

# **AMERIND Risk Management Corporation**

## **GOVERNANCE POLICIES**

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# **AMERIND Risk Management Corporation**

## **Corporate Governance**

### ***Governance Policies***

#### **GP-1 Governance Commitment**

The Board, on behalf of the Members of the Corporation, holds itself accountable by ensuring that all actions it takes are consistent with the Corporation's Charter, Bylaws, mission, and policies. In fulfillment of this charge, the Board is committed to rigorous improvement of its capacity to govern effectively using its policies to define its concerns in terms of values and its vision in terms of expectations.

***Monitoring Method:***

***Board self-assessment***

***Monitoring Frequency:***

***Annually at the January Board Meeting***

#### **GP-2 Governing Style**

The Board shall govern so that long term values are achieved in the manner consistent with productive use of people and resources, financial soundness, culturally sensitive action, with deliberation of thought and with care in the use of the Directors' time. The Board shall govern with emphasis on long-term organizational vision rather than on interpersonal issues of the Board; encourage diversity in viewpoints; focus on strategic leadership rather than administrative detail; observe clear distinction between Board and CEO roles; make collective rather than individual decisions; exhibit future orientation rather than past or present; and govern proactively rather than reactively.

Accordingly:

1. The major ongoing concerns of the Board shall be given careful consideration within the context of the Corporation's reason for existence, its values, vision and mission. All other concerns, however legitimate, shall be handled in a routine and consistent manner to allow the Board to spend most of its time focused on the corporation's Executive Outcome policies.
2. The Board shall cultivate a sense of group responsibility. The Board shall incorporate the expertise of individual Directors to enhance the ability of the Board as a body, but individual judgments may not substitute for the Board's collective values and decision. The Board shall work in partnership with the CEO and staff.
3. The Board shall hold itself accountable for governing with excellence. This self-discipline shall apply to matters such as attendance, preparation for meetings, adherence to policymaking principles, respect of roles, and ensuring effective governance capability into the future.
4. The Board shall direct, control and inspire the Corporation through the careful establishment of written policies reflecting the Board's values and perspectives. The Board's major policy focus shall be on the intended long-term benefits for its Members and Affiliates, not on the administrative or programmatic means of attaining those benefits. The Board shall attend to current and short-term issues only (a) as a temporary expedient; (b) in monitoring the CEO's performance; or (c) as a method to maintain grassroots understanding of the business process. No issue shall consume Board time that has not first been determined to be a Board issue. Board meetings shall be disciplined by this principle.

5. Continuous Board development shall include orientation of new Directors in the Board's governance process and periodic Board discussion and evaluation of process to assure continued improvement.
6. The Board shall allow no officer, individual or committee of the Board to hinder or be an excuse for the Board's not fulfilling its commitments.
7. The Board shall monitor its process and performance at each meeting through a debriefing process utilizing prior meeting minutes, the Strategic Plan and Executive Outcomes. Self-monitoring may include comparison of actual Board activity and discipline to the standards reflected in policies in the ***Governance Process*** and ***Board-CEO Relationship*** categories.
8. The responsibilities of the Board of Directors shall be clearly distinguished from those of the CEO.

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| <b><i>Monitoring Method:</i></b>    | <b><i>Board self-assessment</i></b> |
| <b><i>Monitoring Frequency:</i></b> | <b><i>Each Board Meeting</i></b>    |

### **GP-3 Board Job Description**

The job of the Board is to represent its Members and lead the Corporation by determining and demanding appropriate and excellent organizational performance. To distinguish the Board's own unique job from the jobs of the CEO and staff, the Board shall concentrate its efforts on the following:

1. Utilizing proactive strategies to ensure meaningful linkage with the membership to determine their concerns, needs and demands.
2. Developing written governing policies that, at the broadest levels, address:
  - a. ***Governance Policies:*** How the Board shall conceive, carry out and monitor its own work.
  - b. ***Board/CEO Relationship:*** How authority is delegated to the CEO and how the CEO's use of that authority is monitored; the CEO's role, authority and accountability.
  - c. ***Executive Limitations:*** Constraints on executive authority (authority granted the CEO) that establish the practical, ethical and legal boundaries within which all executive activity and decision-making shall take place.
  - d. ***Executive Outcomes:*** The strategic objectives or goals established by the Board to be achieved by the CEO and staff. These objectives or goals shall be consistent with AMERIND's long-term mission, vision and values.
3. Ensuring CEO performance through monitoring ***Executive Outcomes*** and ***Executive Limitations*** policies.
4. Ensuring Board performance through monitoring ***Governance Policies*** and ***Board-CEO Relationship*** Policies.
5. Ensuring that the ***Executive Outcomes*** are the focus of organizational performance.

6. Annually review and appoint an independent financial auditor for an audit of the Corporation and cause an internal review of financial transactions. The audit report is to be presented at the April meeting of the Board.

**Monitoring Method:** *Board self-assessment*  
**Monitoring Frequency:** *Annually at the January Board Meeting*  
*Audit Report presented at the April Board meeting*

#### **GP-4 Monitoring Board Governance Policies and Board/CEO Relationship Policies**

The purpose of monitoring the Board's *Governance Policies* and *Board/CEO Relationship* policies is to determine the degree to which the Board adheres to and fulfills its own policy commitments and to assure the continued relevancy and currency of the policies. Monitoring shall be done as efficiently as possible, using Board time effectively so that meetings can be used to create the future rather than to review the past. Within the financial constraints of the Corporation, the Board shall conduct periodic reviews to allow it to focus on governance issues and other matters that require in-depth and undivided attention. These policies are monitored through Board self-assessment according to the following frequency:

##### **Governance Policies**

|   | <b><u>Frequency</u></b> | <b><u>Dates</u></b>     |
|---|-------------------------|-------------------------|
| GP-1 Governance Commitment                                  | Annually                | January Meeting         |
| GP-2 Governing Style  | Each meeting            | Quarterly Meetings      |
| GP-3 Board Job Description                                  | Annually                | January Meeting         |
| GP-4 Monitoring Governance Process & Board-CEO Relationship | "                       | "                       |
| GP-5 Chairman/President's Role                              | "                       | "                       |
| GP-6 Board Committee Principles                             | "                       | Annual Business Meeting |
| GP-7 Committee Structure                                    | "                       | "                       |
| GP-8 Agenda Planning  | "                       | July Meeting            |
| GP-9 Director Code of Ethics                                | "                       | Sept/Oct Meeting        |
| GP-10 Director Covenants                                    | "                       | "                       |
| GP-11 Director Conflict of Interest                         | "                       | "                       |
| GP-12 Process for Addressing Director Violations            | "                       | "                       |

##### **Board/CEO Relationship Policies**

|   | <b><u>Frequency</u></b> | <b><u>Dates</u></b>  |
|---|-------------------------|----------------------|
| B/CR-1 Management Connection and Unity of Control | Annually                | January Meeting      |
| B/CR-2 Accountability of the CEO                  | "                       | "                    |
| B/CR-3 Delegation to the CEO                      | "                       | "                    |
| B/CR-4 Monitoring CEO Performance                 | "                       | Sept/October Meeting |
| B/CR-5 Evaluation of the CEO                      | Bi-annually             | January/July Meeting |

**Monitoring Method:** *Board self-assessment*  
**Monitoring Frequency:** *Bi-Annually at the January/ July Board Meeting*  
*Governing Style – Each meeting*

## **GP-5 Chairman/President's Role**

The Chairman/President of the Board ensures the integrity of the Board's processes and normally serves as the Board's official spokesperson. Accordingly, the Chairman/President has the following authority and duties:

1. Monitor Board behavior to ensure that it is consistent with its own rules and policies and those legitimately imposed upon it from outside the Corporation.
  - a. Conduct and monitor Board meeting deliberations to ensure that only Board issues, as defined in Board policy, are discussed.
  - b. Ensure that Board meeting deliberations are fair and thorough, but also efficient, timely, orderly and to the point.
  - c. Chair Board meetings with all the commonly accepted power of that position as provided in The Standard Code of Parliamentary Procedure.
  - d. Conduct timely Board meeting debriefings and periodic self-assessments to ensure process improvement.
2. Make all interpretive decisions that fall within the topics covered by Board policies on ***Governance Policies*** and ***Board/CEO Relationship***, except where the Board specifically delegates portions of this authority to others, using any reasonable interpretation of the provisions in those policies.
  - a. Refrain from making any interpretive decisions about policies created by the Board in the ***Executive Outcomes*** and ***Executive Limitations*** policy areas.
  - b. Refrain from exercising any authority as an individual to supervise or direct the CEO.
3. Represent the Board to outside parties in announcing Board-stated positions and in stating decisions and interpretations within the areas assigned to the Chairman/President, delegating this authority to other directors on the Board when appropriate, but remaining accountable for its use.
4. Facilitate the summative evaluation of the CEO and issue a final report on the evaluation.
5. Cooperate with the CEO to develop a proposed agenda for meetings of the Board of Directors after inviting suggestions from the Directors. The first action item on the agenda is expected to be the adoption of the final agenda.
6. Keep (or cause to be kept) an accurate record of all Board Meetings and deliberations, including the maintenance of an accurate record of all formal votes of the Board.
7. In the absence or inability of the Chairman/President, the Vice Chairman shall have all of the powers and duties of the Chairman/President.
8. To recommend to the Board appointment of members to all Committees created by the Board.

***Monitoring Method:***

***Board self-assessment***

***Monitoring Frequency:***

***Annually at the January Board Meeting***

## **GP-6 Board Committee Principles**

Board committees, when used, shall be used to conduct research necessary to make recommendations of policy to the Board and to monitor policies adopted by the Board to assure compliance therewith, except as provided in the bylaws for standing committees, and never to interfere with delegation of authority from the Board to the CEO. All Board committees shall be ad hoc in nature, except for the Executive, Risk Management, Administrative Services, and Finance Committees, which are standing committees (see GP-7).

Accordingly:

1. Board committees are to assist the Board to do its job, not to direct or advise the staff. Committees ordinarily shall assist the Board by preparing policy alternatives, implications or recommendations for Board consideration. In keeping with the Board's broader focus, Board committees shall not have direct dealings with staff operations unless specifically given that authority by the Board.
2. Board committees (other than the Executive Committee) may not speak or act for the Board except when formally given such authority by the Board for specific and time-limited purposes. Expectations and authority shall be stated carefully by the Board to assure that committee authority shall not conflict with authority delegated to the CEO.
3. Board committees (other than the Executive Committee) cannot exercise authority over the CEO or staff. Because the CEO works for the full Board, any direction to the CEO related to a committee recommendation must come from the full Board.
4. Board committees are expected to avoid over-identification with organizational parts rather than the whole. Therefore, a Board committee that has helped the Board create policy shall not be used to monitor organizational performance on that same subject.
5. This policy applies only to committees that are formed by Board action, whether or not the committees include Directors. It does not apply to non-Board committees formed under the authority of the CEO.

***Monitoring Method: Board self-assessment***  
***Monitoring Frequency: Annually at Annual Business Meeting***

## **GP-7 Committee Structure**

### **Standing Board Committees**

#### **1. Executive Committee**

The Chairman/President, Vice Chairman, Treasurer, and Secretary shall act as the Executive Committee. The Chairman shall chair the committee. The Executive Committee shall support the Chairman/President in the monitoring and fulfilling the Corporation's governance policies and CEO evaluation.

2. **Finance Committee**

The Finance Committee shall be responsible for the following activities:

A. Purpose/Charge:

- 1) Providing oversight of the financial performance of the Corporation, annual budget, money management policy and selection of the Corporation's money management advisors or consultants.
- 2) Recommending to the Board the selection of a qualified financial audit firm for an annual audit of the Corporation's financial records. The committee shall be informed through discussions with management and the auditor about the results of the annual examination of the internal controls and financial position of the Corporation and shall present the audit and their recommendations, if any, to the Board.

B. Membership:

- 1) The Chairman/President (with the consensus of a majority the Board) shall appoint three or more Directors to serve on the committee, one of which shall be the Treasurer who shall also function as the chair of the committee.
- 2) The CEO, as he/she deems necessary, shall assign the CFO and any other management personal to assist the committee.

C. Reporting Schedule:

- 1) The committee shall meet in person at least quarterly before a scheduled Board meeting and telephonically as often as requested by the CEO or the committee chairman for the purpose of advice or feedback.

D. Term:

- 1) Appointed Directors shall serve on the committee for one or more years, with at least one Director "rotating" off the committee each year at the end of the Annual Membership Meeting.

3. **Risk Management Committee**

A. Purpose/Charge:

- 1) Monitor the FOCUS program to insure that Members in non-compliance with risk pool policy and procedures or Member Agreements are appropriately counseled and all necessary disciplinary actions are taken.
- 2) Provide oversight and guidance to the CEO with respect to the products and services provided to Members and Affiliates.
- 3) Provide feedback to the CEO regarding the adequacy of rates for risk pool coverage, risk pool rating plans, coverage documents and reinsurance arrangements.

- 4) Provide feedback to the CEO regarding claims exceeding \$250,000 or any claim that may give rise to the instability of the financial integrity of the Corporation or that may require the Corporation to invoke sovereign immunity as a defense.
- 5) Recommending to the Board the selection of a qualified actuarial firm for an annual actuary audit of the Corporation's adequacy of rates and claims reserves. The committee shall be informed through discussions with management and the actuary about the results of the annual examination of the rates and claim reserves of the Corporation and shall present the actuary report and their recommendations, if any, to the Board.

B. Membership:

- 1) The Chairman/President (with the consensus of a majority the Board) shall appoint three or more Directors to serve on the committee, one of which shall be the Secretary who shall also function as the chair of the committee.
- 2) The CEO, as he/she deems necessary, shall assign the COO and any other management personal to assist the committee.

C. Reporting Schedule:

- 1) The committee shall meet in person at least quarterly before a scheduled Board meeting and telephonically as often as requested by the CEO or the committee chairman for the purpose of advice or feedback.

D. Term:

- 1) No term limits shall apply to Directors serving on the Risk Management Committee due to the amount of technical knowledge required for serving on this committee.

4. ***Administrative Services Committee***

A. Purpose/Charge:

- 1) Identify dates and locations for future Board meetings and annual Member meetings.
- 2) Provide guidance and feedback to the CEO regarding corporate policy and procedures and employee benefit plans.
- 3) Function as a review or appeal board for any disciplinary action taken against an employee, Director, or Member, if the employee, Director or Member requests an appeal to the Board.

B. Membership:

- 1) The Chairman/President (with the consensus of a majority the Board) shall appoint three or more Directors to serve on the committee, one of which shall be the Vice Chairman who shall also function as the chair of the committee.



- 2) The CEO, as he/she deems necessary, shall assign the CFO, CCO and any other management personal to assist the committee.
- C. Reporting Schedule:
- 1) The committee shall meet in person at least annually at the January Board meeting and as often as required to hear appeals or to provide telephonic advice or feedback to the CEO.
- D. Term:
- 1) Appointed Directors shall serve on the committee for one or more years, with at least one Director “rotating” off the committee each year at the end of the Annual Membership Meeting.

### **Ad Hoc Board Committees**

All other committees of the Board are either created by the Bylaws or by action of the Board for the purpose of supporting the Board in carrying out its roles and responsibilities. A committee is a Board committee only if its existence and charge come from the Bylaws or action of the Board and its work is intended to support the Board’s work, whether or not Directors serve on the committee. The only Board committees are those that are named in this policy. Unless otherwise indicated, an ad hoc committee ceases to exist as soon as its task is complete.

#### **1. *Marketing and Business Development Committee***

- A. Purpose/Charge:
- 1) Oversight to ensure that the Corporation is taking all necessary actions to protect the good will of the Corporation and to improve the image (i.e., branding) of the Corporation within Indian Country.
  - 2) Provide guidance and feedback to the CEO as respects the Corporations’ marketing and business development plans.
- B. Membership:
- 1) The Chairman/President (with the consensus of a majority the Board) shall appoint three or more Directors to serve on the committee, one of which shall be appointed as the chair of the committee.
  - 2) The CEO, as he/she deems necessary, shall assign the COO, Director of Business Development and any other management personal to assist the committee.
- C. Reporting Schedule:
- 1) The committee shall meet in person at least annually before the third quarter Board meeting (September or October) and telephonically as often as requested by the CEO or the chair of the committee for the purpose of advice or feedback.

D. Term:

- 1) Appointed Directors shall serve on the committee for one or more years, with at least one Director “rotating” off the committee each year at the end of the Annual Membership Meeting.

2. ***Strategic Planning Committee***

A. Purpose/Charge:

- 1) Work with consultants, identify, evaluate and present corporate governance and strategic action ideas to the Executive Committee and the Board for approval and adoption.

B. Membership:

- 1) The Chairman/President, Vice Chairman, Secretary, Treasurer, chair of the Marketing and Business Development Committee and CEO shall serve on the committee. The Chairman/President shall chair the committee.

C. Reporting Schedule:

- 1) The committee shall meet in person and telephonically to complete its purpose and charge.

D. Term:

- 1) Appointed Directors shall serve on the committee until its purpose and charge is completed – January 2007.

***Monitoring Method:***

***Board self-assessment***

***Monitoring Frequency:***

***Annually at the Annual Business Meeting***

**GP-8 Agenda Planning**

To accomplish its stated objectives, the Board shall adopt and follow an annual agenda that schedules continuing review, monitoring and refinement of ***Executive Outcome*** policies, linkage meetings with identified ownership and staff groups, monitoring of policies, and activities to improve board performance through education, enriched input and deliberation.

Accordingly:

1. The planning cycle shall end each year by August 1st in order that administrative decision-making and budgeting can be based on accomplishing the next one-year segment of the Board’s most recent statement of long-term outcomes.
2. The planning cycle shall start with the Board’s development of its agenda for the next year, and shall include:
  - a. Scheduled linkage discussions and consultations with selected groups and persons whose insights and opinions may be helpful to the Board.

- b. Education discussions on governance matters, including orientation of new Directors in the Board's governance process, and periodic discussions by the Board about means to improve its own process.
  - c. Education related to ***Executive Outcome*** policies (e.g. presentations by futurists, actuaries, reinsurers, advocacy groups, staff, etc.).
  - d. Scheduled monitoring of all policies.
3. Throughout the year the Board shall attend to consent agenda items as expeditiously as possible. An item may be added or removed from the consent agenda for separate consideration at the request of any Director.
4. The Board shall conclude each meeting with agenda items to:
- a. Monitor the Board's process and performance, consistent with GP-2 to GP-7 and GP-10, and
  - b. Review action to be taken to prepare for the next Board meeting.

***Monitoring Method:*** ***Board self-assessment***  
***Monitoring Frequency:*** ***Annually at the July Board Meeting***

#### **GP-8-A Annual Agenda Planning Calendar**

| Meeting        | (GP) | (B/C<br>R) | (EL)         | (EO) | Linkage  | Other Business   |
|----------------|------|------------|--------------|------|--|--|
| January        | 1-5  | 1-3<br>5   | 1-6<br>10-12 | 1    | Joint meeting with NAIHC Board   | Admin Committee Report<br>Finance Comm. Report<br>Risk Mgmt Report<br>CEO Performance Review                                     |
| April          |      |            | 8-9          | 2    | Money Manager Review<br>Auditor/Actuary Reports                                      | Finance Comm. Report<br>Risk Mgmt Comm Report  |
| July           | 8-8A |            | 7            |      | Strategic Planning Process<br>Identify Executive Outcomes<br>12 month Budget Process | Finance Comm. Report<br>Risk Mgmt Comm Report  |
| Sept/Oct       | 9-12 | 4          |              | 3    | Planning with NAIHC Board<br>Annual Calendar Review<br>Finalize 12 month Budget      | CEO Performance Evaluation<br>CEO Contract Review<br>Finance Comm. Report<br>Risk Mgmt Comm Report<br>Marketing Committee Report |
| Annual Meeting | 6-7  |            |              | 4    |  | Member Resolutions   |

## **GP-9 Director Code of Ethics**

The Board commits itself and its Directors to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum.

Accordingly:

1. Directors shall represent the interests of the whole Corporation. This accountability supersedes any conflicting interest, such as:
  - a. any conflicting loyalty to other advocacy or interest groups.
  - b. loyalty based upon membership on other boards or staffs.
  - c. conflict based upon the Director's use of the services provided by the Corporation.
2. Directors may not attempt to exercise individual authority over the Corporation.
  - a. Directors' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly authorized by the Board.
  - b. Directors' interaction with the public, press or other entities must recognize the same limitation and the inability of any Director to speak for the Board except to repeat explicitly stated Board decisions. This limitation does not restrict any Director from directly interacting with Members regarding their concerns and needs.
  - c. Directors shall not publicly make or express individual negative judgments about CEO or staff performance. Any such judgments of CEO or staff performance shall be made in executive session and only by the Board.
3. Directors shall maintain confidentiality appropriate to issues of a sensitive nature and information that otherwise may tend to compromise the integrity or legal standing of the Board or the Corporation, especially those matters discussed in executive session.
4. Directors shall refrain from any self-dealing or any conduct of private business or personal services between any Director and the Corporation except as procedurally controlled to assure openness, competitive opportunity and equal access to otherwise "inside" information.
5. Directors shall not use their positions to obtain for themselves or for their family members, employment or the award of a contract with the Corporation. A Director being considered for employment or the award of a contract shall withdraw temporarily from Board deliberation, voting, and access to relevant Board information.
6. Directors shall be committed to a business environment that respects and values the inherent worth of human beings, whether they are representatives of Members, service providers, employees, or others that have relationships with the Corporation. The Board is committed to a business environment that is free from discrimination and harassment, whether based upon race, sex or other personal characteristics protected by law.

***Monitoring Method:***

***Board self-assessment***

***Monitoring Frequency:***

***Annually at the September/October Board Meeting***

## **GP-10 Director Covenants**

In order to build and maintain productive and effective relationships, Directors shall maintain a system of communication and interaction that builds upon mutual respect and trust.

Accordingly, Directors, individually and collectively, shall:

1. Exercise honesty in all written and interpersonal communication.
2. Demonstrate respect for the opinions of others.
3. Focus on issues rather than on personalities.
4. Maintain focus on common goals.
5. Communicate in a timely manner to avoid surprises.
6. Respect majority decisions of the board.
7. Withhold final judgment on issues until fully informed.
8. Seek first to understand rather than to be understood.
9. Criticize privately, praise publicly.
10. Use executive sessions appropriately and judiciously.
11. Maintain appropriate confidentiality.
12. Openly share personal concerns.
13. Take the initiative to communicate and ask questions for clarification.
14. Share information and knowledge.
15. Give direction as the whole, not as individuals.
16. Make every reasonable effort to protect the integrity and promote the positive image of the Corporation and one another.
17. Deal with outside entities or individuals, with Members, staff and each other in a manner reflecting fair play, ethics and straightforward communication.

Directors shall not:

1. Embarrass each other or the Corporation.
2. Intentionally mislead or misinform each other.
3. Maintain hidden agendas.
4. Undermine majority decisions of the board.

5. Assume responsibility for resolving operational problems or complaints.

**Monitoring Method:** *Board self-assessment*

**Monitoring Frequency:** *Annually at the September/October Board Meeting*

#### **GP-11 Director Conflict of Interest**

Directors are expected to avoid conflicts of interest involving any matter pending before the Board. A conflict of interest is deemed to exist when a Director has either (a) a position with, or (b) a substantial interest in, another business enterprise that may either (i) conflict with or reasonably conflict with the ability of the Director to properly perform his or her duties or responsibilities to the Corporation, or (ii) affect the Director's independent judgment regarding the transaction between the Corporation and such other business enterprise, without full and complete disclosure.

Accordingly:

1. If a Director has a personal or private interest in a matter pending before the Board, the Director shall timely and fully disclose all facts material to such interest to the Board, shall not vote on the matter and shall not attempt to influence the decisions of other directors of the Board. If the Board lacks a quorum without the Director's participation, then the matter shall be discussed at the next meeting where a quorum is present.
2. A Director shall not also serve as an employee of the Corporation, nor shall a Director receive any compensation for services rendered to the Corporation, except as permitted by the Charter or the Bylaws. Directors may be reimbursed for authorized expenses in carrying out Board duties.
3. The Board shall not enter into any contract with any of its Directors or with a firm in which a Director has a controlling financial interest.
4. A Director is expected to avoid conflict of interest with respect to Director's fiduciary responsibility to the Corporation. Accordingly, a Director shall not:
  - a. disclose or use confidential information acquired in the course of official duties as a means to further the Director's personal financial interests, the interests of a Member, or the Director's immediate family.
  - b. accept a gift of substantial value or economic benefit which would tend to improperly influence a reasonable person, or which the Director knows or should know is primarily for the purpose of a reward for official action.
  - c. engage in a substantial financial transaction for private business purposes with any employee of AMERIND.
  - d. perform an official act that directly confers an economic benefit on a business in which the Director has a substantial financial interest or is engaged as a counsel, consultant, representative or agent.

**Monitoring Method:** *Board self-assessment*

**Monitoring Frequency:** *Annually at the September/October Board Meeting*

## **GP-12 Process for Addressing Director Violations**

The Board and each of its Directors are committed to faithful compliance with the provisions of the Board's policies. In the event of a Director's willful and continuing violation of policy, the Board shall seek remedy by the following process:

- a. conversation in a private setting between the offending Director and the Board Chairman/President or other individual director designated by the Board.
- b. discussion in an executive session between the offending Director and all other Directors on the Board at a duly called meeting of the Board.
- c. If cause exists for removal, then removal of the offending Director from the Board requires a 2/3 majority vote of all other directors on the Board after notice and an opportunity to heard is given to the offending Director.

***Monitoring Method:*** *Board self-assessment*  
***Monitoring Frequency:*** *Annually at the September/October Board Meeting*

## ***Board / CEO Relationship Policies***

### **B/CR-1 Management Connection and Unity of Control**

The Board's connection to the operational organization is the Chief Executive Officer. The decisions of the Board, acting as one voice, are binding on the CEO.

Accordingly:

1. Decisions or instructions of individual Directors, officers or committees are not binding on the CEO except when the Board has specifically authorized such exercise of authority by individuals, officers or committees.
2. In the case of Directors or committees requesting information or assistance without Board authorization, the CEO may request clarification from the full Board or the Executive Committee of the Board before fulfilling the request or assistance if, in the CEO's opinion, a material amount of staff time or resources is required or if such requests or assistance are disruptive or unreasonable.

***Monitoring Method:*** *Board self-assessment*  
***Monitoring Frequency:*** *Annually at the January Board Meeting*

## **B/CR-2 Accountability of the CEO**

The CEO is the Board's sole link to the operation of the Corporation. All authority over and accountability of staff is the responsibility of the CEO.

Accordingly:

1. The Board shall refrain from giving instructions to persons who report directly or indirectly to the CEO.
2. The Board shall not formally evaluate any staff member other than the CEO.
3. Except at the request of the CEO and in compliance with the Executive Limitations, the Board shall not participate in decisions or actions involving the hiring, evaluating, disciplining or dismissal of any employee other than the CEO.

|                                     |   |
|-------------------------------------|---|
| <b><i>Monitoring Method:</i></b>    | <b><i>Board self-assessment</i></b>                 |
| <b><i>Monitoring Frequency:</i></b> | <b><i>Annually at the January Board Meeting</i></b> |

## **B/CR-3 Delegation to the CEO**

The Board shall instruct the CEO through written policies that prescribe the organizational outcomes (***Executive Outcome*** Policies) to be achieved and describe organizational situations and actions to be avoided (***Executive Limitations*** Policies). The Board shall support any reasonable interpretation of those policies by the CEO.

Accordingly:

1. The Board shall develop strategic goals and objectives instructing the CEO to achieve such goals and objectives within a defined framework of time, money, or other measurable outcome. These goals and objectives may be developed systematically from the broadest to more defined levels, and shall be called ***Executive Outcomes (EO)***.
2. The Board shall develop policies and guidelines that limit the authority or latitude the CEO may exercise in managing the operations of the corporation. These policies and guidelines may be developed systematically from the broadest to more defined levels, and they shall be called ***Executive Limitations (EL)***.
3. As long as the CEO uses any reasonable and prudent interpretation of the Board's ***Executive Outcome*** and ***Executive Limitations*** policies, the CEO is authorized to establish all further policies, make all decisions, establish all practices and develop all activities the CEO deems appropriate and necessary to achieve the Board's ***Executive Outcome*** policies.
4. The Board may change its ***Executive Outcome*** and ***Executive Limitations*** policies at any time. By doing so, the Board changes the latitude of choice granted to the CEO. Until policy change or CEO authority is restricted, the Board shall respect and support both the CEO's reasonable interpretations of Board policies and decisions made, even though CEO choices in achieving ***Executive Outcomes*** or working within ***Executive Limitations*** may not be the same choices the Board or its individual directors may have made.

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|-------------------------------------|---|
| <b><i>Monitoring Method:</i></b>    | <b><i>Board self-assessment</i></b>                 |
| <b><i>Monitoring Frequency:</i></b> | <b><i>Annually at the January Board Meeting</i></b> |



#### **B/CR-4 Monitoring CEO Performance**

The Board shall view CEO performance as identical to organizational performance. CEO job performance shall be monitored systematically against the CEO job expectations: reasonable progress toward organizational accomplishment of the Board's ***Executive Outcome*** policies, and organizational operation within the boundaries established in the Board's ***Executive Limitations*** policies.

Accordingly:

1. Monitoring determines the degree to which Board policies are being met. Information not formally presented as monitoring data and that does not contribute to this purpose is not considered monitoring data.
2. The Board shall acquire monitoring data on ***Executive Outcomes*** and ***Executive Limitations*** policies by one or more of three methods:
  - a. by **internal report**, in which the CEO discloses information and certifies compliance to the Board.
  - b. by **external report**, in which an external, disinterested third party selected by the Board assesses compliance with Board policies.
  - c. by **direct Board inspection**, in which the Board assesses compliance with the appropriate policy criteria.
3. In every case, the standard for compliance shall be whether the CEO has reasonably interpreted the Board policy being monitored and determination of whether reasonable progress is being made toward achieving the Board's ***Executive Outcome*** policies. The Board shall make the final determination as to whether a CEO interpretation is reasonable and whether reasonable progress is being made.
4. All policies that instruct the CEO shall be monitored on schedule according to a frequency and by a method chosen by the Board. The Board may monitor any policy at any time by any method, but ordinarily shall depend upon the schedule set forth in GP-8-A.
5. During the 4th quarter of each year, the Board shall conduct a formal evaluation of the CEO. The evaluation shall be based upon the monitoring of Board policies on ***Executive Outcomes*** and ***Executive Limitations***. The Board shall prepare a CEO Evaluation Document, attached as Appendix A. The CEO and the Board shall review the document in executive session during the January board meeting.

The CEO Evaluation Document shall consist of:

- a. A summary of the data derived throughout the year from monitoring the Board's policies on ***Executive Outcomes*** and ***Executive Limitations***.
- b. Conclusions relative to whether the CEO has achieved each ***Executive Outcome*** or whether reasonable progress has been made toward its achievement.
- c. Conclusions relative to whether the CEO has properly operated within the boundaries established in the ***Executive Limitations*** policies.

- d. A summary of the CEO's strengths and weaknesses relative to achievement of the *Executive Outcome* policies and operation within the boundaries established in the *Executive Limitations* policies.
- e. An improvement plan addressing any insufficient progress toward meeting the *Executive Outcomes* or any deficiencies in operating within the boundaries of the *Executive Limitations* policies.

**Nothing in this Corporate Governance Policy is intended nor should be construed to imply the establishment of any personal rights not explicitly established by statute or contract. It is merely to be used as guide (which may modified in the sole discretion of the Board at anytime) for the Board to use in evaluating the performance of the CEO. All employment decisions related to the CEO, not expressly set forth in an employment contract between the CEO and the Corporation, remain within the sole and continuing discretion of the Board.**

|                              |  |
|------------------------------|--|
| <i>Monitoring Method:</i>    | <i>Board self-assessment</i>                           |
| <i>Monitoring Frequency:</i> | <i>Annually at the September/October Board meeting</i> |

## **B/CR-5 Annual Evaluation of the CEO**

The purpose of the annual evaluation of the CEO is to summarize the actions previously taken by the Board as it monitored *Executive Outcomes* and *Executive Limitations* policies during the year, and to draw conclusions on the basis of that on going monitoring process relative to organizational performance and consequently the CEO's performance.

The Board will conduct a formal evaluation of the CEO in January each year. The evaluation will be based upon data derived from monitoring Board policies on *Executive Outcomes* and *Executive Limitations*. The Board will present the CEO Evaluation Document (See **Appendix A**). The CEO will have the opportunity to review the CEO Evaluation Document with the Board in executive session. The CEO and the Board Chairman/President will sign the CEO Evaluation Document.

- 1. Unless determined by a contract with the CEO, the salary range for the CEO may be adjusted each year by the Board in its sole discretion to reflect changes in the cost-of living or job performance. The Board may determine any cost-of-living adjustment, merit adjustment or bonus annually.

Accordingly:

- a. The CEO may be eligible for a salary adjustment for Partial Compliance with the *Executive Outcomes* and *Executive Limitations* policies.
- b. The CEO may be entitled to a cost-of living adjustment and for an additional merit adjustment for achieving Substantial Compliance with the Executive Outcomes and Executive Limitations policies.
- c. For Exemplary Performance, the CEO may be eligible for a bonus (one-time payment) in addition to a cost-of-living adjustment and/or merit adjustment.

## ***Executive Limitation Policies***

### **EL-1 Global Executive Constraint**

The CEO shall not knowingly cause or allow any practice, activity, decision or organizational circumstance which is unlawful, unethical, unsafe, disrespectful, imprudent or in violation of Board policy.

***Monitoring Method:*** *Internal report*  
***Monitoring Frequency:*** *Annually at the January Board Meeting*

### **EL-2 Emergency CEO Succession**

In order to protect AMERIND in the event of sudden and unexpected loss of CEO services, the CEO shall not fail to develop a plan for the continued operation of AMERIND, should the need arise.

***Monitoring Method:*** *Internal report*  
***Monitoring Frequency:*** *Annually at the January Board Meeting*

### **EL-3 Treatment of Members / Others**

With respect to staff interactions with clients, members and others with whom AMERIND associates, the CEO shall not cause or allow conditions, procedures, actions or decisions which are unlawful, unethical, unsafe, disrespectful, disruptive, undignified, imprudent, or in violation of Board policy.

Accordingly, the CEO shall not:

1. Use methods of collecting, reviewing, transmitting or storing information that fail to protect confidential information.
2. Fail to provide for effective handling of complaints; specifically, the CEO shall not prohibit or make it difficult for a Member to present a complaint to the Board if resolution has not been reached at the staff level.
3. Fail to establish policies and procedures to ensure compliance with all Tribal, federal and state regulations and laws.
4. Fail to develop and maintain positive relationships with Members, service providers, insurers and reinsurers, consultants and others to effect the exchange of information, resources, programs and ideas to ensure the best interests of pooling, AMERIND and its Members.
5. Fail to recruit new Members and Affiliates.

***Monitoring Method:*** *Internal report*  
***Monitoring Frequency:*** *Annually at the January Board Meeting*

#### **EL-4 Staff Treatment**

With respect to treatment of paid and volunteer staff, the CEO shall not cause or allow conditions, procedures, actions or decisions which are unlawful, unethical, unsafe, disrespectful, disruptive, undignified, imprudent, unreasonably secretive, or in violation of Board policy.

Accordingly, the CEO shall not:

1. Operate without written personnel policies which:
  - a. Clarify personnel rules and procedures for staff.
  - b. Provide for effective handling of grievances.
  - c. Protect against wrongful and unsafe conditions, especially potentially harmful conditions that may result from fires, tornados or other threatened disasters.
  - d. Include adequate job descriptions for all positions.
  - e. Protect against sexual harassment.
  - f. Assure that no employee shall be subject to discrimination on the basis of gender, age, disability, color, national origin, religion, marital status or handicap.
  - g. Assure that employees' health shall not be endangered by allowing conduct or activity that poses undue risk to their safety.
2. Discriminate against any staff member for alleging a violation of law or civil rights.
3. Fail to protect confidential information.
4. Employ any employee on any basis other than at-will.
5. Fail to provide staff with an opportunity to become familiar with the provisions of this policy.

***Monitoring Method:***

***Internal report***

***Monitoring Frequency:***

***Annually at the January Board Meeting***

#### **EL-5 Staff Compensation**

With respect to compensation and benefits for employees, the CEO shall not fail to develop compensation and benefit plans that adequately reward employees consistent with organizations of comparable size and type that are as objective and free from favoritism and class-related bias as possible, and consistent with available resources.

Accordingly, the CEO may not:

1. Change his or her compensation and benefits.
2. Fail to develop and implement salary policies and pay plans for personnel that comply with all requirements of state and federal law.

3. Fail to develop and implement compensation plans to attract and maintain top quality staff, consistent with the geographical and professional market within which the AMERIND operates.
4. Cause unfunded liabilities to occur.
5. Commit to benefits that incur unpredictable future cost.

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|-------------------------------------|---|
| <b><i>Monitoring Method:</i></b>    | <b><i>Internal report</i></b>                   |
| <b><i>Monitoring Frequency:</i></b> | <b><i>Annually at January Board Meeting</i></b> |

#### **EL-6 Staff Evaluation**

With respect to evaluation of employees, the CEO shall not fail to develop and maintain an evaluation system that measures employee performance in terms of achieving the Board's ***Executive Outcome*** policies and compliance with the Board's Executive ***Limitations*** policies.

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| <b><i>Monitoring Method:</i></b>    | <b><i>Internal report</i></b>                       |
| <b><i>Monitoring Frequency:</i></b> | <b><i>Annually at the January Board meeting</i></b> |

#### **EL-7 Budgeting**

Financial planning for any fiscal year shall not deviate materially from the Board's ***Executive Outcome*** policies or risk fiscal jeopardy to the corporation.

Accordingly, the CEO may not have a budget which:

1. Is not in a summary format understandable to the Board.
2. Fails to adequately itemize and describe revenues and expenditures.
3. Fails to show the amount spent in each program or area for the most recently completed fiscal year, the amount budgeted and projected for each program or area for the current fiscal year, and the amount recommended for the next fiscal year.
4. Fails to disclose budget-planning assumptions.
5. Fails to provide adequate and reasonable budget support for Board development and other governance priorities.
6. Fails to consider the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve ***Executive Outcomes*** in future years.
7. Fails to reflect anticipated changes in employee compensation including inflationary adjustments, performance increases and benefit changes.
8. Fails to reflect anticipated increases or decreases in the number of employees.
9. Fails to demonstrate the linkage between ***Executive Outcomes*** and AMERIND's resources.

10. Fails to present to the Board on an annual basis a review and recommendation on member rates, fees, and a specific target for unrestricted net assets.

***Monitoring Method:***

***Internal report***

***Monitoring Frequency:***

***Annually at the September/October Board Meeting***

## **EL-8 Financial Management**

With respect to the actual, ongoing condition of the Corporation's financial health, the CEO shall not cause or allow a material deviation from the policies adopted by the Board, cause or allow any fiscal condition that is inconsistent with achieving the Board's Executive Outcomes, fail to exercise due and prudent care, or place the long term financial health of the Corporation in jeopardy.

Accordingly, the CEO may not:

1. Expend more funds than are conservatively projected to be received in the fiscal year for operational costs, not including loss paid claims and claim reserves, unless revenues are made available from unrestricted net assets, or Member Reserves approved by the Board.
2. Indebt the Corporation or create obligations beyond AMERIND's anticipated contributions.
3. Fail to meet obligations in a timely manner.
4. Allow reports or filings required by any federal agency to be overdue or inaccurately filed.
5. Expend any funds without disclosing to the Board any real or potential conflict of interest or fail to annually provide a conflict of interest report to the Board of directors.
6. Fail to aggressively pursue receivables after a reasonable grace period.
7. Fail to keep complete and accurate financial records on an accrual basis by funds and accounts in accordance with generally accepted accounting principles.
8. Receive, process or disburse funds under controls that are inconsistent with generally accepted accounting principles.
9. Change Member fees or rates without Board approval.

***Monitoring Method:***

***Internal report***

***Monitoring Frequency:***

***Annually at the April Board Meeting***

## **EL-9 Asset Protection**

The CEO shall not allow organizational assets to be unprotected, inadequately maintained, inappropriately used or unnecessarily risked.

Accordingly, the CEO shall not:

1. Fail to maintain adequate liability protection for the Board, staff and the Corporation itself in an amount that is reasonable for organizations of like size and type.
2. Fail to obtain insurance coverage against theft and property losses to 100 percent of replacement value.
3. Acquire, encumber or dispose of real property.
4. Fail to maintain a minimum \$3,000,000 in unrestricted net assets, unless authorized by the Board; and shall plan to achieve and maintain unrestricted net assets equal to 50% of the Managed Housing annual contribution (averaged over the preceding three years) or \$10,000,000 which ever is greater.

***Monitoring Method:***

***Internal report***

***Monitoring Frequency:***

***Annually at the April Board Meeting***

## **EL-10 Communication and Counsel to the Board**

With respect to providing information and counsel to the Board, the CEO shall not fail to give the Board as much information as necessary to allow the Board of directors to be adequately informed.

Accordingly, the CEO shall not:

1. Fail to submit monitoring data required by the Board (see policy ***B/CR-4– Monitoring CEO Performance***) in a timely, accurate and understandable fashion, directly addressing provisions of the Board policies being monitored.
2. Fail to advise the Board in a timely manner of trends, facts and information relevant to the Board's work.
3. Fail to advise the Board of significant transfers of money within funds or other changes substantially affecting the Corporation's financial condition.
4. Fail to advise the Board of changes in assumptions upon which Board policy has been established.
5. Fail to provide for the Board as many staff and external points of view and opinions as needed for fully informed Board decisions.
6. Fail to advise the Board if, in the CEO's opinion, the Board or individual Directors are not in compliance with the Board's policies on ***Governance Policies*** and ***Board/CEO Relations***, particularly in the case of Board or Board director behavior that is detrimental to the work relationship between the Board and the CEO.
7. Fail to provide a mechanism for official Board, officer or committee communication.

8. Fail to work with the Board as a whole except when:
  - a. fulfilling reasonable individual requests for information.
  - b. working with officers or committees duly charged by the Board.
  - c. communicating with the Chairman/President.
9. Fail to report in a timely manner any actual or anticipated noncompliance with any Board *Executive Outcomes* or *Executive Limitations* policy.
10. Fail to supply sufficient information about items on the agenda to enable directors of the Board to make informed decisions.
11. Fail to provide to Directors a copy of Board meeting minutes at least seven (7) working days before any meeting of the Board.
12. Fail to provide to Directors a proposed agenda and related information at least seven (7) days before any meeting of the Board.

***Monitoring Method:*** ***Internal Report***  
***Monitoring Frequency:*** ***Annually at the January Board Meeting***

#### **EL-11 Conduct of Board Elections, Appointments and Certification of Eligibility**

With respect to election of Directors or appointments to vacancies on the Board of Directors, the CEO shall develop appropriate procedures for timely notice and conduct of the processes necessary for such elections or appointments consistent with the provisions of the Charter, Bylaws, and Board Resolution's pertaining to Director Election Policies and Procedures).

Accordingly, the CEO shall not:

1. Fail to develop an annual election calendar that provides ample time for conduct of the nomination and election process.
2. Fail to faithfully execute the nomination and election process as set forth in the annual election calendar.
3. Fail to develop procedures for solicitation of nominees for the Board to consider in filling vacancies on the Board.
4. Fail to develop a briefing document to advise interested parties as to the duties and responsibilities of a Board director and to confirm that the candidate should be able to meet those obligations.
5. Fail to notify the Board of a person filling a seat designated for an "elected Director" who is not an officially Designated Representative of a Member as defined and provided for in the Bylaws.

***Monitoring Method:*** ***Internal Report***  
***Monitoring Frequency:*** ***Annually at the January Board Meeting***



## **EL-12 Educational Programming**

The CEO shall not fail to develop and manage a high quality educational program for the membership that includes the following components:

1. There shall be a strategy that identifies and responds to the various risk management and housing safety educational needs of the membership.
2. There shall be no less than two educational conferences per year: one conference designed for the general membership and the other conference designed specifically for housing professionals new or unfamiliar with the policies and procedures of the Corporation.
3. These conferences shall include speakers that have been carefully screened in advance to provide greater assurance of excellence in content and presentation.
4. The quality of the educational programs shall be monitored annually by formal evaluation surveys completed for each conference and by informal input provided by the membership and the Board.
5. The educational program shall be successfully promoted to the membership and shall be utilized to Promote new memberships.

***Monitoring Method:***

***Internal Report***

***Monitoring Frequency:***

***Annually at the January Board Meeting***

## ***Executive Outcome Policies***

### **EO-1 Vision, Purpose and Mission**

**Vision:** A Consortium of Tribes working together, pooling their financial resources to protecting Themselves, their Employees and their Families.

**Purpose:** AMERIND provides risk management services that protect Tribal Sovereignty, Life and Property.

**Mission:** To provide affordable and sustainable risk management services that are **culturally sensitive** and **flexible** in fulfilling our Purpose; **champion** safe and secure living and working conditions in Indian communities; and **contribute** to Tribal economic development.

***Monitoring Method:***

***Internal report***

***Monitoring Frequency:***

***Annually at the January Board Meeting***

## **EO-2 Financial Responsibility**

As a result of our efforts, members shall have the confidence that the financial strength of the Corporation is adequate to meet the level of protection required by the Members and that our rates remain affordable and sustainable over a long period of time.

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|------------------------------|--|
| <i>Monitoring Method:</i>    | <i>Internal report</i>                     |
| <i>Monitoring Frequency:</i> | <i>Annually at the April Board Meeting</i> |

## **EO-3 Risk Management and Life Safety Advocacy and Training**

As a result of our efforts, Members shall have an effective advocate for the advancement and promotion of risk management and life safety as respects Indian housing and Tribal government infrastructure.

1. These efforts shall address and identify sources of funding, training, and government support that may be utilized by Members for the prevention and reduction of fires to Tribal housing stock and infrastructure.

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| <i>Monitoring Method:</i>    | <i>Internal report</i>                                 |
| <i>Monitoring Frequency:</i> | <i>Annually at the September/October Board Meeting</i> |

## **EO-4 Member Satisfaction**

As a result of our efforts, Members shall have confidence that their common needs for adequacy of protection as required by NAHASDA are addressed and represented with dependability, reliability, and professionalism and to the highest standards of excellence.

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| <i>Monitoring Method:</i>    | <i>Internal report</i>                               |
| <i>Monitoring Frequency:</i> | <i>Annually at the Annual Meeting of the Members</i> |



## CEO Evaluation Document

Based upon the Board's acceptance of the *Executive Outcome* reports and the on-going monitoring of the Corporation's and the CEO's performance during the preceding year, the Board reaches the following conclusions relative to reasonable progress towards achievement of the *Executive Outcomes*:

☐ 1. The CEO has reasonably interpreted the provisions of the *Executive Outcomes*, and the Board finds the CEO to be in *Exemplary Performance*. By achieving exemplary progress, the CEO earns a merit increase of \_\_\_\_% or a onetime performance bonus of \$ \_\_\_\_\_. The Board commends the CEO in the following areas:

☐ 2. The CEO has reasonably interpreted the provisions of the *Executive Outcomes*, and the Board finds the CEO to be in *Substantial Performance*. By achieving substantial performance, the CEO earns a cost of living adjustment of \_\_\_\_ % or a merit increase of up to \_\_\_\_ %. The Board offers the following comments to the CEO:

☐ 3. The CEO is in *Partial Performance* with the provisions of the *Executive Outcomes*, and shall be eligible for a cost of living adjustment. The Board offers the following interpretations and exceptions as to Partial Performance:

☐ 4. The CEO has unreasonably interpreted the provisions of the *Executive Outcomes*, and therefore is deemed to be *Not in Compliance*. Accordingly, the Board determines the following action to be appropriate:

**Executive Limitations Monitoring Reports:** The Board reaches the following conclusions relative to the CEO's operating within the boundaries established by the *Executive Limitations* policies:

☐ 1. The CEO has reasonably interpreted the provisions of the *Executive Limitations*, and the Board finds the CEO to be in *Compliance* with the policies.

☐ 2. The CEO has reasonably interpreted the provisions of the *Executive Outcomes*, and the Board finds the CEO to be in Non-Compliance with the policies.

Based upon the foregoing conclusions, the Board makes the following recommendations and decisions for improvements for the coming year:

**Summary of Strengths and Weaknesses:**

Signed: \_\_\_\_\_  
Chairman/President

\_\_\_\_\_  
Date

Signed: \_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date