is tied to Board, not CEO, performance. (If the chair is accountable for CEO performance, the chair becomes the de facto CEO.)

The CEO is accountable to the Board for fulfilling the Board's definition of business achievement and avoiding the Board's prohibitions. The CEO is not accountable for Board performance, nor is the CEO accountable to the chair.

These three points are merely logical extensions of the paramount shareholder-Board relationship, one of principal-agent nature. While it may seem counterintuitive, this relationship requires that the CEO and chair, in their respective roles, are not accountable to the shareholders (despite how frequently such an accountability is casually assumed in corporate writing), but to the intermediary, the Board of directors. Obviously, the owner-representative role requires the Board to take on that role in a real rather than rhetorical way, allowing no intervening decision-maker between principal and agent.

These assertions are not enough to constitute a model of governance. They speak merely to integrity in the chain of command. Even with clarity in the chain, it would still be unclear how the Board translates shareholder interests and social conscience into decisions that truly govern the institution yet avoids intruding into management. To introduce this topic, I will focus on the Board-CEO relationship.

The fundamental dilemma is this: On the one hand, a responsible Board must maintain control over the CEO. On the other hand, a responsible Board wants the CEO to utilize all the managerial power and latitude possible—short of the Board's giving away the shop. So, the format for Board expressions to the CEO must somehow achieve optimum Board control while granting optimal CEO freedom. While most historical criticisms of corporate Boards are that they tend to exercise too little authority, growing social and legal factors currently press Boards toward micromanagement and "meddling." Leighton and Thain (1997) lament that pressures of accountability are driving directors into management's job but find—with some believe is unnecessary pessimism—that "this trend can probably not be reversed and the confusion and problems involved cannot be avoided." They call for directors to find "a new balance between unavoidable participation in and necessary detachment from management".

Distinguishing Ends from Means

So how can a Board be powerful in its role, yet grant to the CEO as much authority as possible—short of giving away too much? In short, how can directors find that "new balance"? Using the Policy Governance paradigm, they can do so by controlling corporate "ends" in an affirmative, prescriptive way and by controlling corporate "means" in a limiting, proscriptive way. Explanation: Corporate "ends" is defined as the intended results for various shareholder classes, along with their relative priority—that is, the outcomes for which the corporation exists. Ends describe, in the words of Argenti (1993), what the company is for rather than what it does. For example, a company might be in business so that shareholders have a long-term return above market. It does not exist to have a particular plant or distribution system-these are means.

Corporate “means” is defined as any decisions or realities that are not ends, that is, it is a definition of exclusion. Means include activities, practices, methods, technology, conduct, systems, and a host of operational decision areas. Note that ends and means issues are so defined as to be exhaustive of all corporate issues. The words "goals," "objectives," and "strategies," are avoided because these words commonly refer to means and ends, thereby obscuring the ends-means distinction
.

To control ends in an affirmative and prescriptive way, the Board expresses to the CEO its performance expectations with respect to return, share price in relation to market, or whatever in the Board's judgment are appropriate benchmarks of corporate success from the shareholders' perspective. In other words, an organization is for whatever its owners want it to be for.

To control means in a limiting and proscriptive way, the Board expresses to the CEO boundaries around acceptable managerial decisions. This admittedly unnatural approach preserves great ranges of managerial prerogatives yet keeps that range within the Board's "limits of acceptability." So rather than enter into the management arena to tell the CEO how to run the business, the Board constructs a fence around that arena, directing the CEO to stay within it. The Board, then, does not tell the CEO how to do the job, but how not to do it. In other words, short of imprudent and unethical practices, what an organization does (the choice of the CEO) is allowed to be whatever will best serve what it is for (the choice of the Board).

To reiterate, the Board as a Board tells the CEO what to achieve (ends) and what to avoid (unacceptable means). What any given director has to say on these topics is of interest to other directors but need not be to the CEO. No director, including the chair, has any authority over the CEO. The Board jealously guards its wholeness and its authoritative single voice as a group. The CEO is not to be confronted with a laundry list of directors' individual wishes, but only with the will of the group. Getting to that point, of course, calls for maximum diversity and dialogue within the Board and on many issues will require extensive input from others (such as management, auditors, shareholders, investment bankers, etc.). Management is included in this rich dialogue but should not steer it or be responsible for it.

The Board as a Board controls corporate ends and means—that is to say, everything. It must do so because it is accountable for everything. But the enlightened method of control is to prescribe the ends while only proscribing the means. Corporate ends are relatively straightforward, brief statements of achievement normally in terms of shareholder value; they are not the company's strategic plan and perhaps not even its long-term goals, except for portions of these documents that reproduce the Board's decisions. In short, the planning process is left to management, but the Board produces the ends toward which plans plan. But while ends are relatively straightforward, proscription of means is ordinarily a little harder to understand, though not difficult to translate into action.

Means control is best thought of this way: What situations, activities, or decisions by management would not be acceptable to the Board even if they worked? That is, even if ends are being achieved, there are certain risks, ethical violations, and improprieties that would still be off-limits. Proactive expression of these unacceptables fulfills the task.

<u>Nested Sets of Corporate Decisions</u>
Decisions about ends and unacceptable means can be stated in language that is broad and comprehensive or narrow and specific. For example, the Board might call for "ROE greater than market" or "ROE greater than similarly capitalized construction firms." Similarly, the Board might demand that the CEO avoid "fiscal jeopardy" or "a current ratio less than 1.7:1." In each case, the former statement is open to more interpretation than the latter. Since the Board is establishing criteria for CEO performance, it must take into account the interpretive range of the words it will use.

To be sure that the Board covers everything in its overview of the business, it has no choice but to use very broad statements. ("Fiscal jeopardy" covers far more potential danger than "a current ratio less than 1.7:1.") On the other hand, a Board must be sure it has not been so broad in its pronouncements that it has, in effect, said little. But addressing narrower issues, the Board takes a greater risk of missing something important, that is, leaving gaps in its expectations. (Avoiding a current ratio less than 1.7:1 leaves other fiscal jeopardy unaddressed.) Consequently, broad decisions by the Board have the advantage of not omitting issues; narrow or more specific decisions have the advantage of being more pointedly instructive to the CEO. Completeness is mandatory; the Board's accountability to shareholders for everything requires that the Board "blanket" everything with its oversight-otherwise portions of corporate activity are not under Board control. Specificity is discretionary; how tightly or specifically the Board needs to exercise that control is a matter of Board judgment-different circumstances and different topics call for different degrees of control.

A simple three-part principle of Board decision-making can enable a Board to deal with this dilemma and, at the same time, to avoid unnecessary intrusion into managerial prerogatives. First, the Board makes decisions at the absolute broadest level in each category (ends and unacceptable means). Second, the Board then proceeds step by step into lower levels, making increasingly narrower, more specific decisions. Third, the Board stops this progression into detail at the point where it is willing to accept any reasonable interpretation of the words thus far used. Since the CEO begins where the Board stops, this means that any interpretation the CEO chooses will pass as acceptable performance if it can be demonstrated to the Board's satisfaction to be a reasonable interpretation.

The Board simply manages the amount of interpretation to which its words are open. This has the effect of leaving the room to use independent judgment; dependent on how detailed the Board chooses to be. It is as if you were to pick up a nested set of boxes by touching only the outside box while the other, smaller ones are allowed to move about within the box controlled by direct touch. A Board, of course, can decide to control the next biggest box as well, but under Policy Governance stops cleanly at some point and allows the CEO to control the rest.

This approach yields Board documents in categories of ends and means limitations that address the broadest levels of these topics, successfully embracing but not micromanaging the smaller levels. The documents constitute the Board's only authoritative instruction to the CEO. So in the place of rubber-stamping and predictable approvals, there is extensive delegation disciplined by explicit standards of performance. It is possible in this way for the Board to control what it must (not all it can), fulfilling its accountability to the shareholders, while empowering management extensively. Define-and-demand as a governance approach beats not only the stultifying, intrusive effects of poke-and-probe, but the fecklessness of react-and-rubberstamp as well.

Rigor and Justice in CEO Evaluation

CEO evaluation, to be as meaningful as evaluation in other contexts, must be an ongoing, criterion-focused process. Minimal, clear criteria established by the Board as just explained enables a "define and demand" approach by the Board, as opposed to the more typical "poke and probe" method. The latter appears diligent (directors are constantly advised to "ask good questions") but is spotty and weak as a control device. It is like a manager who, rather than establish objectives for his or her subordinates, skips that step and simply "asks good questions" as performance goes along. With criteria in place at the front end, the most useful evaluation of the CEO's performance is found in the systematic monitoring of company performance against those criteria.

Of course, as rigorous and uncompromising as is this comparison of reality to expectations, it must be fair as well. Directors must forego any tendency to make judgments of CEO performance on criteria the Board has never stated. In other words, if expectations have not been settled by the Board as a Board and incorporated into its ends or means limitations policies, then they cannot be admitted into the evaluative monitoring. Further, "any reasonable interpretation" must mean just that. If allowed to mean the interpretation of the most influential Board member or to mean what the Board had in mind but didn't say, the CEO learns that the Board cannot be taken at its word.

Proper CEO evaluation, then, is a seamless process through time, not a sporadic event. It avoids the phenomenon described by Lorsch (1989) wherein an agreeable club atmosphere is maintained until performance gets so bad the "social fabric" of the Boardroom is rent asunder. Board control is a myth if achieving or retrieving it exacts a calamitous price.

Board Control of its Meetings and its Relationships

It may seem unnecessary to say that effective governance requires the Board to be in charge of its own job, but Boards are typically not in control of governance. They act as if their CEOs are responsible that they be responsible. CEOs rise to the occasion so that, consequently, Board meetings are not so much the Board's meetings as they are management's meetings for the Board!

It is important that a Board codify its role in terms of values-added, the process to fulfill that role, the discipline necessary to stick to that process, and its relationships to various other entities. If it does not, management will supply the Board with whatever management wishes the Board to deal with—hardly the mark of a Board that really governs. Part of the Board's getting in control of its own role is taking the lead in defining its relationships with others. It is important that the Board define the relationship with each of its "significant others" so as to preserve the wholeness of the Board as the single, authoritative position of owner representative.

Directors using the Policy Governance model put most of their attention on shareholders—avoiding what Monks and Minow (1996) decry as "a failure to link ownership and control" (p. 93). After all, if directors represent shareholders, does it not follow that directors must be in frequent contact with shareholder concerns and wishes? Even if, as argued by Brancato (1997), the very identity of shareholders can and should be determined by Board action, it is these owners for whom the Board is agent. Contrary to the antiquated, imprecise language of corporate law, directors' moral duty is to the shareholders, not to the company—particularly since "the company" so easily comes to mean current company management and, in any event, can actually conflict with one's obligation to shareholders which consist of several categories.

Chair. The model requires that the Board as a Board accept group responsibility for governing the corporation. That is easier said than done, inasmuch as directors are chosen due to their history of individual responsibility. The role of chair is a group's device to help it assume its group responsibility well (Carver, 1997b, 1999b). The chair is an instrumentality of the Board and great care must be taken to prevent the Board from becoming the instrumentality of the chair. The chair exists to aid the Board in being true to its accountability, not to supervise the CEO.

CEO. The relationship of the Board as a Board to its CEO is unambiguously as the CEO's superior, not his or her advisor or social partner. The Board is the CEO's superior, not the chair; hence, the CEO is not supervised or instructed by the chair. (Directors individually may relate with the CEO and his or her subordinates in whatever ways they find mutually acceptable.)

Combined CEO-chair. When CEO and chair roles are combined, governance integrity is much harder to achieve, perhaps impossible. There is no more certain route to management dominance than combination of these distinct roles. Unfortunately, the independent voice of ownership seems to have as little importance as it did over sixty years ago when Berle and Means (1932) noted the breakdown in corporate accountability caused when the Board is co-opted by management.

Committees .Committees are creations of the Board, always under Board control. To preserve the Board-CEO relationship, they cannot be given authority over the CEO and should not be allowed to fragment directors' sense of whole Board responsibility. While Board committees might well be given a task of helping the Board with some aspect of its job, it is interference with management when a Board committee is assigned to help or advise management on some topic. A committee's charge, then, can only be derived from some decision area that the Board has retained to itself. For example, shareholder relations, audit, and CEO compensation are such topics; human resources would not be.

Inside (executive) directors. There is an inherent conflict in being, at the same time, a director and an executive working for the CEO who works for the directors. It is hard to imagine how such an obvious structural conflict could have become accepted practice if Boards of outside (non-executive) directors had been capable and willing to fulfill their owner-representative role. Board access to the wisdom and knowledge of upper management does not require their being directors. The inside-outside composition of Boards has led to such jury-rigged solutions as "lead director."
Lead director. The unofficial role of "lead director" (described well by Ward, 1997) is a patchwork solution to the Board leadership dilemma inherent in the combined CEO-chair role. When a Board needs its independence and effective chairing most, the chair position fails to suffice and must be supplemented by an unofficial role. It is hard to devise a suitable Board relationship to this role, since it would not exist where governance integrity is paramount.

Conclusion

Mueller (1996) complains of companies "where the leadership clings to the obsolete concept of a Board dominated by the chairman and/or CEO" (p. xiii). He calls for "a Board free from domination by inside directors, the CEO or chairman, with informed and qualified independent directors acting in an independent, unaffiliated, disinterested manner". Corporate practice, however, and even a great deal of corporate governance literature suggests that attaining the degree of governance integrity that shareholders deserve is a long, hard road ahead.
Major, overdue advances in the practice of corporate governance are possible only with a fresh paradigm, one comprehensive enough to be a true theory of governance rather than merely a collection of practices guided largely by historical happenstance. Policy Governance is such a model. Its widespread use requires only that institutional investors and directors be committed to excellence in the Boardroom.

Here is a good link, one of many available on line for education and knowledge into the Carvers Code.

http://www.carvergovernance.com/pg-corp.htm