Blue Ridge Land Conservancy Practices

Standard 3: Board Accountability

Land trust boards act ethically in conducting the affairs of the organization and carry out their legal and financial responsibilities as required by law.

Practice 3A: Board Responsibility

1. Individual board members are informed of and understand their role and their responsibilities as nonprofit board members, including their legal and fiduciary duties

2. The board provides oversight of the land trust's finances and operations by:

- *a. Reviewing and approving an annual budget*
- *b. Working to ensure that sufficient financial resources are available*
- *c. Receiving and reviewing financial reports and statements in a form and with a frequency appropriate for the scale of the land trust's financial activity*
- *d. Reviewing the externally prepared financial audit, review or compilation*
- *e. Adopting written policies or procedures for the responsible and prudent investment, management and use of financial assets*

3. The board hires, oversees and evaluates, at least annually, the performance of any executive director (or chief staff person)

4. The board may delegate decision-making and management functions to committees, provided that committees have clearly defined roles and report to the board or staff

Practice 3A1: Individual board members are informed of and understand their role and their responsibilities as nonprofit board members, including their legal and fiduciary duties

The Board shall be informed of and understand their role and their responsibilities for establishing the Conservancy's mission, determining strategic direction, setting policies to carry out the mission, and, as required by law, the oversight of the Conservancy's finances and operations.

Members of the Board shall exercise the following duties:

Duty of Care

A Board member owes a duty of care to the Conservancy in the actions or decisions he/she undertakes on the Conservancy's behalf. The duty of care concerns the competence with which members of the Board serve the Conservancy. A member of the Board shall discharge his/her duties as a Board member with the care an ordinarily prudent person in like position would exercise under similar circumstances.

Members of the Board shall stay informed in the following areas in order to manage the Conservancy's affairs:

- **Financial**. Members of the Board have a fiduciary responsibility to the Conservancy. The standard that applies for day-to-day financial decisions is the prudent person standard.

- **Tax-exempt status**. The protection of the Conservancy's tax-exempt status is crucial to its operation. Members of the Board shall pay close attention to maintenance of this status.

- **Land conservancy programs**. The programs of the Conservancy shall be in direct pursuit of the purposes stated in the Conservancy's Articles of Incorporation. Members of the Board shall know what the Conservancy's mission is and question activities that deviate from it.

- **Property ownership and easement holding**. Members of the Board shall learn as much as they reasonably can about a property before approving a transaction. They must also keep abreast of new issues arising from property ownership and holding of easements.

- **Staff**. The employment of staff involves legal issues and requirements relating to personnel policies, benefits and income tax withholding. Members of the Board shall be certain these responsibilities are met.

- **Volunteers**. Members of the Board may be responsible for volunteers' actions. Volunteers shall be appropriately trained and supervised by the Conservancy.

Duty of Loyalty

Members of the Board, in discharging their duties, shall act in a manner the Member reasonably believes to be in the best interests of the Conservancy. Members of the Board owe a duty of loyalty to the Conservancy. This duty requires that members of the Board, in conducting the organization's business, faithfully pursue the interests of the Conservancy over their own personal interests, financial or otherwise, or the interests of any other person or organization, including another land conservancy or conservation organization. Any opportunities for benefits or advantages based on service as a Board member must accrue only to the organization, and never to the individual. Members of the Board shall also act "in good faith," which means acting with honesty, openness, and fairness.

Duty of Obedience

The duty of obedience requires members of the Board to adhere to the Conservancy's purposes as set forth in its Articles of Incorporation, bylaws and other documents such as its tax-exemption application, fundraising appeals, and grant applications. Members of the Board shall understand the Conservancy's mission and act in its pursuit.

Deviation from the stated mission of the Conservancy makes the organization and the members of the Board vulnerable to liability. The Conservancy's ability to raise funds and conduct its operations depends on the confidence and support its donors and members have in those who manage their funds. If individuals, foundations, or corporate grant makers believe the Conservancy is not using the funds for the intended purposes, they may cut off such funding.

Practice 3A2: The board provides oversight of the land trust's finances and operations by:

a. Reviewing and approving an annual budget
b. Working to ensure that sufficient financial resources are available
c. Receiving and reviewing financial reports and statements in a form and with a frequency appropriate for the scale of the land trust's financial activity
d. Reviewing the externally prepared financial audit, review or compilation

e. Adopting written policies or procedures for the responsible and prudent investment, management and use of financial assets

The Conservancy's Board shall provide oversight of the Conservancy's finances and operations by:

a. Reviewing and approving an annual budget
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d. Reviewing the externally prepared financial audit, review or compilation
e. Adopting written policies or procedures for the responsible and prudent investment, management and use of financial assets

Practice 3A3: The board hires, oversees and evaluates, at least annually, the performance of any executive director (or chief staff person)

In accordance with Article III, Board, Section 1 (c) of the Conservancy's By-laws, the Board shall have the power and the responsibility for hiring, overseeing an executive director, and shall evaluate, at least annually, the performance of the executive director.

The Board shall maintain a job description for the Executive Director and shall prepare his/her annual evaluation. The Executive Director shall maintain job descriptions for all employees under his/her supervision and shall prepare their annual evaluations.

Practice 3A4: The board may delegate decision-making and management functions to committees, provided that committees have clearly defined roles and report to the board or staff

In accordance with Article IX, Committees, of the Conservancy's By-laws, certain decision-making and management functions of the Conservancy have been delegated to various committees, which report to the Board.

In accordance with Article III, Board, Section 14 of the Conservancy's By-laws:

"The Board may appoint such representatives, agents, and employees of the Conservancy as it may deem desirable. Such representatives, agents, and employees shall have such title, powers, and duties, and shall serve for such terms, as shall be determined by the Board. If no term shall have been specified in the appointment of any representative, agent, or employee he or she shall serve during the pleasure of the Board. The Board, by specific resolution, may authorize one or more of the officers of the Conservancy to execute powers of attorney delegating to named representatives or agents designated corporate powers, either with or without power of substitution."

Roles of the various officers and committees and their relationship to the full Board is explained in the By-laws. In general, the role of the Board shall be to create policies and guidelines, within which the committees and staff members may operate on a day-to-day basis. The committees and the Executive Director shall present reports on their activities as part of the formal agenda of all meetings of the Board and the Executive Committee. The Board shall supervise all committees and the Executive Director.

Adopted 10/7/2009; revised 9/2/2015; revised 4/4/2018

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Practice 3B: Board Composition and Structure

1. Have a board of sufficient size, skills, backgrounds and experiences to conduct its work effectively

2. Have a board substantially composed of independent members to reduce risk arising from conflicts of interest

3. Have a board development process that includes procedures for recruiting and training board members

Practice 3B1: It is the policy of the Conservancy to maintain, in agreement with its By-laws, a Board that is of sufficient size to conduct its work effectively. The Board shall be composed of members with diverse skills, backgrounds and experiences who are committed to board service and to conducting the work of the Conservancy efficiently.

Practice 3B2: Have a board substantially composed of independent members to reduce risk arising from conflicts of interest

The Conservancy's Nominating Committee shall endeavor to recruit members of the Board who are independent so that there will be a reduced risk arising from conflicts of interest.

Practice 3B3: Have a board development process that includes procedures for recruiting and training board members

The Conservancy has established the following process for recruiting Board members in Article IX, Committees, Section 6 of its By-laws:

Nominating Committee. The Nominating Committee shall be responsible for making a thorough study of the composition of the Board and its retiring members each year. It shall consider potential candidates for nominations to the Board as vacancies occur. After a careful evaluation of the suitability of candidates to serve as members of the Board and officers, the Nominating Committee shall make recommendations to the Board. Candidates to fill terms expiring on each June 30 as well as candidates to serve as officers shall be reported to the Board by the Chair of the Nominating Committee prior to the annual meeting of the Board.

Each new member of the Board shall be given an orientation consisting of a review of the Board manual with the President and Executive Director.

Adopted 10/7/2009; revised 9/2/2015; revised 4/4/2018

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Practice 3C: Board Governance

1. Provide board members with written expectations for their service on the board

2. The board meets a minimum of three times per year and maintains adopted minutes of each meeting

3. Provide board members with sufficient and timely informational materials prior to each meeting to make informed decisions

4. Board members evaluate their performance annually as a group and as individuals at least once every three years prior to the end of each fiscal year the President shall distribute a self-evaluation to each Board member which shall at a minimum address:

- *a. whether the Board is a functional size*
- *b. if there is a risk of minority rule*
- *c. if Board members feel they are engaged in decision-making*
- *d. if Board members believe they have adequate financial oversight*
- *e. and other topics as deemed appropriate by the Board.*

5. Adopt procedures for removing board members who are not fulfilling their responsibilities

6. Have governing documents that contain policies and procedures (such as provisions for a quorum and adequate meeting notices) to encourage broad participation and to prevent a minority of board members from acting for the land trust without proper delegation of authority

Practice 3C1: Provide board members with written expectations for their service on the board

It is the policy of the Conservancy to provide members of the Board with clear expectations for their service and inform them about the Board's legal and fiduciary responsibilities by means of a Board manual and Board orientation.

Practice 3C2: The board meets a minimum of three times per year and maintains adopted minutes of each meeting

The Board shall meet at least quarterly according to its Bylaws; however, it is currently the Board's policy to meet ten times per year, usually the first Wednesday of every month, except August and January, to conduct its business and fulfill its duties. As per the By-laws special meetings may be called by the President and votes may be taken on pressing matters by electronic vote. The Secretary is charged by the Conservancy's By-laws with keeping minutes of the Board's meetings.

Practice 3C3: Provide board members with sufficient and timely informational materials prior to each meeting to make informed decisions

Members of the Board shall be provided with adequate information to make good decisions, by prompt distribution of meeting minutes and timely financial reports, participation in committees, and frequent informational e-mails to apprise them of developments.

Practice 3C4: Board members evaluate their performance annually as a group and as individuals at least once every three years prior to the end of each fiscal year, the President shall distribute a self-evaluation to each Board member which shall at a minimum address:

- whether the Board is a functional size
- if there is a risk of minority rule
- if Board members feel they are engaged in decision-making
- if Board members believe they have adequate financial oversight
- and other topics as deemed appropriate by the Board.

Practice 3C5: Adopt procedures for removing board members who are not fulfilling their responsibilities

Pursuant to Article III, Board, Section 4 (b) of the Conservancy's By-laws, a member of the Board may be removed from office with or without cause by a two-thirds vote of all of the members of the Board,

Practice 3C6: Have governing documents that contain policies and procedures (such as provisions for a quorum and adequate meeting notices) to encourage broad participation and to prevent a minority of board members from acting for the land trust without proper delegation of authority

Article III, Section 8, Notice of Meetings of the Conservancy's By-laws provides how notice is to be given of all meetings of the Board. Section 6 of this Article requires the Board to establish annually a schedule and a time and place for its regular meetings, which shall be held at least quarterly.

Article III, Section 9, Quorum, of the Conservancy's By-laws provide that a majority of the members of the Board then in office shall constitute a quorum for the transaction of any business of the Board.

General procedures:

The schedule for the regular meetings of the Board shall be published and distributed at the first regular meeting of each fiscal year. Additionally, all Members of the Board shall receive an e-mail reminder that includes at a minimum a meeting agenda and minutes of the previous meeting approximately one week prior to each Board meeting. Additional materials for the review of the Board in advance of the Board meeting may also be sent.
Each meeting shall have an agenda consisting of the following items:

- Welcome/Call to Order/Approval of Prior Meeting's Minutes
- Finance report and approval of financial statements
- Committee Reports
- Executive Director's Report
- Old Business
- New Business
- Adjournment

Committee reports, the Executive Director's report, and other reports that do not require Board action but are for informational purposes only may be included in a consent agenda.

All meetings shall be conducted pursuant to Robert's Rules of Order.

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Practice 3D: [The following deleted provisions are now found in Practice 3C6]

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Practice 3E: Relevant portions of former Practice 3E are now found in Practice 3A1

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