

# **ICC Austin Board of Directors Manual**

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[www.iccaustin.coop/boardinfo/](http://www.iccaustin.coop/boardinfo/)

# ICC Austin Board of Directors Manual

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# **Statement of Agreement**

## **I. Code of Ethics**

The Board of Directors of ICC Austin adopts the following Code of Ethics to clarify any uncertainty regarding the authority of the Board and of the individual Directors. This Code of Ethics is proposed to create greater unanimity and closer coordination between Directors and among Directors, management, and employees.

To that end, we the Directors of the Inter-Cooperative Council agree that:

- The Board's authority is limited to overseeing the affairs of ICC Austin in a manner deemed beneficial to the cooperative as a whole. To do this, we employ an Executive Director (ED) to be responsible for the overall and day-to-day management of the business under the direction of the Board and we work with management to set the future direction of the co-op. We are also responsible for carrying out other duties as provided by the bylaws or by general or specific corporate laws.
- Each Director's authority is equal only to the rights and authority of any individual member of ICC Austin except when the Board is in formal meeting. No individual Director may take action on behalf of ICC Austin alone unless explicitly delegated that authority by action of the Board, and no individual Director has any particular rights to information not made available to all Directors.
- The authority of the manager, as approved by the Board in the Executive Director's job description, is to manage the affairs of ICC Austin. The ED shall employ, supervise, and discharge all employees, agents and laborers and engage in all negotiations and discussions on behalf of ICC Austin as necessary and/or directed by the Board.
- While Directors may disagree with a policy approved by or action taken by the majority of the Board, they will support that policy or action as being the considered judgment of the Board. An individual Director shall have the right to present further evidence and argument to the Board for further consideration in a manner consistent with the Board's practices. The Board shall have the duty to reconsider its actions appropriately.
- All Directors will maintain confidentiality as needed to protect ICC Austin's interests and financial viability. This means that all Directors shall not discuss disputed or confidential corporate actions, policies, or issues with the ICC Austin members, employees or the general public unless all Directors agree that such information is no longer confidential. All issues related to personnel, real estate, market strategy and goals, pending litigation, and details of the co-op's financial status will be considered sensitive issues subject to confidentiality unless or until full disclosure is approved by the Board as a whole.
- Directors serve as representatives of ICC Austin. We shall conduct ourselves in a professional manner that fosters confidence and reflects positively on the organization, its members, and its staff. We respect the rights of others - Directors, staff and members - to communicate their ideas free from interruption and without intimidation.

## **II. Code of Conduct**

As a co-op Director, I pledge to do my best for ICC Austin and will:

- Devote the time needed to fulfill the responsibilities of the position;
- Attend and actively participate in the Board's training sessions and annual planning retreat to enhance Board understanding and cohesiveness;
- Consider the business of ICC Austin and its members to be confidential in nature;
- Disclose any personal or organizational conflict of interest that I may have and refrain from discussing or voting on any issues related to that conflict;
- Be honest, helpful, diligent, and respectful in my dealings with ICC Austin, with other Directors, and with the ICC Austin's management, staff and members;
- Work for continued and increased effectiveness in the co-op's ability to serve its members;

- Be a team player and agree to abide by the majority action of the Board, even if it is not my own personal opinion;
- Present the agreed-upon view of the Board of Directors, rather than my own, when I speak for ICC Austin to employees and the general public;
- Refrain from asking for special privileges as a Board member and from interfering with management's authority;
- Work to ensure that ICC Austin is controlled in a democratic fashion by its members and that all elections are open, fair, and encourage the participation of all members;
- Strive at all times to keep members informed of ICC Austin's status and plans, and of the Board's work, as appropriate;
- Continually seek to learn more about ICC Austin and its operations and about my responsibilities as a Board member by pursuing educational opportunities.

### III. Conflict of Interest

I affirm that, to the best of my knowledge, neither I, nor any of my affiliates (hereinafter defined) have any financial or other personal interest, direct or indirect, that is incompatible with the proper discharge of my fiduciary duties as a member of the Board of Directors of ICC Austin or would tend to impair my independence, judgment or action in performance of my duties as Director, except as described below. I further affirm that, to the best of my knowledge, neither I nor any of my affiliates is an officer or managing agent of any municipal, state, federal, or private granting or contracting entity that provides or receives funds or other benefits to or from ICC Austin, except as described below. As used herein, I understand the term "affiliate" to mean any relative, business or professional partner or associate, or other person or entity (including without limitation any corporation or partnership in which I have a personal or financial interest) with whom I have any significant relationship.

Conflict Disclosure (please list any potential conflicts of interest):

As an ICC Austin Director, I agree to abide by this Statement of Agreement. I agree that if, in the opinion of the majority of Directors, I have violated the letter or spirit of this agreement that I shall resign my position on the Board immediately.

---

Signature of Director

---

Printed Name of Director

---

Date

# **Cooperative Values and Principles**

## **Cooperative Values**

Basic cooperative values are general norms that cooperators, cooperative leaders and cooperative staff should share, and which should determine their way of thinking and acting. This list of ten values was proclaimed by the International Co-operative Alliance in 1995.

**Self-help**

**Self-responsibility**

**Democracy**

**Equality**

**Equity**

**Solidarity**

**Honesty**

**Openness**

**Social responsibility**

**Caring for others**

## **Cooperative Principles**

### **Voluntary and Open Membership**

Co-operatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

### **Democratic Member Control**

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.

### **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### **Autonomy and Independence**

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### **Education, Training, and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

### **Co-operation Among Co-operatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

### **Concern for Community**

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

# **GOVERNANCE DOCUMENTS**

JAN 22, 1970

ARTICLES OF INCORPORATION  
OF  
UNIVERSITY OF TEXAS  
INTER-COOPERATIVE COUNCIL, INC.

We, the undersigned natural persons of the age of twenty-one years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation.

Article One

The name of the corporation is UNIVERSITY OF TEXAS INTER-COOPERATIVE COUNCIL, INC.

Article Two

The corporation is a non-profit corporation.

Article Three

The period of its duration is perpetual.

Article Four

The street address of the initial registered office of the corporation is 1903 Rio Grande, Austin, Texas, 78705, and the name of its initial registered agent at such address is Bird Kimbrough.

Article Five

The purpose or purposes for which the corporation is organized are, as follows: This corporation is organized exclusively for educational purposes relating to the University of Texas, at Austin, Texas; the promotion of excellence in standards of education at such institutions; the providing to eligible and qualified students, primarily those who otherwise might be unable to secure a higher education, needed scholarships, loans, and economic assistance, including low-cost non-profit housing and service, and environmental influences designed for the promotion of the highest quality of academic performance and responsible citizenship on the part of the students holding membership in the corporation, and those with whom they associate; and in any way within the means of this corporation to further the academic interests of the University of Texas, the students and faculty. This corporation is organized with the purpose of complying with the definition of Exempt Organizations as set forth in Section 501 (c) (3) of the Internal Revenue Code of the United States, and its affairs shall be conducted in conformity with the provisions of said section.

Article Six

The number of directors constituting the initial Board of Directors of the corporation is five (5), and the names and addresses of the persons who are to serve as the initial directors are:

W.O. Blunk	Development Board Office, Austin, Texas 78712
Jack R. Maguire	Ex-Students Asso. Office, Austin, Texas 78712
Birch Kimbrough	1903 Rio Grande, Austin, Texas 78705
Ernest Eden	1903 Rio Grande, Austin, Texas 78705
Ted Green	1903 Rio Grande, Austin, Texas 78705

Article Eight

The name and address of each incorporator is:

Birch Kimbrough	1903 Rio Grande, Austin, Texas 78705
Ernest Eden	1903 Rio Grande, Austin, Texas 78705
Ted Green	1910 Rio Grande, Austin, Texas 78705

May 31, 1989

ARTICLES OF AMENDMENT  
BY THE BOARD OF DIRECTORS  
TO THE ARTICLES OF INCORPORATION  
OF THE UNIVERSITY OF TEXAS INTER-COOPERATIVE COUNCIL, INC.

In accordance with Article 4.03 of the Texas Non-Profit Corporation Act, the undersigned adopts the following Articles of Amendment to its Articles of Incorporation which: (1) change the membership of the Board of Directors, and (2) alter the disposition of the corporation upon dissolution. These amendments do alter the original Articles of Incorporation and are not additional provisions.

1. The name of the corporation is the University of Texas Inter-Cooperative Council, Inc.
2. The following amendments to the Articles of Incorporation were adopted by the corporation on May 24, 1989.

The Articles of Incorporation are hereby amended by altering thereto Articles Seven and Nine, the amended articles to read as follows:

Article Seven

The affairs of this corporation shall at all times be governed by a Board of Directors consisting of membership as set forth in the By-Laws of this corporation, consistent with the Non-Profit Corporation Act of the State of Texas.

Article Nine

This corporation shall have one or more classes of membership with voting rights ~~so~~ shall be set forth in the By-Laws of this corporation, consistent with the Non-Profit Corporation Act of the State of Texas. Initial membership shall consist of students residing in cooperative housing facilities of the University of Texas, at Austin, Texas. The corporation shall have no shareholders and no part of its net earnings shall inure to the benefit of or ever be distributed to its members, directors, officers, or other private persons, except to pay reasonable compensation for services rendered, to reimburse reasonable expenses incurred in connection with the corporation's affairs, and to make payments and distributions in furtherance of the corporation's purposes as set out in Article Five.

In the event of dissolution of this corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities, dispose of all the remaining assets exclusively for the purposes of the corporation in such manner or to such organization or organizations organized and operated exclusively for charitable, scientific, or educational purposes, with the specific purpose or purposes to provide low-cost, non-profit, democratically managed student housing and dormitory facilities, if possible for students at the University of Texas at Austin, Texas, as shall at the time qualify as an exempt organization or organizations under Section 501 (c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law) as the Board of Directors shall determine. Any such assets not disposed of shall be disposed of by the District Court of the county in which the registered office of the corporation is then located, exclusively for such purposes or to such organization or organizations as said Court shall determine, which are organized and operated exclusively for such purposes.

3. The amendments were adopted at a meeting of the Board of Directors on May 24, 1989 and received the vote of a majority of the directors in office in accordance with the corporation's By-Laws, consistent with the Non-Profit Corporation Act of the State of Texas

Christine Walcyzk  
Corporate Secretary

STATEMENT OF CHANGE OF REGISTERED  
OFFICE OR REGISTERED AGENT OR BOTH  
BY A TEXAS NON-PROFIT CORPORATION

1. The name of the corporation is  
University of Texas Inter-Cooperative council, Inc.
2. The address, including street and number, of its present registered office as shown in the records of the Secretary of State of the State of Texas before filing this statement is  
310 W. 23<sup>rd</sup> Street, Austin, Texas 78705
3. The address, including street and number, to which its registered office is to be changed is  
NO CHANGE
4. The name of its present registered agent as shown in the records of the Secretary of State of the State of Texas, before filing this statement is  
Karl Martin
5. The name of its new registered agent is  
Brenda Smith
6. The address of its registered office and the address of the business office of its registered agent, as changed, will be identical.
7. Such change was authorized by: (Check one)  
Xx The Board of Directors.

An officer of the corporation so authorized by the Board of Directors.

The members of the corporation in whom management of the corporation is vested pursuant to article 2.14C of the Non-Profit Corporation Act.

Timothy A. Fitzer

President or Vice President

Sworn to FEB 23, 1987

## BYLAWS OF THE INTER-COOPERATIVE COUNCIL, INC. August 2016

### **ARTICLE I NAME AND ADDRESS**

The name of this corporation is the University of Texas Inter-Cooperative Council, Inc. (ICC). Its principal place of business is 2305 Nueces Street, Austin, Texas, 78705.

### **ARTICLE II PURPOSE**

This corporation is organized for educational purposes relating to the University of Texas at Austin. It shall strive through its policies to achieve the following goals:

- (i) to coordinate policies, programs and activities to expand both the formal and informal education of its members;
- (ii) to provide low-cost, non-profit housing for students; and
- (iii) to operate as a cooperative organization and to familiarize its members with this method of organization.

### **ARTICLE III HOUSE AUTONOMY**

Each house operated by ICC Austin may establish its own internal structure as long as it is consistent with the cooperative principles.

This corporation shall have no control or authority over the internal affairs, programs, or policies of the houses except as necessary to protect the interests of the corporation and well-being of current and future member residents, or as outline in other sections of these Bylaws.

### **ARTICLE IV MEMBERSHIP**

This corporation shall have two classes of membership: Current and Alumni.

Current members are current house residents with valid member resident agreements. They may vote on any issue open to the consent of the general membership.

Alumni members are all former members of ICC Austin in good standing or any honorary members selected by the Board of Directors. Alumni members shall have no voting rights.

This corporation does not discriminate on the grounds of race, color, sex, religious preference or lack thereof, national origin, age, marital status, disability, sexual orientation, or gender identity.

### **ARTICLE V MEMBERSHIP MEETINGS**

#### **Section 1 Place**

Membership meetings will be held at a place convenient to the Current members.

#### **Section 2 Quorum**

A quorum for a membership meeting shall consist of 20% of all Current members.

#### **Section 3 Voting and Conduct**

A majority vote shall be necessary to pass a resolution. Voting shall be by voice or show of hands as determined by the person chairing the meeting, unless a member requests a written ballot. The Board Chair or a person appointed by the Board of Directors shall chair all membership meetings.

#### **Section 4 General Membership meetings- Frequency, Notice**

General Membership Meetings shall be held at least once a long-term semester at a time and place designated by the Board of Directors. At the spring General Membership Meeting, the Board shall present and explain the corporate budget for the following year.

Notice of General Membership Meetings shall be posted in a prominent place in each house and communicated to all members electronically at least ten days prior to the meeting time, and shall include the time and place of the meeting as well as the agenda items. No other business than that specified in the notice shall be discussed at the meeting unless approved by a 2/3 vote of Current member's present.

#### **Section 5 Special Membership Meetings- Frequency and Notice**

Special Membership Meetings shall be called when an emergency decision is required by the membership or to overturn any policy or decision of the Board of Directors. Special Membership Meetings shall be called by the Board Chair at the direction of a resolution by a majority vote of the Board officers or of the Board of Directors, or of a petition signed by at least 20% of the Current members.

Notice of Special Membership Meetings shall be posted in a prominent place in each house and communicated to all members electronically at least 48 hours prior to the time of the meeting. Such notice shall include the time and place of the meeting as well as the agenda items. No other business than that specified in the notice shall be conducted at a Special Membership Meeting unless approved by a 2/3 vote of Class A member's present.

#### **Section 6 Minutes and Records**

Minutes and records shall be posted in the houses, communicated to all members electronically, and kept on file in the corporate office.

### **ARTICLE VI BOARD OF DIRECTORS**

#### **Section 1 Function**

The Board of Directors (the Board) governs the affairs of this corporation, holds ultimate accountability on behalf of the membership, and provides strategic leadership.

#### **Section 2 Members**

The Board, which governs the affairs of this corporation, consists of the following members:

- (i) One representative from each ICC Austin house
- (ii) The elected and appointed Board officers.
- (iii) Two Community Trustees.

#### **Section 3 Powers**

Any person dealing with this corporation shall have the right to rely on the validity of any act of any officer or employee of this organization authorized by the Board.

#### **Section 4 Qualifications**

- (i) Representatives must be Current members of the houses they represent. No Officer of the corporation may serve as a Representative.
- (ii) Officers must qualify under the conditions set forth elsewhere in these Bylaws.
- (iii) Community Trustees shall not be Current members.
- (iv) No ICC Austin staff member shall serve as a Board member.

#### **Section 5 Elections and Terms**

- (i) Representatives shall be elected in a manner prescribed by each house.
- (ii) Officers shall be elected and serve as specified elsewhere in these Bylaws.
- (iii) Community Trustees shall be elected by ballot of all Current members. Such elections shall be conducted during spring of each year. Community Trustees shall have a two-year term beginning June 1.

#### **Section 6 Quorum**

A quorum for conducting business shall be majority of the duly elected and appointed Board members. A majority vote of the Board members present shall pass resolutions and motions. There shall be no absentee voting or voting by proxy.

## **Section 7 Removal or Resignation and Vacancies**

Should a Board member be negligent in performing their duties, they may be removed from office according to the following procedures:

- (i) Representatives may be removed or resign in a manner prescribed by the house they represent.
- (ii) Representatives may be removed by a majority vote of the Board, but this action is subject to veto by the house represented.
- (iii) Officers may be removed, or may resign, as provided elsewhere in these Bylaws.
- (iv) Community Trustees may be removed by a majority vote of the Board and may resign by providing written notice to the Board.
- (v) Any Board member may be removed by a majority vote at a general or special membership meeting.

Vacancies arise immediately upon removal, resignation, or disqualification of a Board member. Vacancies in representative positions shall be filled by an election in the manner prescribed by the house. Other vacancies shall be filled by appointment by the Board. A Board member elected or appointed to fill a vacancy shall serve the remainder of the term of the person that they replace.

## **Section 8 Meetings and Notice**

The Board shall meet at least eleven times per year in a house or other place easily accessible to members, at a place and time determined by the Board. Notice of Board meetings shall be posted in a prominent place in each house, communicated to all members electronically, and delivered to all Board members at least 24 hours before the time of the meeting. Notice shall include the time and the place of the meeting as well as its purpose (agenda).

## **Section 9 Special Meetings**

The Board Chair shall call a Special Meeting of the Board upon receipt of a written request of at least two Board members. Such requests shall include both the time and the place of the meeting. Notice of Special Meetings shall be posted in a prominent place in each house and communicated to all members electronically at least 24 hours prior to the time of the meeting.

## **Section 10 Open Meetings**

All meetings shall be open to the members of ICC Austin.

## **Section 11 Accountability**

The Board is ultimately accountable to the members.

## **Section 12 Minutes and Records**

Minutes and records of Board meetings shall be posted in all houses, communicated to all members electronically, and kept of file in the corporate office.

## **Section 13 Liability**

Members of the Board are not personally liable for the debts, liabilities, or other obligations of the corporation.

# **ARTICLE VII OFFICERS**

## **Section 1 Positions**

The officers of the corporation shall be set forth in the Board Policies. At no time shall the number of Board officers exceed the number of houses. The corporate president and corporate secretary shall be set according the Board Policies.

## **Section 2 Qualifications**

All Officer candidates and appointees must be Current members upon taking office. No more than two persons from the same house may serve as Officers at the same time.

**Section 3 Definition**

Only persons elected or appointed under the provisions of this article shall be considered as Officers under these Bylaws.

**Section 4 Duties**

Officers of the corporation shall provide leadership and guidance for the Board and work to implement Board decisions. All officers shall perform general and specific duties as detailed in the Board Policies.

**Section 5 Elections**

All Officers shall be elected by a majority vote by ballot of Current members. When three or more members from the same house run for different Officer positions and win those races, only the candidate or candidates with the highest number of votes shall take office. Members will receive at least ten days to cast ballots in Officer elections.

**Section 6 Removal or Resignation of an Officer**

Any officer of this corporation may be removed from his or her office by a 2/3 vote of the Board, or of a majority vote at a general or special membership meeting. Resignation of an officer shall be made in writing to the Board.

**Section 7 Vacancies**

Vacancies arise upon removal, resignation, or disqualification of an Officer. Vacancies shall be filled by appointment of the Board. A person appointed to fill a vacancy shall hold the position for the remainder of the term of the person they replace.

**Section 8 Disqualifications**

Disqualification of an officer entails the immediate and automatic removal of the officer from their position.

**ARTICLE VIII COMMITTEES****Section 1 Committees of the Board**

Committees of the Board, their membership, and their specific duties shall be set forth in the Board Policies or in Board approved committee charters.

**Section 2 Voting**

Only the members of a committee may vote at that committee's meetings.

**Section 3 Powers**

Committees have no power except those delegated to them by the Board.

**Section 4 Quorum and Procedure**

A quorum shall consist of a majority of the committee; resolutions shall be passed by a majority of voting members. There shall be no absentee voting or voting by proxy.

**Section 5 Minutes and Records**

Minutes and records of committee meetings shall be kept on file at the corporate office.

**ARTICLE IX RECALL AND REFERENDUM****Section 1 Referendum**

A referendum for any action taken by ICC may initiated by a petition signed by at least 10% of the total Class A membership, by a majority vote at a membership meeting, or by a majority vote at a Board meeting. The procedure for referendum is as follows:

- (i) The ballot for each referendum shall contain a reasonable explanation of the issues

- (ii) The results of the referendum shall be determined by a majority vote of the individual Current members voting.
- (iii) The Board or its delegate shall determine and verify the results.

### **Section 2 Three-Day Rule**

A recall referendum concerning any action or legislation already taken by the Board must be initiated by a petition, validated by the signature of at least 10% of the total Current membership, within three business days after such action or legislation has been posted in the houses and/or communicated to members electronically.

A valid petition for such a referendum nullifies previous Board action with which the question is concerned, and the question lies with the results of the referendum.

## **ARTICLE X FINANCES**

The corporation, upon authorization of the Board, shall have the power to borrow and lend money, own, mortgage and lease real property and personal property for purposes consistent with its charter as a non-profit. The Board shall have the power to set the corporate budget.

### **Section 2 Management of Holdings**

ICC Austin shall hold title to all real and chattel property of the corporation and the Board shall have the responsibility for directing its maintenance and management for the use and benefit of the membership

### **Section 3 Membership Fee and Development Reserves**

ICC Austin shall assess a one-time membership fee, which shall be placed in the development reserves.

### **Section 4 Development Reserves**

The corporation shall have a separate and distinct development reserve, which will be used solely for the purposes of developing and expanding cooperative housing. Only by a unanimous vote of the Board may the development reserves be used for other purposes.

### **Section 5 Long-Term Cash Reserves**

The corporation shall have a separate and distinct long-term cash reserve, which will be used for the purposes of complying with lender requirements and act as a financial buffer for the corporation. Only by a unanimous vote of the Board may the long-term cash reserve be used for other purposes.

### **Section 6 Dues**

The Board may, when necessary, assess dues on houses.

### **Section 7 Rents**

- (i) The Board shall determine contractual obligations due from members, including payments for room and board, security deposits, fees, etc.
- (ii) The Board shall allocate a portion of the corporate budget for discretionary use by houses. Each house may determine expenditures relating to food, minor house maintenance, supplies and other house related matters, subject to approval by the Board or its delegate.
- (iii) The Board or its delegate shall collect rent from the members.

### **Section 8 Open Books**

Any current member or their agent or attorney may examine the books and records of this corporation during business hours at the corporate office.

## **ARTICLE XI STAFF**

### **Section 1 Powers**

The Board and/or its delegate shall have the power to hire and discharge staff of ICC Austin.

**Section 2 Duties**

The staff shall carry out the orders of the Board and shall report regularly to the Board.

**ARTICLE XII AMENDMENTS****Section 1 Approval**

Amendments to the Bylaws must be approved by the Board, then by a majority of those voting in a referendum.

**Section 2 Notice**

Proposals shall be posted in all houses for a period of ten days before the membership vote.

**ARTICLE XIII REVIEW****Section 1 The Bylaws**

Each year the Board or its delegate shall review these Bylaws, and, if appropriate, recommend changes.

Last Updated August 2016

Policy Type:                  Ends  
Policy Title:                A – Global End  
Last Revised:                **January 29, 2014**

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The purpose of ICC Austin, a Texas non-profit corporation, is to create a mutually beneficial, diverse, and inclusive community so as to promote the transformation of society toward cooperation, justice, and non-exploitation. To achieve this vision, ICC Austin provides affordable housing to students, on a cooperative basis, in an environment that enhances member education, encourages the formation of long lasting communities, and fosters responsible citizenship.

Policy Type: Executive Limitations

Policy Title: B – Global Executive Constraint

Last Revised: **April 9, 2013**

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The staff shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or in violation of the Cooperative Principles.

Policy Type: Executive Limitations  
Policy Title: B1 – Financial Condition and Activities  
Last revised: **April 9, 2013**

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

The staff will not:

1. Allow operations to generate an inadequate net income.
2. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
3. Allow solvency (the relationship of debt to equity) to be insufficient.
4. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
5. Acquire, encumber or dispose of real estate.
6. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Use restricted funds for any purpose other than that required by the restriction.
9. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).
10. Operate without an adequate reserve fund used to facilitate the funding of the repair, renewal or replacement of the co-op's capital assets.

Policy Type: Executive Limitations  
Policy Title: B2 – Business Planning and Financial Budgeting  
Last revised: **April 9, 2013**

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The staff shall not cause or allow business planning and budgeting to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

The staff will not:

1. Create plans or budgets that
  - a. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
  - b. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
  - c. Would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.
  - d. Have not been tested for feasibility.
2. Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.

Policy Type: Executive Limitations

Policy Title: B3 – Asset Protection

Last revised: **July 17<sup>th</sup>, 2014**

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The staff shall not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

The staff will not:

1. Allow equipment and facilities to be inadequately insured or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property, including that of the members and the co-op.
5. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
  - a. Allow improper usage of members' personal information.
6. Allow purchasing that is uncontrolled or subject to conflicts of interest.
7. Allow lack of due diligence in contracts.
8. Operate without an inventory of assets which is regularly updated, including tracking of any asset initially valued over \$2000 and its current condition.
9. Allow damage to the Cooperative's public image.

Policy Type: Executive Limitations  
Policy Title: B4 – Membership Rights and Responsibilities  
Last Revised: **April 9, 2013**

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The staff shall not allow members to be uninformed or misinformed of their rights and responsibilities.

The staff will not:

1. Operate without a policy on member relations, including rights and responsibilities as co-op members and as tenants.
2. Allow any member to be treated inequitably, unfairly, or disrespectfully.

Policy Type: Executive Limitations  
Policy Title: B5 - Staff Treatment and Compensation  
Last revised: **July 16, 2015**

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The Executive Director shall not treat staff in any way that is unfair, unsafe, or unclear.

The Executive Director will not:

1. Operate without written personnel policies that:
  - a. Clarify rules for staff.
  - b. Provide for fair and thorough handling of grievances in a way that does not include the Board as a participant in the grievance process.
  - c. Are accessible to all staff.
  - d. Inform staff that employment is neither permanent nor guaranteed.
2. Cause or allow personnel policies to be inconsistently applied.
3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally (within ICC Austin) or externally (comparable to similar staff duties and qualifications at similarly-situated organizations) inequitable.
5. Change the Executive Director's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Policy Type: Executive Limitations

Policy Title: B6 – Communication to the Board

Last Revised: **April 9, 2013**

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The staff shall not cause or allow the Board to be uninformed or unsupported in its work.

The staff will not:

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.
2. Report any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance, in an untimely manner.
3. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.
4. Withhold his/her opinion if staff believes the Board is not in compliance with its own policies on Board Governance Process and Board-Management Relations, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the staff.
5. Deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.
6. Fail to supply for the Board's consent agenda all decisions delegated to the staff yet required by law, regulation, or contract to be Board-approved.
7. Fail to provide to the Board the co-op's annual Budget and quarterly financial data in a timely manner.

Policy Type: Executive Limitations

Policy Title: B7 –Board Logistical Support

Last Revised: **April 9, 2013**

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The staff shall not allow the Board to have inadequate logistical support.

The staff will not:

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.
2. Allow the Board to be without a workable mechanism for official Board, officer or committee communications.
3. Allow Board Directors to be without an updated copy of the Policy Register and the Bylaws.
4. Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.
5. Allow insufficient archiving of Board documents.

Policy Type: Executive Limitations  
Policy Title: B8 – Emergency Executive Director Succession  
Last revised: **July 16, 2015**

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To protect the Board from sudden loss of Executive Director services, the Executive Director shall not have less than one other staff member sufficiently familiar with Board and Executive Director issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.

Policy Type: Board Governance Process

Policy Title: C – Global Governance Commitment

Last Revised: **April 9, 2013**

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Acting on behalf of our members, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

Policy Type: Board Governance Process

Policy Title: C1 – Governing Style

Last Revised: **April 9, 2013**

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The Board will govern in a way that emphasizes empowerment and clear accountability. In order to do this, the Board will:

1. Focus our vision outward and toward the future.
2. Observe the 10 Policy Governance principles
  - a. Ends Policies
  - b. Ownership (Membership)
  - c. Board Process Policies
  - d. Board Holism
  - e. Board-Management Relationship Policies
  - f. Governance Position
  - g. Limitations Policies
  - h. Policies (Decisions) Come in Sizes
  - i. Any Reasonable Interpretation
  - j. Monitoring
3. Maintain group discipline, authority and responsibility.
4. Clearly distinguish Board and staff roles.
5. Encourage and actively listen to diverse viewpoints.
6. Obey all relevant laws and bylaws.

Policy Type:                   Board Governance Process

Policy Title:                  C2 – The Board’s Job

Last Revised:                 **July 16, 2015**

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In order to govern successfully, the Board will:

1. Create and sustain a meaningful relationship with members.
  - a. The Board’s fundamental accountability to the members includes fiduciary and legal responsibility.
  - b. The Board shall communicate regularly to the members on the Board’s role, activities, and decisions.
2. Hire, compensate, delegate responsibility to, and hold accountable an Executive Director. (See D. Board-Staff Relationship Policies)
3. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. The Board will write these policies in the form of Ends, Executive Limitations, Board Governance Process, and Board-Staff Relationship, as described in the Policy Governance principles.
  - a. Oversee the development and maintenance of guidance documents to support these governing policies. These documents will include Procedures for ICC Austin General Election and Membership Votes, Audit Committee Procedures, Procedures for Director Compensation, Director Participation Requirements, General Membership Meeting Guidelines, Procedures for Board Minutes, and Board Meeting Procedures.
4. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
  - a. Ends (A) and Executive Limitations (B) policies will be assigned for policy monitoring to the Executive Director.
  - b. Board Governance Process (C) and Board-Staff Relationship Policies will be assigned for policy monitoring to the Board of Directors.
5. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.
  - a. In addition, the Board will appoint external monitors including the financial auditor and will receive the report directly. A financial audit will be conducted at least every other year.
6. Ensure perpetuation of a governing body that provides effective leadership over time. The Board accomplishes self-perpetuation through recruitment, election, and development of skilled, committed, and motivated Directors.
7. Obey all laws and ensure that Bylaws are current, complied with, and meet the needs of ICC Austin. As needed, the Board shall propose Bylaw amendments to the members for approval.

Policy Type:                   Board Governance Process

Policy Title:                  C3 – Governance Cycle

Last Revised:                 **July 16, 2015**

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The Board will follow an annual governance cycle that allows our attention to be focused on both accountability and visionary leadership.

1. The Board creates, and modifies as necessary, an annual calendar that includes tasks and events related to our governance process, visionary leadership, membership meetings, Board training schedule, monitoring schedule, and the Executive Director evaluation and compensation decisions as outlined in the Board-Management Relationship policies.
2. The Board's annual calendar will be developed with consideration of routine Board turn-over related to annual and semester time-cycles.

Policy Type: Board Governance Process

Policy Title: C4 – Board Meetings

Last Revised: **January 29, 2014**

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Board meetings are for the task of getting the Board's job done.

1. The Board will use its meeting time only for work that is the whole Board's responsibility. The Board will avoid committee issues, operational matters and personal concerns.
2. Meetings will be open to the membership except when executive session is officially called.
  - a. Executive session may be used to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
  - b. The Board may include or exclude anyone it chooses from executive session, as further described in Board Meeting Procedures Document.
  - c. The Board will take no official minutes during Executive Session.
  - d. The Board will come out of executive session to take official action.
3. The Board will seek consensus through discussion. The Board will then finalize and document decisions through the use of motions, seconds and majority vote.
4. The meeting agenda will be determined by the Board president, and may be modified at the meeting by a majority vote of the Board.

Policy Type: Board Governance Process

Policy Title: C5 – Directors’ Code of Conduct

Last Revised: **July 16, 2015**

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Directors commit to ethical, professional, and lawful conduct.

1. Board Directors are required to sign a Statement of Agreement that includes three sections: Code of Ethics, Code of Conduct, and Conflict of Interest Disclosure.
2. Every Director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
3. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative’s members, as a whole. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any Director acting as—or on behalf of—an individual member.
  - a. All Directors have a duty to disclose, in writing, any potential or perceived conflict of interest and must provide all material facts to the Board of Directors. The Board shall determine the process for participation by the Director.
  - b. There will be no self-dealing or any conduct of private business or personal services between any Director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.
  - c. When the Board is to decide on an issue about which a Director cannot reasonably be expected to prioritize the interest of the Co-op, that Director shall recuse him/herself from the discussion and the vote.
  - d. A Director who applies for full-time employment at ICC Austin must first resign from the Board.
  - e. Any Director who receives remuneration for service on the ICC Austin Board of Directors, including reduction in the standard charge for room and board, has the same duties and responsibilities as any other Director and has the additional duty of clearly segregating their self-interest from their Board responsibilities.
4. Directors may not attempt to exercise individual authority over the organization.
  - a. When interacting with the Executive Director or employees, Directors must carefully and openly recognize their lack of authority.
  - b. When interacting with the public, the press, or other entities, Directors must recognize the same limitation and the inability of any Director to speak for the Board except to repeat explicitly stated Board decisions.
5. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
6. Directors will prepare for and attend all Board meetings and trainings.
7. Directors will support the legitimacy and authority of the Board’s decision on any matter, irrespective of the Director’s personal position on the issue.
8. Any Director who does not follow the code of conduct policy can be removed from the Board by a majority vote of the remaining Board.

9. The Board will report adherence to this policy at the General Membership Meeting.

Policy Type: Board Governance Process

Policy Title: C6 – Officers’ Roles

Last Revised: **August 20, 2016**

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Officers are elected annually or may be appointed by the Board, pursuant to Bylaws Article VII (“Officers”) in order to help us accomplish our job.

1. No officer has any authority to supervise or direct the staff.
2. Officers may delegate their assigned tasks but remain accountable for ensuring that the tasks are accomplished.
3. All Officers will be an active participant in the Executive Coordinating Committee (ECC), including consistent attendance at monthly ECC meetings
4. The Board President ensures that the Board acts consistently with Board policies.
  - a. All Officers work together to ensure the ECC functions as an effective team.
  - b. All Officers work together to ensure that all current Board Directors have access to accurate, up to date, and appropriately-maintained documents as required for the discharge of Board duties.
  - c. All Officers work together to ensure that all Directors are oriented with regard to ICC Austin’s finances as needed to fulfill their duties.
5. Officers will equitably divide the responsibility to chair, co-chair, or assign chair responsibility to all Board committees.
6. The Officer assigned to the role of corporate President serves the Board Chair function of the Bylaws and other Board policies. This officer also holds ultimate accountability for the proper functioning of the ECC.
7. The Officer assigned to the role of corporate Vice-President serves as the Board Chair for any temporary absence.
8. The Officer assigned to the role of corporate Secretary oversees the ICC Austin general election and other general membership vote as described in the procedures for ICC Austin General Election and Membership Votes.
9. The Officer assigned to the role of corporate Treasurer leads the Board’s process for creating and monitoring the Board’s (not the ICC Austin operational) budget.

Policy Type: Board Governance Process

Policy Title: C7 – Board Committee Principles

Last Revised: **April 9, 2013**

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We will use Board committees only to help us accomplish the Board's job, not to do the Board's job for it, nor to help the staff do its/their job.

1. Board action is required to form a Board committee.
  - a. The Board will establish, regularly review and control committee responsibilities in written committee charters.
  - b. The Board will carefully state committee expectations, authority, and resources.
  - c. The Board will ensure that committee expectations and authority do not conflict with authority delegated to the staff.
2. Committees will reinforce and support the wholeness of the Board.
  - a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
3. Board committees may include members who are not Directors.
4. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.

Policy Type: Board Governance Process

Policy Title: C8 – Governance Investment

Last Revised: **April 9, 2013**

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The Board will invest in its governance capacity.

1. The Board will make sure that Board skills, methods and supports are sufficient to allow excellent governance.
2. The Board will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
  - a. The Board will use training and retraining liberally to orient new Directors and candidates for Board service, as well as to maintain and increase existing Directors' skills and understanding.
  - b. The Board will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
  - c. The Board will use outreach mechanisms as needed to ensure its ability to listen to membership viewpoints and values.
  - d. The Board will use professional and administrative support.
3. The Board will develop its annual budget in a timely manner so as to not interfere with the development of the ICC Austin's annual budget.

Policy Type:                   Board-Staff Relationship  
Policy Title:                  D – Global Board-Management Connection  
Last Revised:                 **July 16, 2015**

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The Board's sole official connection to the operations of the cooperative will be through the Executive Director.

Policy Type:                   Board-Staff Relationship

Policy Title:                  D1 – Unity of Control

Last Revised:                 **July 16, 2015**

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Only decisions of the Board acting as a body are binding on the Executive Director.

1. Decisions or instructions of individual Directors, officers, or committees are not binding on the Executive Director except in rare instances when the Board has specifically authorized this power.
2. In the case of Directors or committees requesting information or assistance without Board authorization, the Executive Director can refuse any requests that, in the Executive Director's opinion, may disrupt operations or that require too much staff time or resources.

Policy Type:                   Board-Staff Relationship  
Policy Title:                  D2 – Accountability of the Executive Director  
Last Revised:                 **July 16, 2015**

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The Executive Director is the Board's only link to operational achievement and conduct.

1. The Board will view Executive Director performance as identical to organizational performance so that ICC Austin's accomplishment of Board-stated Ends and avoidance of Board-proscribed means will be viewed as successful Executive Director performance.
2. The Board will not instruct or evaluate any employee other than the Executive Director.

Policy Type:                   Board-Staff Relationship  
Policy Title:                  D3 – Delegation to the Executive Director  
Last Revised:                 **July 16, 2015**

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The Board delegates authority to the Executive Director through written Ends and Executive Limitations policies.

1. As long as the Executive Director uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the Executive Director is authorized to establish all further policies, practices, and plans for the cooperative.
2. The Board will respect and accept the Executive Director's choices as long as those choices are based on reasonable interpretations of Board policies.
3. If the Board changes an Ends or Executive Limitations policy, the date for compliance will be stated. Until that date the existing policy will stand.

Policy Type:                   Board-Staff Relationship  
Policy Title:                  D4 – Monitoring Executive Director Performance  
Last Revised:                 **July 16, 2015**

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The Board will systematically and rigorously monitor and evaluate the Executive Director's job performance.

1. Monitoring is how the Board determines the degree to which the Executive Director is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by internal report, in which the Executive Director discloses interpretation and compliance information to the Board, and additional methods when specifically called for, including (a) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (b) by direct Board inspection, in which a designated Director or committee assesses compliance with the policy criteria.
3. In every case, the standard for compliance will be any reasonable Executive Director interpretation (as described by operational definitions and metrics) 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 individual Directors or by the Board as a whole.
4. The Executive Director is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the Executive Director. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board monitoring calendar.
6. The Board's annual evaluation of the Executive Director based on a summary of monitoring reports received from March 1<sup>st</sup> through February 28<sup>th</sup>, will be completed by the March Board meeting. The Board will make its decisions concerning the evaluation and the employment contract no later than the Spring General Membership Meeting.

## **Procedures for the Audit Committee**

Pursuant to Board Policy C.2.3.a

### **BACKGROUND**

The Board conducts audits, reviews, and other investigations as a way to independently verify operational results. Generally, the Board authorizes the Audit Committee to conduct the auditor/investigator search, act as the primary point of contact, and coordinate the Board interactions with the auditor/investigator. Once the Board accepts the final audit (and/or other investigative findings) the Audit Committee is dissolved. The following procedures are intended to guide, but not strictly limit, the Audit Committee:

### **FORMATION AND ACTIVE PERIODS**

The Board should form the Audit Committee each year at the spring Board meeting following officer elections to allow for continuity among the outgoing and incoming corporate treasurers. One or two committee meetings are anticipated in the spring, with a final meeting in September or October to receive and review the results to prepare them for presentation to the Board. In certain (hopefully rare) serious situations, the auditor or investigator may contract the Audit Committee chair and additional committee or Board work may be required.

### **MEETING SCHEDULES AND TASKS**

The **first** meeting should take place within two weeks of committee formation.

Audit Committee Chair meeting preparation (30 minutes)

- Obtain a copy of the previous year audit, review, and/or investigation results
- Consult with ICC staff and consultants to get list of prospective auditors/investigators
- Consult with ICC staff regarding the contractual or operational need for a full audit versus a financial review
- Contact auditor from previous year to get input on the need for additional investigation, e.g. fraud examiner, tax specialist, etc.
- Schedule Audit Committee meeting (provide committee members with the above research in advance)
- *Optional:* Schedule teleconference with auditor from previous year to provide additional context and information for committee members

First Meeting Agenda (1 hour):

- Discuss and decide on whether or not ICC will get a full audit or financial review
- Discuss and decide on the need for any additional investigative services
- Consider the performance of the previous auditor work and decide if there is a need to use a different auditor/investigator (note that it is good practice to use a different auditor, or different audit team within an audit firm, every five or six years)
- If the previous auditor is acceptable, vote to recommend the auditor to the Board, request engagement letter from auditors, and schedule vote on auditor selection for the April or May Board meeting

Audit Committee Chair meeting follow-up (10 minutes)

- If using previous auditor, request engagement letter and schedule vote on auditor selection for the April or May Board meeting.

*The second meeting should take place within two weeks of the first meeting only if a new auditor and/or additional investigation services are needed. This second meeting will in most cases not be necessary.*

Audit Committee Chair meeting preparation (30 minutes to 2 hours)

- If new auditor(s) or additional investigative consultants will be considered, contact other auditors/investigators to get bids and gauge interest

Second Meeting Agenda (1 hour)

- Discuss the auditor and/or investigator options and vote on a recommendation to the Board

Audit Committee Chair meeting follow-up (10 minutes)

- Request engagement letter(s) and schedule vote on auditor/investigator selection for the May Board meeting

Optional In-Person Auditor Meeting – formal or informal session

- At or just prior to commencement of the audit and/or investigation, the Audit Committee and other members may want to meet in person with the consultants to learn about the process. A dinner meeting was successful in the past.

The **third** meeting should take place some reasonable time after the final audit draft is received.

Audit Committee Chair meeting preparation (20 minutes)

- Receive and email out the draft audit/investigation report to the committee
- Schedule the Audit Committee meeting

- Set up teleconference with auditors to discuss draft findings at the committee meeting - *optional*

Third Meeting Agenda (2 hours)

- Discuss findings, ask auditor/investigator questions, and prepare for audit presentation
- Vote to recommend final audit, review, and/or report to Board

Audit Committee Chair meeting follow-up (1 hour)

- Prepare mentally for audit presentation to Board
- Ensure auditor/investigator attendance or conference call at Board meeting
- Schedule vote for Board to consider and possibly accept the audit, review and/or findings

LAST UPDATED JANUARY 29, 2014

## Background

The minutes of ICC Austin Board meetings are public records and can be subpoenaed for use in legal proceedings. In addition, Board members themselves can be called to testify about discussions at Board meetings.

However, there are times when the Board may want to have truly confidential discussions. Examples might include evaluating the Executive Director, sensitive human resource topics, or briefings from lawyers on pending lawsuits.

Fortunately, the mechanism of Executive Session provides a tool for allowing Boards to have legally protected, confidential conversations. Simply put, Executive Session is a portion of a Board meeting which the Board determines needs to be “officially off the record” and follows very specific rules (outlined below).

“Informal” executive session, one in which the specific rules are not followed, is also an option for the Board. Ultimately, the Board can decide do whatever it wants. BUT REMEMBER: If you don’t follow the rules exactly, THE DISCUSSIONS WILL NOT BE LEGALLY PROTECTED.

## Procedure

1. The Board determines that it needs to enter Executive Session, either as a scheduled item on the Board agenda or as-needed during the course of the Board meeting.
2. A motion is made, seconded, and approved to enter Executive Session. The motion should contain only a general description of the topic:  
*Sample motion: “I motion that the Board enter Executive Session to discuss human resource matters, receive legal advice, etc.”*
3. The Board should quickly review the Executive Session Rules
4. The Board has confidential discussions restricted to the topic stated as the reason for entering Executive Session. \*
5. The Board votes to exit Executive Session

\*Staying on topic is important for organizational transparency and maintaining internal trust

## Executive Session Rules

1. The Executive Session of the Board may only include duly elected or appointed Board Directors, and any staff or outside professionals that the Board determines *are absolutely necessary* to provide professional expertise in the discussion. The Executive Session generally MUST NOT INCLUDE the Board minutes' taker, non-Board members, staff not directly related to the issue at hand, substitute house Board representatives that may not have been duly elected, etc.
2. No Executive Session minutes are recorded except: "Board enters executive session"; "Board exits Executive Session"
3. No formal Board decisions can be made in Executive Session. (If a conclusion is reached during Executive Session, someone must make a motion after exiting Executive Session.)
4. Executive Session must remain confidential forever and always. Later discussion of what happened during Executive Session outside of Executive Session, whether between Board members or non-Board members, REMOVES THE LEGAL PROTECTIONS.

**REMEMBER:** If the Board has some kind of "informal" executive session, that is, one not following these rules, the topics discussed are still legally a public record. In other words, **THERE IS NO LEGAL PROTECTION FOR THE BOARD** unless the Board follows the rules above.

## **Procedures for Board Meeting Minutes**

### Responsible Parties for the Minutes

Keeping good records is one part of a board's legal Duty of Care; as the record of what happens at meetings, the minutes are an important tool for fulfilling this duty. In practice, minutes primarily serve as a tool for helping directors remember what the board decided at previous meetings, and secondarily as a way to keep our co-op's members informed about the actions of their board.

Per policy C.6.4, the Secretary is responsible for the accuracy and maintenance of Board documents. However, in order that the Secretary is able to fully participate in meetings, a minutes-taker should be responsible for taking notes during the meeting. The Secretary will ensure that a person delegated to take meeting minutes is available for each official Board meeting. Ideally, there will be continuity with the meeting minutes-taker to build skill and consistency. The secretary will ensure that the minutes are an accurate reflection of the meeting, including the wording of motions, the persons who made and seconded any motions, and the vote count for any board action. As an example:

*Steven motioned to approve the Consent Agenda. Beth seconded. The motion passed 9-0-1.*

The vote tally is recorded as the count of directors voting YES-NO-ABSTAIN.

### What Minutes Should Include

Minutes should record the date, time, and location for the meeting, and include a consistent format for headers, fonts, and other typical elements of content.

Meeting minutes should record board directors present, as well as non-directors in attendance. A record should be kept of arrival/departure time for anyone who is not in attendance for the entire duration of the meeting.

Minutes should follow the order of the meeting agenda, and record decisions made and actions taken (including decisions to table or postpone an item). Minutes should include reference to documents (such as written reports from the GA or committees) or resources (such as information provided by outside experts) that were considered in making decisions.

Minutes should reflect the time that the meeting was called to order and the time of adjournment.

The language of minutes should be neutral and professional; minutes should not be a transcript of entire conversations, but rather a succinct summary of the key ideas which were weighed in the Board's decisions or conclusions.

### What Should Happen with Minutes

Draft minutes should first be reviewed by the Secretary for accuracy, ideally within one week of the meeting date. Once the secretary has ensured the quality of the draft minutes, they should be circulated to the board for review, comment, and edit. In the spirit of developing accurate and stylistically consistent minutes, it is advisable to distribute minutes to regular meeting attendees who are not on the board, such as staff.

Those on the distribution list for minutes should review and provide any comments to the Secretary at least 10 days before the next Board meeting to allow time for revision and inclusion in the Board packet.

The Secretary will have purview over incorporating edits, comments, and suggestions from those to whom the draft minutes are distributed.

The revised (final) draft minutes will be put on the Consent Agenda of the subsequent Board meeting for adoption. Once adopted, they will stand as the official meeting record.

Once the minutes are approved, they should be posted in an accessible location for members to access, such as the ICC website.

## **ICC Austin Executive Director Compensation Procedures**

The Board is responsible for hiring, evaluating, and setting the compensation for our sole employee, the Executive Director (E.D.). As cooperators, we value knowing that members of the staff are compensated fairly and commensurate with their skills and value to the organization, along with other factors such as cost of living and prevailing comparable wages. It is also important that the ICC Board of Directors set Executive pay such that we can attract and retain excellence in our top leadership.

Because of the nature and composition of our Board, as well as the specialized knowledge required in evaluating executive compensation, we recognize the need to (1) spend time learning about the process for setting executive compensation, and (2) periodically utilize outside expertise to support and evaluate our Executive Director's total compensation package.

It is also important to acknowledge that our personal experiences and emotions can make this topic uncomfortable and challenging, whereas ideally it could be a strategic opportunity for the organization. The desired outcomes from this process are:

1. E.D. compensation decisions become strategic and not emotional or contentious.
2. The E.D. is fairly compensated for their work and feels satisfied with their compensation.
3. Directors understand the consequences of E.D. compensation decisions.
4. The Board understands the components of compensation and their relative uses.
5. The E.D. compensation is planned with reference to the market so that it is attractive to qualified candidates when the Board needs to hire a new E.D.
6. Directors can articulate the Board's values related to E.D. compensation.

The E.D. compensation process occurs every time a new Executive Director is hired, and bi-annually (typically) once compensation has initially been set. There is a base schedule of three board meetings, but this can be modified as needed:

### **Month 1: Board Strategic Learning**

- Board discusses importance of E.D. compensation
- Board discusses reflection questions
- Board reviews and discusses the E.D. compensation procedure
- [optional] Board forms a committee to lead E.D. compensation work (for example, if 3<sup>rd</sup> party expertise is planned to be solicited)

### **Month 2: Board issues Request for Proposal**

- Board discusses Request for Proposal (RFP) contents
- Board formally requests compensation proposal from E.D.

## Month 3: Board Receives and Discusses Proposal, Decides on Compensation

- Board receives and discusses E.D. compensation proposal
- Board takes action (or defers to subsequent meeting if needed)
- Board checks whether our process yielded the desired outcomes; revises procedures as needed

Note that E.D. performance is reviewed annually. The bi-annual compensation process may happen in tandem with or separate from E.D. performance review. The work for each month is further described below.

## Month 1: Board Strategic Learning

### 1. Review and commit to the process

Board reads and discusses this process document to establish our shared commitment to our values and desired outcomes, and to ensure understanding as responsible stewards for this important task. This is also the opportunity to hear the E.D.'s voice, but the Board retains the controlling position.

### 2. Directors complete individual questions

There are two parts to questions for Directors: one part is returned for compilation and distribution to the whole Board, and the other part is meant to stimulate private reflection on the Director's relationship to money and compensation.

**Questions for private reflection:** we don't expect Directors to share these answers, but it is important to realize that our own experiences can have an impact on how we consider new topics. Directors should reflect on these questions in advance of Board discussions on GM compensation so that we are able to "check our issues at the door" and help build a dialogue based on the issues that bring us to the table.

- a. What is your own attitude regarding asking for money?
- b. What experiences have you had regarding asking for fair compensation, or not being able to ask?
- c. What experiences have you had that may influence how you consider E.D. compensation?
- d. Do you feel you are able to contribute to the E.D. compensation process without your own issues about compensation or money getting in the way?

Acknowledging that personal association with money could interfere with a Director's participation may help the whole Board deal with this later if it becomes an issue.

**Strategic Questions for Directors and Boards:** distribute this survey in advance of the first Board discussion on E.D. compensation. Ask for written responses, then compile and distribute in the meeting packet:

- a. Your name
  - b. Length of time on the Board
  - c. Looking ahead to the future of the organization, do you see the organization growing and changing or staying the same? How important is the role of the E.D. in this future? Why?
  - d. What worries or concerns do you have about the process we will use?
  - e. What worries or concerns do you have about the resulting compensation plan?
  - f. Within the context of your work as a Director, how important is the E.D. compensation plan?
3. Board builds a dialogue on the importance of E.D. compensation  
The goal is to reach one voice on the importance of E.D. compensation to ICC. The group will be informed of individual perspectives via the compilation of each Director's written answers to the questions above, and now the Board must think strategically together about the future of our co-op, its aspirations, and the importance of E.D. leadership in achieving those aspirations. Useful discussion topics may include:
- [strategic question c, above] Looking ahead to the future of the organization, do you see the organization growing and changing or staying the same? How important is the role of the E.D. in this future? Why?
  - Describe the importance of E.D. compensation from the point of view of the E.D., the Board of Directors, and the Members.

## Month 2: Board issues Request for Proposal

4. Board discusses criteria for evaluating E.D. compensation proposal  
Using the RPF previously discussed and issued by the Board (i.e. from most recent compensation cycle), the Board develops criteria for how it will judge a proposal. The Board also establishes that the E.D.'s proposal will be judged by the clarity with which it responds to stated expectations/evaluation criteria. See example RFP, and Response to RFP, attached.
5. Board determines whether to utilize outside expertise when reviewing the proposal  
It is recommended that the Board consider using 3<sup>rd</sup> party expertise for vetting, whether for a cursory review or detailed independent analysis. It may be useful to consider the frequency with which this should occur, for example every other time the Board sets compensation (i.e. every 4 years), when a significant change in compensation is proposed, when there are financial performance concerns that relate to affordability, etc. As an example, the CDS CBLD consultant could coordinate with the CDS HR Team to review the proposal.

6. Board issues Request for Proposal (RFP)

Once the Board has approved the criteria, the Request for Proposal can be finalized and issued to the E.D.

## Month 3: Board Receives and Discusses Proposal, Decides on Compensation

7. E.D. submits a Proposal based on the Board's specific Request

See example proposal, attached.

8. Board receives and decides on Proposal from E.D.

Note that Executive Session may be useful for at least part of the discussion.

9. Process concludes with contract or clearly-documented decision on E.D. compensation

Ensure that the final decision is well-documented and maintained in the appropriate personnel file. If a contract is issued, ensure that it has been reviewed by an attorney.

10. Reflect on the process and capture any lessons learned and ideas for improvements (i.e. revise this document!)

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### **Sample Request for Proposal:**

#### **Executive Director Compensation for 2016-2017**

**From The ICC Austin Board of Directors**

#### **Response Due: March 2015 Board Meeting**

**GOAL:** To provide a complete compensation plan that will inspire and motivate the Executive Director to do what is best for the co-op; to achieve our Ends as outlined in our Ends policy.

**Process for Approval:** The Board will review the compensation proposal from the Executive Director at its March 2015 board meeting. If the Board is satisfied with the proposal, the Board will approve it at the meeting. If the Board determines further negotiation on the compensation proposal is necessary, it will delegate negotiations with the Executive Director to a small group of board members. The small group will have the authority to reach an agreement on behalf of the Board with the Executive Director with the intent of reaching an agreement before the April 2015 Board meeting.

## **EXPECTATIONS AND LIMITATIONS:**

1. The compensation plan should run from 6/1/2016 to 5/31/2017.
  2. The plan should comply with a reasonable interpretation of all relevant policies; specifically, the Ends Policy, The Financial Condition Policy B4, and Staff Treatment and Compensation Policy B5.
  3. The plan should be affordable to ICC Austin.
  4. The plan should be in scale with the compensation packages for the other positions at ICC Austin and within the budgeted plans for labor expenditure.
  5. The plan should consider the complete compensation package (base, benefits).
  6. The plan should be in line with industry and local standards.
- 

### **Sample Response to RFP:**

#### **Executive Director Compensation for 2016-2017**

#### **From The Executive Director, ICCAustin**

### **Date**

I am proposing a compensation package to run for two years, beginning June 1, 2016 and ending on May 31, 2017. The package consists of:

- Base salary of \$xxxxx per year.
- Benefits valued in the amount of \$x,xxx per year.

### **How this compensation package meets the board's expectations and limitations in the RFP:**

7. The compensation plan should run from 6/1/2016 to 5/31/2017.

The proposed plan covers these dates.

8. The plan should comply with a reasonable interpretation of all relevant policies; specifically, the Ends Policy, the Financial Condition Policy B4, and Staff Treatment and Compensation Policy B5.

All policies were reviewed for possible relevance, identifying the following:

- Executive Limitation B5.4: *The Executive Director will not establish compensation and benefits that are internally (within ICC) or externally (comparable to similar staff duties and qualifications at similarly-situated organizations) inequitable.*
- A reasonable approach to determining internal equitable compensation is to analyze the **magnitude of any salary differences**.
- The skill sets required for the ICC positions do not require professional licensure, for example, a CPA or master electrician certification, but do require professional-level judgment. Thus, **higher-than-average compensation is needed** to recruit and retain excellent staff, but not full professional-level wages.
- External evaluation will be done at the **national level**, and relationship to the **Austin-area median family income**.

9. The plan should be affordable to ICC Austin.

My compensation, as proposed, when added into all the other labor costs would still allow ICC Austin to meet the net profit target of xx% as identified in the labor budget and business plan presented to the board on xx/xx/xx. (See items 4 and 5 below for detail.)

10. The plan should be in scale with the compensation packages for the other positions at ICC Austin and within the budgeted plans for labor expenditure.

Position	Salary
Membership Director	\$xx,xxx
Financial Director	\$xx,xxx
Executive Director	\$xx,xxx (proposed)

*Goal is not more than a 30% spread between lowest salary and highest salary.*

11. The plan should consider the complete compensation package (base, benefits and deferred compensation).

- Proposed base salary:
- Benefits Package:

Health Insurance	\$xx/year
Dental Insurance	\$xx/year
Paid Time Off	(# days, \$value)
Sick Pay	(# days, \$value)
Deferred Compensation	\$xx/year

12. The plan should be in line with industry and local standards.

Position	Comparable Positions	Salary Range	Proposed Salary	BLS Austin/Roundrock mean	Payscale.com	Salary.com	Indeed.com	SimplyHired.com
Executive Director					<b>\$60,518</b> (range \$36,000- 100,000)			<b>\$63,000</b>
General Administrator								\$71,000

## **Executive Director Hiring Procedures**

The Board is responsible for hiring, evaluating, and setting the compensation for our sole employee, the Executive Director (E.D.). Because the Executive Director is the Board's only link to operational achievement and conduct (ref D.2), it is imperative that we hire qualified staff. Given the challenges of conducting the E.D. search process and selecting the best candidate (based on the time and skills required), the ICC Austin Board of Directors should plan to utilize support resources.

With the small staff at ICC Austin, there are multiple sources of organizational risk, for example:

- Hiring the wrong candidate for the E.D. position
- Turnover of other staff members concurrent with E.D. transition
- Turnover of Board Officers and/or Directors

These risks can be mitigated through contingency planning and utilization of external support resources, such as the following:

1. Maintaining a written expectation for the amount of notification that the E.D. would ideally provide when separating from ICC Austin (e.g., 4 weeks), but anticipate that there are often circumstances that preclude having the ideal amount of notice.
2. Ensuring that sufficient cash reserves are available to engage consultant support for an E.D. search, along with travel or other expenditures that may be associated with interviewing candidates.
3. Having the Executive Director maintain one or many relationships with executive staff at other cooperative housing organizations who could be called upon in extraordinary circumstances (e.g., concurrent turnover of multiple staff).
4. Having the Board engage a suitable executive search firm, and requiring that staff maintains a short list of options that is periodically updated (as needed).
5. Discussing and recording ideas regarding what kind of candidate vetting should occur by various parties within ICC Austin such as a Board committee, the Board as a whole, the membership, and staff.

## Annual Readiness Check

We are fortunate that hiring an Executive Director is an infrequent occurrence. In order to help us be as prepared as possible, the Board should have an annual discussion to formally review the E.D. hiring process. Discussion could include the following questions:

1. Are we prepared to hire a new ED when the need arises?
2. If not, what do we need to do now?
3. What are our cultural and organizational priorities right now that would impact the process/decision?
4. Are these hiring procedures and ED job description up-to-date?

## Overview of Hiring Process

The process of hiring an Executive Director is briefly outlined in the steps below.

### 1. Arrange for Interim Management

Hiring a new executive takes time (typically from 3 months to one year), so unless the outgoing E.D. gives an open-ended departure date, the board must either appoint an acting E.D. from the existing staff or hire someone from outside the organization to fill a temporary position.

If the organization is healthy (in sound financial position with no looming crises), appointing from within can work well. If the organization is struggling financially or faced with other operational/organizational challenges, the Board may want someone with special skills and experience to start turning things around and perhaps even to get the organization in better shape for the next E.D.

The sudden departure of the E.D. can cause significant disruption, and it is important that the focus be on stabilizing the situation so that the Board can focus on the task of searching for the new E.D.

### 2. Set up a Search Committee

A committee must be established, that is committed to the task and substantial time required to carry out the recruiting, screening, and logistical framework (e.g. developing timeline and budget). The final decision to hire an E.D. must come from the Board as a whole, so it is important to establish an effective relationship and clarity between the Board and committee's responsibilities.

One of the most important qualifications for serving on the search committee is availability. It takes time to interview candidates, and it is important that committee members can all

participate effectively. The chair of this committee is especially critical to success, by driving the process and keeping the group focused on the tasks to be completed.

It may be helpful to engage consultant support and perhaps even include consultants on the committee. Examples for consideration include CDS Consulting, Mission Capital, and the current E.D. from College Houses. [Note that ICC Austin staff currently use Mission Capital resources for developing and evaluating staff.]

### 3. Define the Job Qualifications and Compensation

Identifying the required and desired qualifications drives the entire hiring process, including where to advertise, what to say in advertisements, how resumes are screened, and what is asked in interviews. Ultimately the qualifications guide the Board in choosing between finalists.

Identifying and prioritizing qualifications is the single most important use of the full Board's time in the hiring process. All of the rest of the work can be delegated to the search committee until it is time to interview the finalists.

Failure to discuss and come to agreement upon the required qualifications at the start can result in a deadlocked Board at the end, so it is better to hash out differences of opinion before there are flesh and blood candidates involved.

### 4. Recruit Qualified Candidates

It is important to cast the net wide enough to bring in multiple qualified candidates. Because the number of Executive Directors with experience in housing co-ops is small, it is important to be open to other types of suitable experience.

If a Board Director wishes to apply for the E.D. job, they should be required to resign from the Board not just during the hiring process, but for a year after the new E.D. is hired.

Whether or not the search committee believes that there are qualified internal candidates, the job announcement should be posted for staff and the same expectations as for external candidates should be followed so that all candidates are given fair and equal consideration.

### 5. Screen the Candidates

Often resumes give an imperfect picture of whether a candidate has the qualifications sought. Phone screening of the most promising candidates allows the search committee to get more complete information, ask about compensation requirements, and answer any questions that the candidate may have about ICC Austin and the Executive Director position. During the initial screening process, it is important to ascertain whether candidates meet the qualifications and are providing truthful and accurate information.

In planning the interviews, questions should be designed to find out the extent to which the candidate has the qualifications sought by emphasizing past experience (“How have you handled such a situation in the past?”) rather than hypothetical cases (“How would you handle such a situation?”). The goal is to get candidates to describe achievement and demonstrate how their past experience and special knowledge will help ICC Austin (i.e., use a “behavior-based” approach).

Note that current ICC Austin staff suggests that Mission Capital’s “Behaviors and Motivators” program may be helpful in the Board’s evaluation of how a candidate will mesh with other ICC Austin staff and what style they will bring to our organization.

After the interviews, the search committee narrows down the potential field of candidates and seeks outside information about the candidates. The purpose of checking references is to verify factual information, get a more complete picture of the candidate and whether they meet the expected qualifications, and due diligence to prevent hiring embezzlers or other criminal types. References can also help give a feel for who the candidate really is.

It is essential to perform a background check.

#### 6. Final Selection and Offer

The full Board makes the final hiring decision based on the agreed-upon qualifications. Since the final stage of hiring process is potentially the most expensive (if there are out-of-town candidates) and can be disruptive to daily operations, it may be useful to limit the number of finalists (e.g. maximum of three).

Each candidate should have an opportunity to meet with the staff, and staff should have the opportunity to ask their own prepared questions. The Board may also want to require that the finalists get acquainted with the governance system to ensure that they will accept and support the system of accountability within which they are expected to work.

It can also be helpful to spend some informal time with candidates (e.g. meal or other social occasion). This can be helpful in providing the opportunity for a variety of people to get to know the candidate. Once the candidates have toured ICC Austin, met the staff, and reviewed the financials, their last interview should be with the full Board of Directors.

#### 7. Plan for Effective Onboarding and Transition

It is important to recognize that there is ongoing work to be done after hiring the best candidate, to build the Board-E.D. relationship, successfully integrate the E.D. into the ICC Austin culture, and build the E.D.’s skill in leading our organization. This will require a deliberate investment and the Board should anticipate ongoing support for this process.

As the Board engages with the next E.D. search, these procedures should be refined so that the detailed process along with lessons learned is captured for future Boards.

As addendum to the Executive Director Hiring Procedures, the Board maintains an up-to-date Executive Director job description to assist with the hiring process. This job description is evaluated annually in conjunction with the Executive Director Hiring Procedure “annual readiness check”.

## EXECUTIVE DIRECTOR JOB DESCRIPTION

*This job description is for ED hiring purposes only, not for evaluating ED job performance. Board Policies D2 and D4 outline how ED job performance is evaluated.*

Purpose: As the sole employee of the Board of Directors, the staff member hired as Executive Director (ED) assumes ultimate accountability for all non-Board operations of the cooperative. The ED ensures the successful integration of ICC Austin’s various operational elements within a clearly articulated and cohesive strategic plan.

Status:           Reports to Board of Directors  
                         Salaried/Exempt position

Responsibilities:

### I. LEADERSHIP

- A. Provide top-level collaborative, consensus-based, operational leadership expertise to the members, Board and staff.
- B. Act as legal agent of the ICC Austin Board of directors to outside entities.
- C. Ensure ICC Austin operates within the guidelines of a clearly written strategic plan.

### II. HUMAN RESOURCES

- A. Hire, train, evaluate, discipline, fire, and manage all ICC Austin staff.
- B. Delegate and assign duties and responsibilities to ensure efficient operations.
- C. Ensure a safe, healthy workplace for employees.
- D. Ensure reasonable internal controls and personnel policies are in place and functioning.
- E. Ensure all necessary operating policies are developed and reviewed regularly.

### III. PLANNING AND FINANCIAL OVERSIGHT

- A. Coordinate development and implementation of a multi-year strategic plan for ICC Austin operations.
- B. Ensure sufficient process documentation exists to allow for the day-to-day performance of ED function by other staff, if necessary.
- C. Ensure sufficient succession planning for ED responsibilities.
- D. Provide financial expertise sufficient to ensure financial planning feasibility.

#### **IV. POLICY GOVERNANCE**

- A. Hold final accountability for compliance with all Executive Limitations and Ends policies.
- B. Report as directed by the ICC Austin Board
- C. Ensure Board receives monitoring reports and other information necessary for high-level governing according to the established monitoring schedule.
- D. Create and maintain operational policies in alignment with Board-directed Ends Policy.

#### **REQUIRED QUALIFICATIONS**

- Prepared for bottom-line accountability for a business with a budget of \$1.5M annually
- Proven ability to lead and motivate others and to foster cooperation.
- Proven ability to develop and implement a vision.
- Business expertise and property management experience
- Strategic planning experience.
- Oversight-level understanding of financial statements.
- Operating, capital, and cash budgeting experience.
- Proven ability to develop complex and robust systems.
- Excellent communications skills.
- Demonstrated ability to listen and respond appropriately.
- Demonstrated ability to give and receive feedback.
- Personnel management expertise
- At least ten years of senior-level work experience\*

#### **OTHER HIRING CONSIDERATIONS**

- Strengthens existing staff team in terms of *Behaviors and Motivators* personality assessment
- Willing to attend CDS Consulting Board governance training(s) and work with the existing ICC Austin governance structure for at least a year before suggesting major changes.

\*The qualifications, in particular the 10-year senior-level experience, would be appropriate for the \$81,000 ED salary level that will hopefully be achieved by FY 2020-21. Until then, pickings may be slimmer with a lower salary.)

## **Board of Director Qualification Procedures/Officer Seating Policy**

Texas law allows the ICC Austin Board of Directors to make any reasonable procedures to confirm that people voting at Board meetings are bona fide Board members. Namely, they

- 1) Have been duly elected
- 2) Have read and agreed to abide by the ICC Austin Board Statement of Agreement

These procedures are designed to provide the Board with a framework for making sure the Bylaws are followed and Board Directors understand their ethical obligations.

Specifically, these procedures refine and clarify Board Quorum and Voting.

### Bona Fides and Quorum

Only Bona Fide Directors count towards quorum. The following criteria qualify an individual as a duly appointed House Board Representative:

- 1) Written confirmation from a known officer of the house provided to staff or any qualified Board member; or
- 2) At-meeting, in-person confirmation from another member of the house that the individual was duly appointed.

The following criteria qualify an individual as a duly appointed Board Officer or Community Trustee:

- 1) Written confirmation of ballot results (see Election Procedures); or
- 2) Approved Board minutes; or
- 3) A current-meeting Board appointment

### Voting

Only Bona Fide Directors who have a signed Statement of Agreement on file for the semester may vote.

### Standing Agenda Item

A “Director Qualification Check” will be added as a standing Board meeting agenda item somewhere before the first voting item.

Background:

After confusion regarding some officer seating policies, the Spring 2017 ECC worked with Executive Director Billy Thogersen to create a policy that was clearer. This procedure was approved at the January 26<sup>th</sup>, 2017 Board Meeting.

LAST UPDATED FEBRUARY 23, 2017

## **Director Participation Requirements**

Members of the Board of Directors have duties to the Inter-Cooperative Council based both on the legal structures around corporate boards and various ICC policies, specifically policies C and D.

While most directors are representatives appointed by their house, it is important to recognize that all directors' duty is to the interests of the corporation.

All directors must sign the Statement of Agreement consisting of the Code of Ethics, Code of Conduct, and Conflict of Interest Disclosure. Directors should become familiar with and abide by these documents, as well as the ICC policies, especially the specific policies assigned to them.

Directors are expected to attend and fully participate in the board retreat, all board meetings, and any assigned committee meetings, having first read the board packet and relevant materials.

Directors are strongly encouraged to volunteer to serve on at least one board committee.

Directors should complete any assigned tasks in a timely manner, including approval of meeting minutes and completion of monitoring surveys.

Directors should be honest, helpful, diligent, and respectful in their dealings with ICC, with other Directors, and with the ICC's management, staff, and members.

LAST UPDATED MARCH 19, 2014

## **Procedures for the Nominations and Recruitment Committee**

(pursuant to policy C2.6)

### BACKGROUND

To best serve the membership, ICC Austin must provide effective leadership over time. Effective leadership over the long term will not happen without thoughtful consideration and concerted effort. The Board uses the Nominations and Recruitment Committee (NOMCOM) to help perpetuate a high-functioning governing body through the recruitment of skilled, committed, and motivated directors.

The primary goal of NOMCOM is to ensure that the ICC membership has a slate of well-qualified Board officer candidates to choose among at each spring election. Secondary goals include educating members about the Board, Board officers, and election process; and working with houses to recruit strong, motivated Board Representatives.

### FORMATION AND ACTIVE PERIODS

The Board should form the NOMCOM at the November Board meeting and dissolve the committee after the final committee report, typically at the meeting after the Board officer elections

### MEETING SCHEDULE AND TASKS

As chair of NOMCOM, the Board secretary should prepare a NOMCOM reports for the Board meetings beginning in January until the committee is dissolved.

The **first** committee meeting should take place within 2 weeks of committee formation to review this procedure document, look at previous notification and recruitment materials, task staff with updating materials as necessary, assign tasks to committee members, and generally make sure there is a plan to move forward in late January with notifications (see section below for details).

The **second** committee meeting should take place -before “current member signing”, to coordinate the recruiting phase (see section below for details). It would not be a bad idea to combine this meeting with an Executive Coordinating Committee meeting to maximize group wisdom. If for some reason notifications have not been done (see above), this would be the time to get cracking with it, double-time. The committee should review the Endorsement Qualifications (see appropriate section) to make sure they are still the best criteria. Finally, the committee should determine the NOMCOM portion of the spring General Membership Program (see section below for details).

The **third** committee meeting should be held before the packet deadline for the Board meeting proceeding the spring GMM to present the Board with the NOMCOM endorsed candidates, and to coordinate the Nominations Committee presentation at the spring General Membership Committee meeting. The committee should make sure that candidates have submitted statements for inclusion on the ballots.

The **forth** committee meeting should be held shortly after the spring General Membership Meeting to debrief on the recruitment process, review this Procedure Document and make any recommended changes for consideration at the next meeting.

## ENDORSEMET QUALIFICATIONS

Although any member is free to run for Board officer positions, the NOMCOM should establish some minimum candidate standards to help guide the membership in making their choice, as well as ensure candidates are well-qualified. To that end, NOMCOM should include a NOMCOM endorsement on the ballot for any candidate who has:

1. Signed a full year contract;
2. Attended at least one Board meeting in the spring;
3. Attended at least on ECC meeting in the spring;
4. Submitted a candidate statement for inclusion on the ballot; and
5. Presented themselves in person, or by proxy, at the spring General Membership Meeting.

## PROCEDURE DETAILS

Special Tip In General, be sure to use Board Administrative Assistant and other staff assistance as needed to keep the committee work moving along, especially low-level stuff like making flyers, posting flyers, and other administrative things that your staff can do extremely efficiently.

## NOTIFICATIONS

- Begin advertising the Board officer positions at the fall GMM and then in January by making a statement at the spring new member orientation, and house officer trainings:
  1. The thought should be placed early so that members have plenty of time to consider if they might be interested in a Board officer position.
  2. Generate or reuse catchy slogan on signing announcements: “Resigning for the summer and academic year? Great! You should consider working for your board!”
  3. Take a look at previous flyers for ideas and inspiration – or just tweak and reuse them if you have other more important stuff to attend to.
- Put out flyers at houses sometime before spring contract signing, preferably late January or the first week of February. Make sure the flyer states in bold that a contract for the summer and AY is a candidate requirement. The flyer should urge people to get in contact with the Board officers and/or their house Board representative if they are interested.

- In addition to posting flyers in the usual spots, it has been useful in the past to post flyers in every commons area bathroom in all houses, as well as giving some flyer to house Board representatives to put up in areas of their houses they think will be good.
- If NOMCOM is especially ambitious, having committee members and/or Board officers visit houses to talk about the positions and election process could increase interest.
- Flyers should encourage interested members to actually attend a Board meeting.

## RECRUITMENT

- Before spring contract signing for current members, instruct staff to put together a list of all current members.
- Review the following qualities that should be used in targeting recruitment efforts:

Candidate has:

1. Proven or promising leadership skill
2. Serious attitude
3. The ability to work well with others
4. The time to commit to being on the Board
5. The desire to serve the ICC membership

Special Tip Extra attention should be given to recruiting current Board members and/or Board officers. The more experience on the Board, the better.

- Identify strong candidates out of the list of members.. This should be done at both NOMCOM and ECC meetings. The more people working together to identify candidates, the better. Staff can be especially helpful as they often know many members. It would not hurt to also send out an email to all ICC members to see if anyone has any suggestions for candidates.

Special Tip The most powerful recruiting available tool is simply telling someone that you think they would make a good candidate. In the spring 2014 election, of the 18 candidates who were asked, 11 ran for positions. Further, it never hurts for more than one person communicate with a candidate about how great they would be.

- Members identified as the **best** potential candidates should be contacted in person as soon as possible. NOMCOM members should actively recruit Board officers to help with this task as needed. Offer to take members out to coffee or meet with them in person somehow to answer their questions. Encourage them to run for a position, explain why the committee thinks they would be a great candidate, and highlight the need to sign a full year contract. Be a great ambassador.

- Members identified as **good** possible candidates should also be contacted, in person if possible, but via individual emails failing that.

**Special Tip** Your time is valuable and limited. So, the recruitment process should be targeted at those members who are believed to be the best candidates. This is not unfair, but rather a smart use of organizational resources. As long as the elections are competitive and full of great candidates, you have succeeded.

- To find community trustee candidates, ex co-ops who may still be involved should be contacted. Also, emails should go out to various Austin cooperative mailing lists. Facebook is also a great resource for recruiting a community trustee.

#### VETTING AND ENDORSEMENT

- Invite and encourage candidates to attend a spring Board meeting and ECC meeting. (This part was great experience for everyone in the past.)
- Collect statements from candidates. If new candidates nominate themselves at GMM, they have 24 hours to submit a statement. Candidates who do not have a signed full-year contract should be noted as such on the ballots.
- Verify with staff that all candidates to be endorsed NOMCOM have valid full year contracts for the upcoming year.
- Verify that any candidate to be endorsed by NOMCOM presented themselves at the GMM.

#### BOARD PERPETUATION AND GMM PRESENTATION

- The following topics are recommended for the Board Perpetuation section of the spring GMM:
  1. The importance of Board perpetuation – NOMCOM member
  2. Officer candidate introductions - candidates
  3. The election and ballot process – Board secretary
  4. The importance of house representatives – NOMCOM member
- Prepare concise and compelling presentations of these topics. Consulting your CDS Board consultant is highly recommended for getting great ideas.
- Rehearse the presentation
- The list of people with full ay and summer contracts should also be utilized for recruiting board reps. They should be contacted with an email informing of the awesome task of serving your organization.
- Current board reps should be asked, if they are not going to resume their position, to find a replacement in their house.

# Procedures for Elections and Membership Votes

Board Approved Feb. 2015

One of the founding principles of cooperatives is “Democratic member control.” Participating in ICC Austin through officer elections and ballot referendums is an important function of democracy. ICC Austin generally holds two elections per year in conjunction with the fall and spring General Membership Meetings. In addition, and per the ICC Austin Bylaws, referendums may be initiated at any time by a petition signed by at least 10% of the total Class A membership, by a majority vote at a membership meeting, or by a majority vote at a Board Meeting.

To ensure consistent and fair processes for all referendums and ballot elections, the following procedures will be used.

1. Within a week following GMM or after a referendum has been approved, the Board Secretary will coordinate with staff to create a ballot for distribution.
  - a. The ballot will contain a detailed description of the referendum including historical background information if necessary. For the spring officer elections, the ballot will contain written candidate statements.
  - b. In addition to the ballot, any supporting documentation or resources will be provided to the houses and also made available online through the ICC Austin website.
2. After the Board Secretary has approved the final ballot, it will be distributed to the membership via member mailboxes or via an online survey link. The ballot should be distributed no later than two weeks after GMM or after a referendum has been approved.
  - a. If the ballot is provided in hard copy format, it should be printed on colored paper so it is easily distinguished. If the ballot is provided online, the voting link will be emailed to the membership and also available on the ICC Austin website.
  - b. ICC Austin Membership will have seven days to vote and submit ballots.
  - c. Ballots can be submitted either via the labeled envelope located next to a house’s mailboxes or online (if the ballot is electronic).
  - d. Staff will coordinate the collection of paper ballots after the seven-day period or close the election if online.
  - e. Staff will return the ballots (or corresponding link) to the Board Secretary for counting.
3. The Board Secretary will be in charge of counting the ballots and notifying the membership of the results.
  - a. The ballots will be counted, verified and results announced to the membership within 72 hours of the election ‘closing’ date.
  - b. Each vote should be noted and tallied on a master counting sheet.
  - c. The Secretary will recruit a member of ICC Austin to either a) watch and assist in the initial counting or b) to provide a second count and confirmation of the results.
  - d. The Secretary and the member selected to assist may not be candidates on the ballot. If the Secretary is a candidate on the ballot, an out-going ECC Member will take the lead on vote counting.
  - e. The Secretary will notify the membership of the results by emailing:  
[iccforum@iccaustin.coop](mailto:iccforum@iccaustin.coop). The email should contain:
    - i. The total number of ballots received.
    - ii. Each measure or candidate that passed/failed/elected and by how many votes
    - iii. The name of the person(s) who counted and or verified the results.
  - f. The Secretary will return the ballots and all supplementing documentation to staff for archival in ICC Austin’s permanent records.

# Board Meeting Attendance and Notification Procedures

Approved April 2017

## Statement of Attendance Expectation

Board members will make good faith efforts to attend all Board meetings and retreats, and will provide advance notification and excuse to the Board in cases when they cannot attend.

## Purpose of Meeting Attendance Notification

Given that members elect their House Board Representatives and Board Officers to represent their voices in their cooperative, it is critical that they receive feedback about the basic issue of meeting attendance: When a single Board member misses a meeting, many members are impacted. Members should be informed so that they can take action, if desired.

## Procedures

### Attendance Review

During the Director Qualification section of each Board meeting, the Board will note any absent Board members and determine if advance notice of their absence was provided.

The Board *will consider* removing any Board member who does not attend two Board meetings in a row AND does not provide any notification to the Board for either missed meeting. **This action will occur at the second Board meeting missed as an added agenda item.**

### Executive Coordinating Committee Follow-up

Executive Coordinating Meeting agendas will have a standing agenda item to review all Board meeting absences. Board officers will follow-up with absent Board members as deemed appropriate.

### Board Meeting Attendance Notification

Board meeting attendance information will be provided monthly in the ICC Austin weekly news, and to house members via the house email list.

### Special Note

None of these procedures restrict the Board from removing a Board member at any time, for any reason, per the ICC Austin Bylaws.

## **Procedures for Board Officer Compensation**

**Approved January 2017**

### Stipend Schedule

Base Rate:	\$50
Per Meeting Rate:	\$25
Monthly Cap:	\$175

### Base Rate

Board Officers receive the base rate for general meeting preparations and completion of the regular pre-meeting Board work required of all Board Directors.

### Board and ECC Meetings, Board and ECC Retreats, and General Membership Meetings

Board Officers receive the Per Meeting rate for attendance at these meetings.

### Committee Meetings

Board Officers receive the Per Meeting rate for attending Committee Meetings, if the following conditions are met -

1. Notice of meeting and draft agenda are provided to ICC Austin staff at least 7 days in advance for inclusion on the ICC Austin calendar and in the Weekly News.
2. Meeting minutes or notes, including attendees, are sent to ICC Austin staff for the corporate records.
3. A very brief meeting summary is provided to ICC Austin staff for inclusion in the Board Packet and ICC Austin Weekly News.

The Board Officers attending any committee meetings are all jointly responsible for the three conditions above for purposes of receiving the stipend.

### Monthly Cap

The maximum monthly stipend is \$175 per Board Officer.

### Reporting

Staff Board Administrative support will track and report Board stipend activity in the monthly Board Packets.

### Income

Stipends will be accounted for as income and IRS Form 1099 will be reported. Board Officers are responsible for ensuring that their address is current at the time when ICC Austin distributes end-of-year tax forms, and for properly reporting this income on their own personal income tax statements.

### Disbursements

Stipends will be paid by the first Friday of each month for the prior monthly period.

### Exiting Board Officer Stipends

Outgoing Board Officers who served at least 5 months will receive the Per Meeting rate for any Board or ECC Meeting attendance for the three months following their last month as a Board Officer, up to \$50 per month. This stipend is not available if the person is receiving house labor credit, i.e. serving as the House Board Representative.

### Other Notes

On April 9th, 2013, the Board approved compensation for coordinators. At the spring 2013 General Membership Meeting, the membership considered and rejected compensation for non-officer directors ("House Board Rep" positions).

On January 26<sup>th</sup>, 2017, the Board voted to change Board Officer compensation procedures by creating a stipend schedule and increasing the monthly cap to \$175. **The motion was accepted with the caveat that there be a 6-month check-in review and a one-year sunset provision.**

## **Executive Coordinating Committee (ECC) Charter**

Board Approved November 13, 2014

### **Expectations:**

The primary purpose of the Executive Coordinating Committee (ECC) is to provide leadership to, and coordinate the activities of, the Board as a whole to ensure excellence in fulfilling high- level governance duties.

### **The ECC will:**

- Ensure that the Board maintains a well-functioning Policy Governance system.
- Meet monthly to plan and prepare for effective Board meetings.
- Prepare for and lead discussion of Board meeting agenda items.
- Prepare a monthly committee report, verbal or written, for the Board meetings.
- Regularly assess Board performance and seek creative ways to improve.
- Continuously develop and promote leadership skills both within the ECC and the Board as a whole.
- Ensure that the connection between the board and operations is effective (e.g. appropriate information sharing to ensure accountable empowerment of staff to Board and Board to organization).

The Board expects the ECC committee work to require no more than four hours per month.

### **Composition:**

The ECC is composed of the Board officers.

### **Authority:**

The ECC has no authority beyond coordinating activities except as outlined in the Bylaws.

### **Timeline:**

The ECC charter is indefinite (standing committee).

### **Resources:**

The ECC has access to reasonable amounts of staff time and the ability to engage CDS and other outside agents if within Board-approved budget limits.

## **AUDIT COMMITTEE CHARTER**

Updated and Board Approved July 16, 2015

### **Expectations:**

The primary purposes of the Audit Committee will be to:

1. Use the current Audit Procedure Document to help determine a reasonable process for selecting a suitable audit firm and *make a recommendation to the Board* for a CPA firm to be engaged for the purpose of conducting the FY 2014-2015 audit.
2. Develop a scope of work for the FY 2014-2015 audit *to recommend to the Board*.
3. Oversee the successful and timely completion of the FY 2014-2015 audit on the Board's behalf.
4. Develop a timeline of milestones to ensure that ICC financial obligations are fulfilled, namely, in time to file the tax returns and provide required lender documentation.
5. After audit completion, update the Audit Committee Procedures document to provide guidance for future Audit Committees.

### **Composition:**

The Audit Committee is chaired by the current Board Treasurer and includes other members appointed by the Board.

### **Authority:**

None at the time of Committee formation. The Board will authorize the Treasurer to sign the Engagement Letter at a future meeting.

### **Duration:**

The Audit Committee charter will be evaluated at the Board meeting following the FY 2014-2015 auditor report.

### **Resources:**

The Audit Committee has access to reasonable amounts of staff time and the ability to engage CDS and other outside consultants if within Board-approved budget limits.

## **General Membership Meeting Committee Charter**

Updated and Board Approved July 16, 2015

### **Expectations:**

The primary purposes of the General Membership Meeting (GMM) Committee will be to:

1. Develop ideas for a meaningful and engaging interaction with ICC members, ideally related to the Board's learning discussions around the ICC Ends Policy, for consideration and decision by the full Board in a timely manner.
2. Develop ideas for possible GMM location, date, time, for consideration and decision by the full Board by the August 2015 Board meeting.
3. Develop a draft GMM program in coordination with staff and the Nominations and Recruitment committee, for consideration and decision by the full Board at the August 2015 Board meeting.
4. At the conclusion of the October 2015 GMM, compose a document which includes any lessons learned and recommendations/guidance for future committees.

### **Composition:**

- The GMM Committee is co-chaired by the Board President and Vice-President, and includes other members appointed by the Board.

### **Authority:**

- The GMM Committee has no authority beyond those contained in the above expectations.

### **Duration:**

- Continuation of the GMM charter will be evaluated at the November 2015 Board meeting.

### **Resources:**

- The GMM committee has access to reasonable amounts of staff time and the ability to engage CDS and other outside agents if within Board-approved budget limits.

## **Nominations and Recruitment Committee Charter**

Updated and Board Approved July 16, 2015

### **Expectations:**

The primary purposes of the Nomination and Recruitment Committee will be to:

1. Identify a process for recruiting a pool of well-qualified candidates to run for the 2016-2017 officer and community trustee position(s), for consideration by the full Board and in light of the SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis developed by the Board at the January 2014 retreat.
2. Identify processes and strategies for encouraging houses to appoint well-qualified Board representatives for consideration by the full Board.
3. Consider whether it would be helpful to develop a more formal application and screening process for candidates, for consideration by the full Board.
4. Report back to the Board with findings, ideas, and recommendations for discussion at the February 2016 meeting.
5. Coordinate with the General Membership Meeting Committee as needed to propose a good process for the presentation and election of 2016-2017 Board officers and community trustee.
6. Develop an initial outline and timeline for work including recruitment steps and schedule milestones for the spring 2016 work of the committee, for consideration by the full Board.
7. Compose a document which includes a summary of Board decisions about the nominations and recruitment process (to be implemented with each cycle of recruitment and election of both ECC, House Reps, and Community Trustees). The document should also include significant lessons learned, helpful guidance for future committees, and a recommended timeline of activities.

### **Composition:**

The Nominations and Recruitment Committee is chaired by the Board Secretary and includes other members appointed by the Board.

### **Authority:**

The Nominations and Recruitment Committee has no authority beyond those contained in the above expectations.

### **Duration:**

Continuation of the Nominations and Recruitment Committee charter will be evaluated at the June 2016 Board meeting.

### **Resources:**

The Nominations and Recruitment Committee has access to reasonable amounts of staff time and the ability to engage CDS and other outside agents if within Board-approved budget limits.

## **Committee For Combating Oppression (CCO) Charter**

Updated and Board Approved February 25<sup>th</sup>, 2016

### **Expectations:**

The primary purpose of the AOA Committee will be to recommend and plan for Board learning discussions surrounding inclusivity, equity and diversity.

### **The CCO will:**

- Identify oppressive environments within the cooperative system and create methods of combating those problem areas in a constructive manner.
- Define goals for the organization regarding its efforts to combat oppression.
- Reinforce ICC Austin's mission of equality and social responsibility in all endeavors.
- Coordinate Board learning conversations which might include preparing materials for the Board packet, contacting potential speakers, and/or investigating outside organizations that might be able to provide further support;
- Determine what other questions the Board should be asking in order to be educated on issues of inclusivity, equity and diversity.
- Promote education opportunities and trainings for new and existing members to learn about systemic oppression.

### **Composition:**

The CCO will be an open committee comprised of ICC Austin members, with Board members formally appointed each semester. The committee will elect a chair at the start of each semester.

### **Authority:**

The CCO will have no authority beyond coordinating the activities described above.

### **Duration:**

This is a standing committee.

### **Resources:**

The CCO has access to reasonable amounts of administrative staff support related to CCO meeting logistics.

The CCO will have no financial resources at its disposal, instead all expenditures will be subject to a board vote.

# **DIRECTOR'S GUIDE**

# Your First Board Report

Welcome to the board! As a board rep, one of your jobs is to keep your house informed of the proceedings of the board. As you may have noticed, the board is complicated and we'd like to make sure you understand it properly, so that all your housemates can, too. To both educate new members and remind veterans, you may want to go through this outline during an early house meeting:

## 1) The Board Packet

- Explain the anatomy of a board packet
  - Agenda, Minutes, Monitoring Reports + Policy Governance, Voting + Discussion Items
- Share house takeaways from the last board meeting
- Where is the board packet?
  - Printed copies at house
  - Electronic copy online

## 2) You and the Board

- How the board affects you, your house, and all the ICC Austin membership:
  - Holds accountability for all aspects of the cooperative
  - Provides visionary leadership and sets the ICC Austin "Ends"
- How you, your house, and all ICC Austin membership affects the board
  - Member open time
  - Bringing governance ideas, issues and/or concerns to the board
  - Working with your board rep
  - The ICC Austin appeals process
- Contact staff and try to come to a resolution. If this fails then:
  - Contact the board (member open time or ECC meeting)
  - Petition the board for either a Referendum or a Special Membership Meeting

## 3) Committees

While the board is the place where members decide on things, committees are the place where things get done. Committees are:

- Open for anyone to sit in on, or join
- Something that any ICC members -- not just board members -- can create

Current Committees: Executive Coordinating Committee (ECC), the Nominations and Recruitment Committee (NomCom), the General Membership Meeting Committee (GMM Com), The Audit Committee, and the Education and Culture Committee (non-board committee).

## 4) Flex your Discussion Muscles

You can't represent your house's interest if you do not take the time to get an accurate feel for how your house thinks. We encourage you to ask questions of your house formally

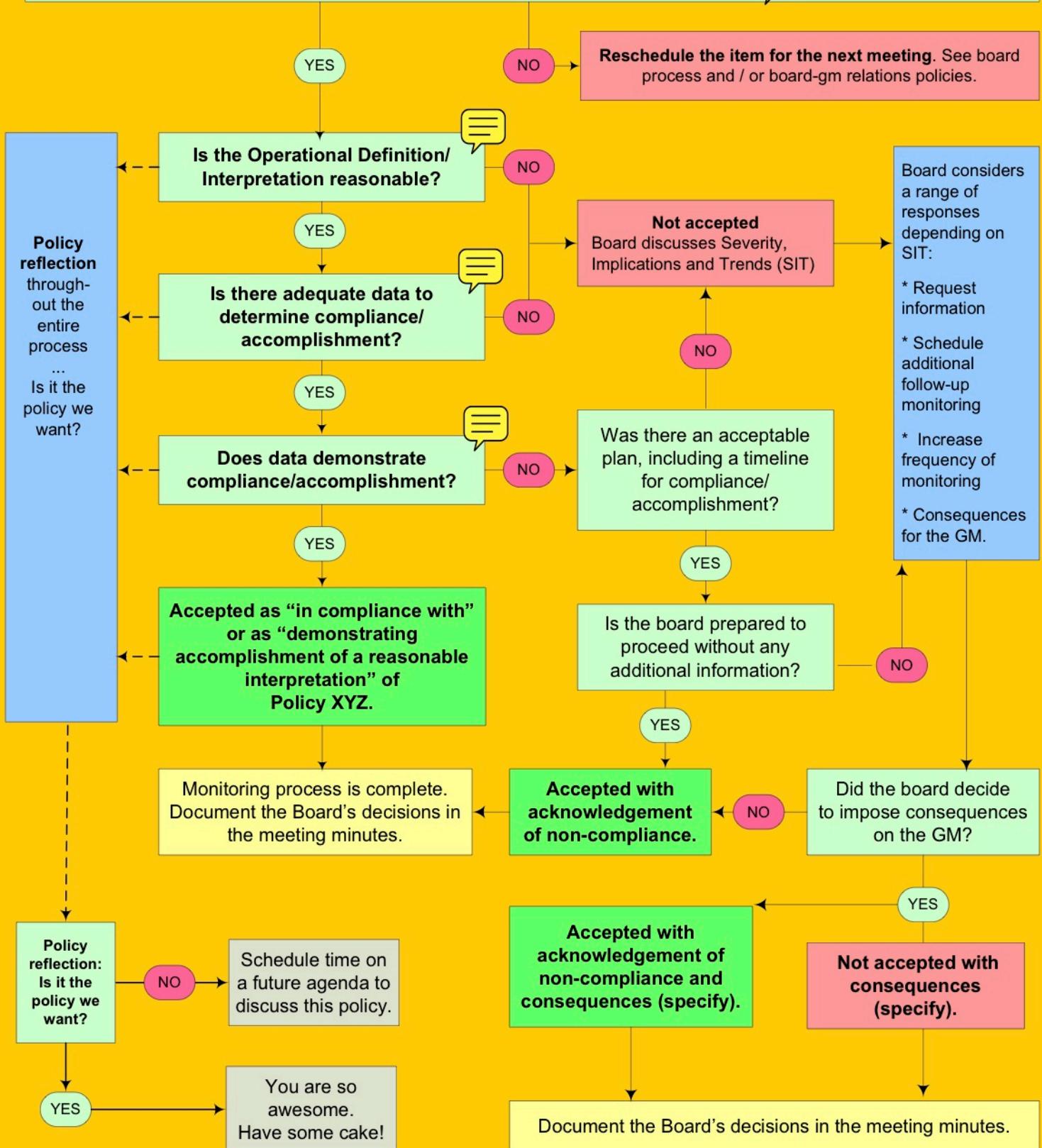
- e.g. What is house autonomy?

And informally, around the house, at parties, whenever:

- e.g. Why do you live in ICC Austin and not somewhere else?

# Decision Tree for Acting on Internal Monitoring Reports from the General Manager

Did individual directors receive and read the written report in advance of the meeting and come to the meeting prepared to act? 



# **POLICY GOVERNANCE® SOURCE DOCUMENT**

## **Why a Source Document?**

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

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

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

## **What Policy Governance is NOT!**

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

## **What Policy Governance IS!**

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

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

## **Principles of Policy Governance**

1. **Ownership:** The Board connects its authority and accountability to those who morally if not legally own the organization—if such a class exists beyond the Board itself—seeing its task as servant-leader to and for that group. “Owners,” as used in the Policy Governance model, are not all stakeholders, but only those who stand in a position corresponding to shareholders in an equity corporation.
2. **Governance Position:** With the ownership above it and operational matters below it, governance forms a distinct link in the chain of command or moral authority. Its role is commander, not advisor. It exists to exercise that authority and properly empower others rather than to be management’s consultant, ornament, or adversary. The Board—not the staff—bears full and direct responsibility for the process and products of governance, just as it bears accountability for any authority and performance expectations delegated to others.
3. **Board Holism:** The Board makes authoritative decisions directed toward management and toward itself, its individual members, and committees only as a total group. That is, the Board’s authority is a group authority rather than a summation of individual authorities.
4. **Ends Policies:** The Board defines in writing the (a) results, changes, or benefits that should come about for specified (b) recipients, beneficiaries, or otherwise defined impacted groups, and (c) at what cost or relative priority for the various benefits or various beneficiaries. These are not all the possible “side benefits” that may occur, but those that form the purpose of the organization, the achievement of which constitutes organizational success. Policy documents containing solely these decisions are categorized as “Ends” in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
5. **Board Means Policies:** The Board defines in writing those behaviors, values-added, practices, disciplines, and conduct of the Board itself and of the Board’s delegation/accountability relationship with its own subcomponents and with the executive part of the organization. Because these are non-ends decisions, they are called “Board means” to distinguish them from ends and staff means. In describing the Policy Governance model, documents containing solely these decisions are categorized as Governance Process and Board-Management Delegation, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
6. **Executive Limitations Policies:** The Board makes decisions with respect to its staff’s means decisions and actions only in a proscriptive way in order simultaneously (a) to avoid prescribing means and (b) to put off limits those means that would be unacceptable even if they work. Policy documents containing solely these decisions are categorized as “Executive Limitations” in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
7. **Policy “Sizes”:** The Board’s decisions in Ends, Governance Process, Board-Management Delegation, and Executive Limitations are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time. These documents—which replace or obviate Board expressions of mission, vision, philosophy, values, strategy, and budget—are called policies in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
8. **Delegation to Management:** If the Board chooses to delegate to management through a chief executive officer, it honors the exclusive authority/accountability of that role as the sole connector between governance and management.
9. **Any Reasonable Interpretation:** In delegating further decisions—beyond the ones recorded in Board policies—the Board grants the delegatee the right to use any reasonable interpretation of those policies. In the case of Ends and Executive Limitations when a CEO exists, that delegatee is the CEO. In the case of Governance Process and Board-Management Delegation, that delegatee is the CGO (chief governance officer) except when the Board has explicitly designated another Board member or Board committee.

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

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

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

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

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

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