POLICY OF THE PIKES PEAK ASSOCIATION OF REALTORS® BOARD OF DIRECTORS

BOARD OF DIRECTORS' GOVERNING POLICIES MANUAL

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POLICY TYPE: ENDS

POLICY 1.0 **POLICY TITLE: ENDS STATEMENT**

1.0 Ends Statement:

Pikes Peak Association of REALTORS® mission is: An Environment Conducive to the Ethical and Professional Success of Its Members.

Priority Results:

1.1 The Public Values, Respects and Uses REALTORS®

1.2 Ethical Standards Are Enforced

1.3 Public Policy/Regulations are Favorable To The Real Estate Industry

1.4 RSC Participants Have Current and Comprehensive Information

1.5 Members Are Knowledgeable About Industry Issues/Trends

1.6 There is a Sense of Mutual Purpose and Support Among Members

1.7 Members Are Aware of Exclusive Benefits

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.0 POLICY TITLE: *GENERAL EXECUTIVE CONSTRAINTS*

The CEO shall not cause nor allow any practice, activity, decision or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices.

2.1 With respect to interactions with members, or those applying to be members, the CEO shall not cause or allow conditions, procedures, or decisions which are unfair, unsafe, undignified, untimely, unnecessarily intrusive, or which fail to provide appropriate confidentiality or privacy.

2.2 With respect to the treatment of paid staff and volunteers, the CEO may not cause or allow conditions which are unsafe, unfair or undignified.

2.3 Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's Ends priorities, risk fiscal jeopardy.

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

2.5 The CEO shall not allow the assets of the PPAR to be unprotected, inadequately maintained or unnecessarily risked.

2.6 The CEO will not fail to invest operating capital and reserve funds in accord with the current board Investment Policy, as defined herein.

2.7 In order to protect the board from sudden loss of chief executive services, the chief executive may have no fewer than two (2) other members of the executive/management team familiar with board and chief executive issues and processes.

2.8 With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO shall not cause or allow jeopardy to fiscal integrity or public image.

2.9 The CEO shall not permit the board to be uninformed or unsupported in its work.

2.10 With respect to the programs/events produced and services provided by the PPAR, the CEO shall not fail to ensure that these programs / events / services meet or exceed industry standards for excellence in programming, safety and participant / audience amenities.

2.11 The CEO may not change the membership dues and application fees.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.1 **POLICY TITLE: *TREATMENT OF MEMBERS***

With respect to interactions with members, or those applying to be members, the CEO shall not cause or allow conditions, procedures, or decisions which are unfair, unsafe, undignified, untimely, unnecessarily intrusive, or which fail to provide appropriate confidentiality or privacy.

Accordingly, he/she shall not:

1. Use application forms that elicit information for which there is no clear necessity.

2. Use methods of collecting, reviewing, transmitting, or storing member information that fail to protect against improper access to the material elicited.

3. Fail to clearly communicate to members a clear understanding of what may be expected from the service(s) offered.

4. Fail to inform members, as appropriate, of this policy, or to provide a grievance process to those who believe they have not been accorded a reasonable interpretation of their rights under this policy.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.2 **POLICY TITLE: *TREATMENT OF STAFF***

With respect to the treatment of paid staff and volunteers, the CEO may not cause or allow conditions, which are unsafe, unfair or undignified.

Accordingly, pertaining to paid staff, he/she shall not:

1. Operate without written personnel policies which clarify personnel guidelines for staff, provide for effective handling of grievances, and protect against wrongful conditions.

2. Retaliate against any staff member for non-disruptive, internal expression of dissent.

   (a) The CEO may not retaliate against an employee for reporting to management or to the Board of Directors acts or omissions by PPAR personnel, management or the Board of Directors that the employee believes, in good faith and based on credible information, constitutes a violation of state or federal law or a governing policy of the Board.

3. Prevent staff from grieving to the board (through the chair) when

   (a) internal grievance procedures have been exhausted *and*
   (b) the employee alleges that either
      (1) board policy has been violated or
      (2) board policy does not adequately protect his or her rights.

4. Fail to acquaint staff with their rights under this policy.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.3 **POLICY TITLE: *FINANCIAL PLANNING/BUDGETING***

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

Accordingly, the CEO shall not allow budgeting which:

1. Risks incurring those situations or conditions described as unacceptable in the "Financial Conditions and Activities" Board policy.

2. Contains too little information to enable credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

3. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period, which may include a maximum of ten percent (10%) of existing liquid reserves when the amount in reserves exceeds fifty percent (50%) of the annual budget for the fiscal year.

4. Fails to allocate at least one percent (1%) of gross cash revenues to reserves (inclusive of both cash and asset replacement reserves) until such reserves are equal to at least 50% of the gross annual operating budget.

5. Plans the expenditure from reserve funds in excess of ten percent (10%) of existing reserves for any individual capital expenditure without membership approval.

6. Provides less for board prerogatives during the year than is set forth in the Cost of Governance policy (*Governance Process policy 4.10*).

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.4 **POLICY TITLE:** ***FINANCIAL CONDITION AND ACTIVITIES***

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

Accordingly, the CEO shall not:

1. Expend more funds than are conservatively projected to be received in that fiscal year including a maximum of ten percent (10%) of existing liquid reserves when the amount in reserves exceeds fifty percent (50%) of the annual budget for the fiscal year.

2. Fail to settle payroll and payables in a timely manner.

3. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

4. a. Make a single purchase or commitment of greater than $50,000 without approval of the Board of Directors.

   b. Execute a check with single signature for more than $5,000 *(except contractual agreements which may be executed by single CEO or CFO signature).*

5. Acquire, encumber or dispose of real property (exception: leasing of PPAR's real property).

6. Fail to aggressively pursue material receivables after a reasonable grace period.

7. Obtain revenues from sources that are not, in fact and appearance, legal and consistent with the mission and values of the PPAR.

8. Use restricted funds for purposes other than stated.

9. Fail to exercise adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.

10. Allow there to be secret funds.

11. Allow there to be un-auditable transactions or loans of any type. (Exception: the CEO may provide a maximum cash advance of $100 per full day of travel.)

12. Pledge any of the assets of the corporation as security within any contracts.

13. Allow the expenditure of organizational funds for travel purposes which are not specifically related to or consistent with the PPAR's purpose and functions

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.5 **POLICY TITLE: *ASSET PROTECTION***

The CEO shall not allow the assets of the PPAR to be unprotected, inadequately maintained or unnecessarily risked. Accordingly, he or she may not:

1. Fail to insure:

   a. against theft and casualty losses to at least replacement value, and

   b. against liability losses to board members, staff and the organization itself in an amount at least equal to the average for comparable organizations.

2. Allow un-bonded personnel access to material amounts of funds or fail to insure against employee theft and dishonesty.

3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.

4. Unnecessarily expose the PPAR, its board or staff to claims of liability.

5. Make any purchase:

   a. wherein normally prudent protection has not been given against conflict of interest

   b. of over $50,000 without having obtained comparative prices and quality

6. Fail to protect intellectual property, information and files from loss or significant damage.

   a. With respect to the records and documents of the Association, the CEO may not fail to retain records according to a schedule approved by legal counsel.

7. Fail to inventory and maintain physical property with safeguards to minimize/prevent loss, damage or theft.

8. Receive, process or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.

9. Invest or hold operating capital in insecure instruments, or in non interest-bearing accounts except where necessary to facilitate ease in operational transactions.

10. Endanger the PPAR's public image or credibility.

11. Change the organization's name or substantially alter its identity.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 POLICY TITLE: *INVESTMENT MANAGEMENT*

Preface

The Pikes Peak Association of REALTORS® (PPAR) is comprised of members who strive to serve both consumers and their communities. PPAR is dedicated to providing the services needed to help our REALTOR® professionals serve sellers and buyers in the area of ethics, education, member service, government affairs, and community service.

The Pikes Peak Association of REALTORS® helps its members to be ethical, professional and successful by providing quality services and protecting the free enterprise system and real property rights.

Introduction

This Investment Policy Statement (IPS) has been adopted by the PPAR Board of Directors (BOD) to provide guidelines for the investment of funds held by PPAR.

To manage investment risk and optimize investment returns within acceptable risk parameters, funds held will be divided into three separate investment pools. The process for determining the amount in each pool is set forth in the section of this document entitled "Procedures." The three investment pools shall be called the Operating Fund, the Short Term Fund and the Long Term Fund. The Operating Fund and the Short Term Fund are not managed by the Investment Task Force (ITF), the Investment Manager, or the Investment Consultant.

Assignment of Responsibility

Responsibilities of the Investment Task Force (ITF) on behalf of the Board of Directors

The BOD is charged by law with the responsibility of managing PPAR's assets. The BOD has delegated this authority to the ITF, which shall discharge its duties solely in the interest of PPAR, with the care, skill, prudence and due diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character with like aims. The specific responsibilities of the ITF relating to the investment management of assets include:

1. Reviewing the financial needs of PPAR and communicating such needs to the Investment Consultant on a timely basis,

2. Determining the risk tolerance and investment time horizon and communicating these to the appropriate parties,

3. Establishing reasonable and consistent investment objectives, policies and guidelines that will direct the investment of the assets,

4. Prudently and diligently selecting qualified investment professionals, including any Investment Manager(s), Investment Consultant(s), and Custodian(s),

5. Annual evaluation of the performance of the Investment Managers to assure adherence to policy guidelines and monitor investment objective progress,

6. Reporting to the BOD no less frequently than annually on portfolio performance and other matters relating to the management of the funds, and

7. Developing and enacting proper controls and procedures.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 (continued) POLICY TITLE: INVESTMENT MANAGEMENT

Responsibilities of the Investment Consultant

The role of the Investment Consultant is that of a non-discretionary advisor to the ITF. Investment advice concerning the investment management of the assets will be offered by the Investment Consultant and will be consistent with the investment objectives, policies, guidelines and constraints as established in this IPS. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of the Investment Policy Statement,
2. Conducting Investment Manager searches,
3. Providing "due diligence" on the Investment Managers,
4. Providing recommendations to hire and/or terminate any Investment Manager(s),
5. Acting on behalf of, and at the direction of, the ITF in connection with the hiring or termination of Investment Managers or the selection of mutual funds,
6. Monitoring the performance of the Investment Managers to provide the ITF with the ability to determine their progress toward the investment objectives,
7. Communicating matters of policy, manager research, and manager performance to the ITF,
8. Reviewing investment history, historical capital markets performance and the contents of this IPS to any newly appointed members of the ITF, and
9. Monitoring the asset allocation of the Long Term Fund and providing the ITF with recommendations for changing asset allocation within the guidelines set forth in this IPS.

Responsibilities of the Investment Managers

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, and constraints, as outlined in this IPS. Specific responsibilities of the Investment Managers include:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter asset allocation within guidelines established in this IPS and approved by the ITF,
2. Communicating any major changes to economic outlook, investment strategy, or any other factors that affect implementation of the investment process,
3. Informing the Investment Consultant of any material change to the investment management organization. Examples include material changes in portfolio management personnel, ownership structure, investment philosophy, etc., and
4. Voting proxies on behalf of PPAR, and, when requested, communicating information concerning such voting to the ITF on a timely basis.

Responsibilities of the Custodian

The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by PPAR, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian will also perform regular accounting of all assets owned, purchased or sold, as well as movement of assets within fund accounts.

Procedures

1. To ensure this IPS is consistent with the current mission of PPAR and accurately reflects its current financial condition:

   a. This IPS shall be reviewed at least annually by the ITF for any necessary revisions, and

   b. Any recommendations for revisions or modifications will be made by the ITF to the BOD for approval.

2. To determine the amounts to be placed into or out of the Operating Fund, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") upon direction of the ITF must authorize transfer of funds between the Long Term Fund and Operating Fund.

3. To assist PPAR in the management of its Long Term, Short Term and Operating Funds, PPAR may engage the services of an Investment Consultant. The following procedures shall be followed to engage a new Investment Consultant or to replace a current one:

   a. Recommendations for any changes in Investment Consultant must be made and reviewed by the ITF who shall have final approval.

4. From time to time the services of an Investment Manager(s) may be sought to manage portions of PPAR's funds. The engagement or termination of an Investment Manager will be authorized by the ITF, acting with the advice of the Investment Consultant. The same procedure shall apply for both individually-managed accounts and mutual funds (with the exception of money market mutual funds).

THE OPERATING FUND

Purpose

The purpose of the Operating Fund is to provide sufficient cash to meet the short-term financial obligations of PPAR in a timely manner.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 (continued) **POLICY TITLE: INVESTMENT MANAGEMENT**

Investment Objectives

The investment objectives of the Operating Fund are to:

1. Provide liquidity,
2. Preserve capital, and
3. Optimize investment return within the constraints of this IPS.

Investment Guidelines

Allowable Investments

The CEO and/or CFO shall be authorized to invest the Operating Fund in the following investments:

1. Checking accounts in federally insured banks and credit unions, not to exceed federally insured amounts unless connected to a repurchase agreement per (5.) below,
2. Money market funds that invest in government backed or fully insured securities,
3. Federally-Insured Certificates of Deposit, not to exceed the insurable limit per institution, including interest at commercial banks or credit unions,
4. Direct obligations of the U.S. Government, its agencies and instrumentalities, and
5. Repurchase agreements in conjunction with bank sweep accounts collateralized by US Government obligations.

Maturity

The maturities on investments for the Operating Fund shall be limited to one year or less.

Reporting

The CFO shall report to the CEO and BOD monthly on the investments and performance of the Operating Fund.

THE SHORT TERM FUND

Purpose

The Short-Term Fund is intended to meet the expenses occurring as the result of unanticipated activities and to fund projects which are approved by the BOD. To the extent that there are balances that can be invested, the purpose is to improve the return on funds held for future expenditures while managing investment risk.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 (continued) POLICY TITLE: INVESTMENT MANAGEMENT

Investment Objectives

The investment objectives of the Short-Term Fund are to:

1. Preserve Capital,
2. Provide liquidity. and
3. Optimize the investment return within the constraints of (1.) & (2.) above.

Investment Guidelines

Allowable Investments

The CEO and/or CFO shall be authorized to transfer funds into or out of the Short Term Fund upon direction of the ITF and shall be authorized to invest in the following investments:

1. Checking accounts in federally insured banks and credit unions, not to exceed federally insured amounts unless connected to a repurchase agreement per (5.) below,
2. Money market funds that invest in government backed or fully insured securities,
3. Federally-insured certificates of deposit not to exceed the insurable limit per institution, including interest at commercial banks or credit unions,
4. Direct obligations of the U.S. Government, its agencies and instrumentalities, and
5. Repurchase agreements in conjunction with bank sweep accounts collateralized by U.S. Government obligations.

Maturity

The Short-Term Fund shall have a weighted average maturity of three years or less. The CEO and/or CFO shall be responsible for scheduling the investment maturities.

Reporting

The CFO shall report to the CEO and BOD monthly on the investments and performance of the Short Term Fund.

THE LONG TERM FUND

Purpose

The purpose of the Long Term Fund is to:

1. Provide a pool of assets to fund activities designed to carry out the mission of PPAR, and

2. Enhance the purchasing power of funds held for future expenditure.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 (continued) POLICY TITLE: INVESTMENT MANAGEMENT

The goal of the Long Term Fund is to achieve appreciation of assets without exposure to undue risk, as defined herein. Fluctuating rates of return are characteristic of the securities markets. Recognizing that short-term market fluctuations may cause variations in the account performance, the portfolio is expected to achieve the following objectives, net of all fees, over a five-year moving time period:

1. To maintain asset levels capable of:

    a. supporting desired spending,

    b. providing additional growth to cover operating expenses, and

    c. preserving the purchasing power of the Long Term assets over time.

    The Long Term Fund's total return is expected to exceed the Consumer Price Index by 4%. On a quarter-to-quarter basis, the actual returns will fluctuate and can be expected to exceed this target about half the time.

2. To receive a suitable return that is consistent with the ownership of risk assets, the Long Term Fund's total return is expected to exceed the 90-Day Treasury Bill Index by 2%. On a quarter-to-quarter basis, the actual returns will fluctuate and can be expected to exceed this target about half the time.

3. To evaluate the decisions regarding manager selection and asset allocation, the Long Term Fund's total return should outperform a composite index that is a weighted blend of the indices referred to in the section entitled "Investment Guidelines" herein that reflects this policy's target asset allocation.

Understanding that a long-term positive correlation exists between performance volatility (risk) and statistical returns in the securities markets, the following short-term objective has been established:

The portfolio should be invested to minimize the probability of low negative total returns, defined as a one-year return worse than 10%. A loss greater than this will occur no more than one once in twenty years.

Investment Guidelines

The policies and restrictions presented in this IPS serve as a framework to achieve the investment objectives at the level of risk deemed acceptable. These policies and restrictions are designed to minimize interference with efforts to attain overall objectives and to minimize the probability of excluding appropriate investment opportunities.

Diversification

Investments in the Long Term Fund shall be diversified so that the portfolio will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio, unless under the circumstances it is clearly prudent not to do so.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 (continued) **POLICY TITLE: INVESTMENT MANAGEMENT**

Target Asset Mix

The Long Term Fund shall be comprised of the asset classes listed in the table below. The target weight is the desired weight for each asset class. The minimum weights and maximum weights are to allow for normal market fluctuations and to allow for temporary over/under weight allocations that are believed to be desirable by either the ITF or the Investment Consultant.

The ITF will monitor the asset allocation of the Long Term Fund based on quarterly reports provided by the Investment Consultant. It is the responsibility of the Investment Consultant to monitor the fund on an on-going basis and to make recommendations for portfolio rebalancing to ensure that the funds remain within Investment Policy guidelines.

ASSET CLASS	MINIMUM WEIGHT	TARGET WEIGHT	MAXIMUM WEIGHT
EQUITY	**30%**	**40%**	**50%**
FIXED INCOME	**50%**	**60%**	**70%**
TOTAL		**100%**	

Equity Investments

US Large Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, exceeding $10.0 billion and whose primary shares trade on a major US exchange. The generally accepted, nationally recognized index for this asset class is the Standard & Poor's 500 Stock Index (S&P 500)[*].

US Mid Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, between $2.0 billion and $10.0 billion and whose primary shares trade on a major US exchange. The generally accepted, nationally recognized index for this asset class is the Russell Midcap Index.

US Small Capitalization Stocks: A portfolio of stocks composed primarily of US-based companies having a market capitalization, on average, less than $2.0 billion. The generally accepted, nationally recognized index for this asset class is the Russell 2000 Index.

International Stocks: A portfolio of stocks composed primarily of non-US-based companies whose primary shares trade on a non-US exchange. American Depositary Receipts (ADRs) are considered international stocks. The generally accepted, nationally-recognized index for this asset class is the Morgan Stanley Capital International Europe-Australasia-Far East Index (EAFE).

Fixed Income Investments

Intermediate-term Government/Corporate Bonds: A portfolio consisting primarily of fixed income securities rated

[*] Index references that are included in the definition section of this document relate to the broad asset classes as defined in the target asset allocation table and which are used in the calculation of the composite index. Individual portfolio managers will be compared to a unique style specific index that most appropriately reflects their investment mandate. Examples would include, but are limited to the Russell 2000 Value index and the Russell 1000 Growth Index.

investment grade or better having a weighted average maturity of less than 10 years. The portfolio also may include,

but is not limited to, other fixed income investments such as investments in Treasury Inflation Protected Securities (TIPS) and Non-Investment Grade Corporate securities. The generally accepted, nationally recognized index for this asset class is the Barclays Capital Government/Corporate Intermediate-term Bond Index.

Investment Manager Selection and Evaluation Criterion

Investment Manager Selection

In selecting the Investment Managers for the Long Term Fund, the ITF will consider a variety of statistical and non-statistical factors. These factors, measured over a multi-year period, may include the Investment Manager's investment objectives, performance relative to its index and peer group, risk characteristics, return characteristics, investment style, fees, manager tenure and turnover, style consistency and the degree of correlation with other Investment Managers employed by PPAR.

Investment Manager Monitoring and Review

The on-going monitoring of investment options must be a regular and disciplined process. It is the mechanism for revisiting the Investment Manager selection process and confirming that the criteria originally satisfied remain so, and that an Investment Manager continues to be a valid selection. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

The ITF will monitor, on a periodic basis, the same factors identified above under "Investment Manager Selection". The placement of a manager on a "watch list" may be required if an Investment Manager has:

1. Changed a manager or analytical staff,
2. Experienced style drift,
3. Performed unfavorably on an absolute basis relative to its index or peer group over rolling five year periods,
4. Performed unfavorably on a risk adjusted basis relative to its index or peer group over rolling five year periods,
5. Violated PPAR's investment policy guidelines,
6. Material litigation filed against the firm,
7. Material changes in firm ownership structure, or
8. Exhibited any other unfavorable factors that the ITF or the Investment Consultant deem material since the initial selection of the Investment Manager.

Watch list status is expected to last no longer than one quarter and will be used to evaluate the factors that led to the watch list designation. If, at the conclusion of the watch list evaluation, the ITF has overall satisfaction with the Investment Manager, no further action is required. If areas of dissatisfaction exist, it is the responsibility of the ITF, working with the Investment Consultant, to consider taking steps to remedy the deficiency, including the removal of the Investment Manager.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6 (continued) POLICY TITLE: INVESTMENT MANAGEMENT

Investment Manager Removal

The ITF, working with the Investment Consultant, may remove an Investment Manager when it believes such removal is in the best interest of the Long Term fund, taking into account all relevant factors including, and without limitation, a lack of confidence in the Investment Manager's ability to:

1. Achieve performance and risk objectives,
2. Comply with investment guidelines, or
3. Maintain a stable organization and retain key relevant investment professionals.

The watch list is not the only route for removing an existing manager. The aforementioned events or conditions, or any other events or conditions of concern identified by the ITF or the Investment Consultant, may prompt the immediate removal of an Investment Manager without it being watch listed. Any decision to remove an Investment Manager will be made on an individual basis, and will be made based on quantitative and qualitative review.

Reporting

The Long Term Fund will be evaluated quarterly on a total return basis by the Investment Consultant. The CFO will send this report onto the CEO and ITF. Returns will be compared to:

1. The Consumer Price Index plus 4% percentage points,
2. The 90-Day Treasury Bill Index plus 2% percentage points, and
3. Nationally recognized market indices measuring performance of the classes specified in the target asset mix.

Comparisons will show results for the latest quarter, the year to date, and since inception. The report will be prepared by the Investment Consultant and will be presented to the ITF.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.7 **POLICY TITLE: *EMERGENCY EXECUTIVE SUCCESSION***

To protect the board from sudden loss of chief executive services, the chief executive will have no fewer than two (2) other members of the executive/management team familiar with board and chief executive issues and processes.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.8 **POLICY TITLE: *COMPENSATION AND BENEFITS***

With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO shall not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, he or she may not:

1. Change his or her own compensation and benefits except as a change in benefits is consistent with a package for all other employees.

2. Promise or imply anything other than “at-will” employment.

3. Establish current compensation and benefits which deviate materially from generally accepted salary ranges within the industry and geographic area/region for employees with similar experience, expertise, and responsibilities.

4. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year.

5. Establish or change retirement benefits so as to cause unpredictable or inequitable situations.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.9 **POLICY TITLE: *BOARD AWARENESS & SUPPORT***

The CEO shall not permit the board to be uninformed or unsupported in its work.

Accordingly, he or she may not:

1. Neglect to submit monitoring data required by the board (see policy on Monitoring CEO Performance in *Board/Staff Linkage*) in a timely, accurate and understandable fashion, directly addressing provisions of board policies being monitored.

2. Let the board be unaware of relevant trends, anticipated adverse media coverage, or material external and internal changes particularly changes in the assumptions upon which any board policy has been previously established. Notification of planned internal changes is to be provided to the Board in advance, when feasible.

3. Fail to advise the board if, in the CEO's opinion, the board is not in compliance with its own policies on Governance Process and Board/Staff Linkage, particularly in the case of board behavior, which is detrimental to the work relationship between the board and the CEO.

4. Fail to provide for the board as many staff and external points of view, issues and options as needed for fully informed board choices.

5. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types:

    a. Monitoring
    b. Action Item, and
    c. Incidental ("FYI").

6. Allow the Board to be without reasonable administrative and logistical support for official board, officer or committee communications and functions.

7. Fail to deal with the board as a whole except when:

    a. fulfilling individual requests for information, or
    b. responding to officers or committees duly charged by the board.

8. Fail to report in a timely manner any actual or anticipated noncompliance with any policy of the board.

9. Fail to supply for the consent agenda all items delegated to the CEO yet required by law or contract to be board-approved, along with the monitoring assurance pertaining thereto.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.10 **POLICY TITLE: *PROGRAMS / EVENTS / SERVICES***

With respect to the programs/events produced and services provided by the PPAR, the CEO shall not fail to ensure that these programs / events / services meet or exceed industry standards for excellence in programming, safety and participant / audience amenities.

Accordingly, he or she may not:

1. Fail to produce and implement operational planning to ensure that the event(s) / services are well organized, are safe for all attendees, and run on schedule.

2. Fail to design logistical plans which comply with all applicable legal requirements and which facilitate crowd comfort, safety and enjoyment of the event(s).

3. Fail to purchase supplies for resale to members, when appropriate, to take advantage of group buying power.

4. Fail to provide administrative support and financial management functions to the following recognized local, state or national institutes/societies:

   a. WCR
   b. IREM
   c. RSC

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.11 **POLICY TITLE:** ***MEMBERSHIP DUES AND FEES***

The CEO may not change the membership dues and application fees.

1. The CEO may institute a fee structure for programs or services provided.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.0 POLICY TITLE: *GOVERNANCE - MANAGEMENT CONNECTION*

The board's sole connection to the operational organization, its achievements and conduct will be through a Chief Executive Officer (CEO).

3.1 Only decisions of the board, by majority vote, are binding on the CEO.

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

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

3.4 The board will monitor CEO performance in such a way as to have systematic assurance of policy compliance, enabling the board to concentrate most of its time on creating the future rather than checking the past. Monitoring of CEO job performance will be solely against the only expected CEO job outputs: organizational accomplishment of Ends and organizational operation within the boundaries established in Executive Limitations.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.1 **POLICY TITLE: *UNITY OF CONTROL***

Only officially passed motions of the board are binding on the CEO.

Accordingly:

1. Decisions or instructions of individual board members, officers, or committees are not binding on the CEO except in rare instances when the board has specifically delegated this authority.

2. If board members or committees requesting information or assistance without board authorization, the CEO can refuse such requests that require, in his/her opinion, a material amount of staff time or funds or are disruptive.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.2 POLICY TITLE: *ACCOUNTABILITY OF THE CEO*

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

Accordingly:

1. The board will not give instructions to persons who report directly or indirectly to the CEO.

2. The board will refrain from evaluating, either formally or informally, any staff other than the CEO.

3. The board will view CEO performance as identical to organizational performance, so that organizational accomplishment of board stated Ends and compliance with Executive limitations will be viewed as successful CEO performance.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.3 **POLICY TITLE:** ***DELEGATION TO THE CEO***

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

Accordingly:

1. The board will develop and maintain policies instructing the CEO to achieve certain results, for certain recipients at a specified worth or priority. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called *Ends policies.* All issues that are not Ends issues, as defined here, are means issues.

2. The board will develop and maintain policies which limit the latitude the CEO may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the board even if they were effective in producing Ends achievements. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called *Executive Limitations policies.*

3. As long as the CEO uses *any reasonable interpretation* of the board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.

4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and CEO domains. By doing so, the board changes the latitude of choice given to the CEO. However, as long as any particular delegation is in place, the board will respect and support the CEO's choices.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.4 **POLICY TITLE:** ***MONITORING CEO PERFORMANCE***

The board will monitor CEO performance in such a way as to have systematic assurance of policy compliance, enabling the board to concentrate most of its time on creating the future rather than checking the past. Monitoring of CEO job performance will be solely against the only expected CEO job outputs: organizational accomplishment of Ends and organizational operation within the boundaries established in Executive Limitations. Accordingly:

1. The Board will monitor those organizational characteristics which it has addressed ahead of time in explicit statements of policy. The purpose of such monitoring is simply to determine, in fact, if board policies are being met. Data not addressing such policies will not be considered as part of the evaluation of CEO performance.

2. The board will acquire monitoring data by one or more of three methods:

    a. by internal report, in which the CEO discloses compliance information to the board

    b. by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies

    c. by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.

3. In every case, the standard for compliance shall be *any reasonable CEO interpretation* of the board policy being monitored.

4. All policies which instruct the CEO will be monitored at a frequency and by a method chosen by the board. Each month the CEO will present:

    a. A Monitoring Report, which will detail continued adherence to the General Executive Constraints in Policy 2.0, along with any explanation of pertinent information.

    b. A “Dashboard”, which will provide numerical reports in categories of interest.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.0 POLICY TITLE: *GOVERNANCE COMMITMENT*

The purpose of the board of directors, on behalf of the Membership, is to see to it that the Pikes Peak Association of REALTORS® (1) achieves what the board deems to be appropriate results for members at an optimal cost, *and* (2) avoids unacceptable actions and situations.

4.1 The board will govern with an emphasis on (a) mission and vision; (b) integrity and truthfulness in all methods and practices; (c) outward vision rather than an internal preoccupation, (d) encouragement of diversity in viewpoints, (e) strategic leadership rather than administrative detail, (f) clear distinction of board and chief executive roles, (g) collective rather than individual decisions, (h) future rather than past or present, and (i) pro-activity rather than reactivity.

4.2 The Board assumes full responsibility for ongoing and rigorous examination, debate and, revision of its policies. The establishment and maintenance of these policy "products" from value considerations and board member perspectives and deliberations is the essence of the Board's role as an outward-looking and future-oriented governing body.

4.3 The primary contribution and role of the board is to represent the membership in determining and demanding appropriate organizational performance. Therefore, as the board has its own distinct role in and contributions to PPAR, this policy outlines the specific job products for which the board assumes responsibility.

4.4 To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that (1) completes a re-exploration of Ends policies annually and (2) continually improves board performance through board education and enriched input and deliberation.

4.5 The Chair assures the integrity of the board's process and, secondarily, represents the board to outside parties.

4.6 The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

4.7 The leadership success of the board is a direct result of the individual and collective participation of its members.

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

4.9 A committee is a board committee only if its existence and charge come from the board, regardless of whether its composition includes board members. The only board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. The Chair and Chair-Elect shall be ex-officio members of all board committees. The CEO, or his/her designee, will serve as a non-voting member of each committee.

4.10 Because poor governance can cost the PPAR far more than good governance, the board will invest in its governance capacity.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.1 POLICY TITLE: *GOVERNING STYLE & VALUES*

The board will govern lawfully, observing Policy Governance principles, with an emphasis on (a) mission and vision; (b) integrity and truthfulness in all methods and practices; (c) outward vision rather than an internal preoccupation, (d) encouragement of diversity in viewpoints, (e) strategic leadership rather than administrative detail, (f) clear distinction of board and chief executive roles, (g) collective rather than individual decisions, (h) future rather than past or present, and (i) proactive rather than reactive.

Accordingly:

1. The board will not allow any activity or circumstance that is unlawful, imprudent, or in violation of commonly accepted business professional ethics.

2. The organization's activities, with the exception of personnel or other matters of a sensitive nature, shall be open and accessible to scrutiny by its members.

3. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the primary initiator of policy, rather than a reactor to staff initiatives. The board will use the expertise of individual members to enhance the ability of the board as a body, rather than to substitute the individual judgments for the board's values. The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling board commitments.

4. The board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives about ends to be achieved and means to be avoided. The board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

5. The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, participation, preparation for meetings, policymaking principles, and respect of roles, and ensuring the continuance of governance capability. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.

6. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board/Staff Linkage categories.

7. Each member of the board will support the final determination of the board concerning any particular matter, irrespective of the member's personal position concerning such matter.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.2 **POLICY TITLE:** ***POLICY-MAKING PRINCIPLES***

The Board assumes full responsibility for ongoing and rigorous examination, debate and, revision of its policies. The establishment and maintenance of these policy "products" from value considerations and board member perspectives and deliberations is the essence of the Board's role as an outward-looking and future-oriented governing body.

Accordingly:

1. All policies of the board are contained in this document, and they remain in effect, unless amended or deleted by board action.

2. Ends policies are results-based. Thus, their revision as well as the development of new Ends policies will be a continuing priority of the board.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.3 **POLICY TITLE: *BOARD JOB PRODUCTS***

The primary contribution and role of the board is to represent the membership in determining and demanding appropriate organizational performance. Therefore, as the board has its own distinct role in and contributions to PPAR, this policy outlines the specific job products for which the board assumes responsibility. Accordingly:

1. The board will produce the linkage between the PPAR and the membership (the population on whose behalf the board serves as trustee).

    a. Needs Assessment: The board will strive to identify the needs of the membership as they relate to the PPAR's activities and scope of influence, and shall translate such knowledge into the articulation of Ends policies.

    b. Advocacy: The board will act as the ambassadors from the PPAR to the membership, and shall take steps to inform the membership of the PPAR's present accomplishments, and focus on future results.

2. The board will produce written governing policies that, at the broadest levels, address each category of organizational decision:

    a. ENDS: Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).

    b. EXECUTIVE LIMITATIONS: Constraints on executive authority which clarify the prudence and ethics boundaries within which all executive activity and decisions must take place.

    c. GOVERNANCE PROCESS: Specifies how the board conceives, carries out and monitors its own task.

    d. BOARD/STAFF LINKAGE: How power is delegated and its proper use monitored; the CEO role, authority and accountability.

1. The board will assure effective CEO performance (achievement of Ends and compliance with Executive Limitations).

2. The board will identify and seek to affect legislation as it deems necessary and/or appropriate on behalf of the membership.

3. The PPAR board will protect the tax-exempt status of the Association, with particular sensitivity given to the relationship between PPAR and RSC.

4. As shareholders of the RSC, the PPAR board shall appoint the RSC Board of Directors.

5. The board will have final approval of changes to membership dues and application fees.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.4 **POLICY TITLE: *AGENDA PLANNING***

To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that (1) completes a re-exploration of Ends policies annually and (2) continually improves board performance through board education, enriched input and deliberation. Accordingly:

1. The cycle will conclude each year at the Spring Strategic Planning Session, so that administrative planning and budgeting can be based on accomplishing a one year segment of the board's most recent statement of long term Ends.

2. The cycle will start with the board's development of its agenda for the next year.

    a. Methods of gaining membership input, as well as governance education, and education related to Ends determination, (e.g. presentations by futurists, advocacy groups, demographers, other providers, staff, etc.) will be arranged in the first two months of the board's annual planning cycle, to be held during the balance of the year.

    b. The chair is encouraged, at the commencement of the board's annual planning cycle, to prepare a tentative agenda for the following year's meetings. The agenda for any particular meeting will be determined by the chair, although members are encouraged to recommend any appropriate matters for board consideration.

    c. Any board member desiring to recommend any matter for board discussion will advise the chair of such matter at least ten days prior to the scheduled board meeting.

        1. The meeting agenda and packet are to be distributed to the board at least seven days prior to the scheduled board meeting.

    d. By an affirmative vote of a majority of the members of the board, or of those present at a meeting, additional matters may be added to the agenda of any board meeting.

3. Throughout the year, the board will attend to consent agenda items (those items delegated to the CEO yet required by law or contract to be board-approved) as expeditiously as possible.

    a. Removal of an item from the consent agenda requires a motion and approval by a majority of those in attendance at a given board meeting.

4. The Board will receive monitoring reports at regular Board meetings. Additionally, CEO monitoring will be included on the agenda if the Board, for any reason, chooses to arrange for the direct inspection or third-party monitoring, or otherwise amend its monitoring schedule.

5. CEO remuneration will be decided after a review of monitoring reports received in the last year during the month of July of even numbered years, with any adjustments taking effect as of October 1st.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.5 **POLICY TITLE: *CHAIR'S ROLE***

The Chair assures the integrity of the board's process and, secondarily, represents the board to outside parties.

Accordingly:

1. The job result of the chair is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

    a. Meeting discussion content will be only those issues which, according to board policy, clearly belong to the board to decide, not the CEO.

    b. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

2. The chair is authorized to make decisions that fall within topics covered by board policies on Governance Process and Board/Staff Linkage, except where the board specifically delegates portions of this authority to others. The chair is authorized to use any reasonable interpretation of the provisions in these policies.

    a. The chair is empowered to chair board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).

    b. The chair has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the chair has no authority to supervise, direct, hire or terminate the CEO.

    c. The chair may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.

    d. The chair may delegate this authority but remains accountable for its use.

    e. The chair may appoint members and a chairperson for each board committee, unless otherwise stipulated by board policies or the organization's bylaws.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.6 **POLICY TITLE: *BOARD MEMBERS' CODE OF CONDUCT***

The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly:

1. Board members must represent un-conflicted loyalty to the interests of the membership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a consumer of the PPAR's services.

2. Board members are accountable for discharging their duties honestly and in good faith. Board members shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3. Board members must avoid conflict of interest with respect to their fiduciary responsibility.

   a. There must be no self-dealing or any conduct of private business or personal services between any board member and the PPAR except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.

   b. When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote but also from the deliberation.

   c. Board members must not use their positions to obtain staff employment for themselves, family members or close associates. Should a board member seek staff employment, he or she must first resign.

   d. Board members will annually disclose their involvements with other organizations, with vendors, or any other associations that might produce a conflict.

5. Board members may not attempt to exercise individual authority over the PPAR.

   a. Board members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly board authorized.

   b. Board members' interaction with public, media or other entities must recognize the same limitation and the inability of any board member to speak for the CEO, or for the board, except to repeat explicitly stated board decisions.

   c. Board members will give no consequence or voice to individual judgments of CEO or staff performance.

6. Board members will respect the confidentiality appropriate to issues of a sensitive nature.

7. A Board member aware of credible information that suggests that a Board policy has been violated, by either the Board or the CEO, has an affirmative obligation to bring the concern to the Board's agenda for monitoring.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.7 POLICY TITLE: *DIRECTORS' INDIVIDUAL RESPONSIBILITIES*

The leadership success of the board is a direct result of the individual and collective participation of its members.

Therefore, each board member is expected to participate in the following ways:

1. Attendance - As board contemplation, deliberation and decision-making are processes which require wholeness, collaboration and participation, attendance at board meetings is required of board members.

    a. Absence by a Director from four (4) of the Board's fourteen (14) regularly scheduled meetings in a fiscal year shall be that member's resignation from the board.

2. Preparation and Participation - Board members will prepare for board and committee meetings and will participate productively in discussions, always within the boundaries of discipline established by the board. Each member will contribute his or her own knowledge, skills and expertise to the board's efforts to fulfill its responsibilities. Silence is assent.

3. Members as Individuals - the CEO is accountable only to the board as an organization, and not to individual board members. Accordingly, the relationship between the CEO and individual members of the board, including the board chair, is collegial, not hierarchical.

4. Voluntarism - As the functioning and success of the PPAR depend largely on the involvement and dedication of member volunteers, board members are strongly encouraged to serve as volunteers on operating committees, task forces and focus groups. In view of the CEO's responsibility for operational activities and results, members of the board choosing, as individuals, to act as operational volunteers are subject to the management and direction of the CEO or responsible staff person.

5. Members in Good Standing - As board members are trustees representing the PPAR within its community/industry, members are expected to remain in good standing within the community/industry.

6. Contributions - Each board member is expected to make an annual financial contribution to PSF.

7. Participation in Events - Board members are encouraged to attend and participate in events produced by the PPAR.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.8 **POLICY TITLE: *BOARD COMMITTEE PRINCIPLES***

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

Accordingly:

1. Board committees are to help the board do its job, never to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation, or in undertaking activities not delegated to the CEO. In keeping with the board's broader focus, board committees will normally not have direct dealings with current staff operations.

2. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.

3. Board committees cannot exercise authority over staff. Because the CEO works for the full board, the board will not impede the delegation of authority to the CEO by requiring any approval of executive action by a board committee.

4. Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore, a board committee which has helped the board create policy on some topic will not be used to monitor organizational performance on that same subject.

5. Committees will be used sparingly and ordinarily in an ad hoc capacity. Each Board committee shall be assigned specific goals to be accomplished, within the limits of its authority.

6. This policy applies to any group which is formed by board action, whether or not it is called a committee and regardless of whether the group includes board members. It does not apply to committees formed under the authority of the CEO.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.9 **POLICY TITLE: *BOARD COMMITTEE STRUCTURE***

A committee is a board committee only if its existence and charge come from the board, regardless of whether its composition includes board members. The only board committees are those which are set forth in this policy. Unless otherwise stated, a task force ceases to exist as soon as its task is complete. The Chair and Chair-Elect shall be ex-officio members of all board committees or task forces. The CEO, or his/her designee, will serve as a non-voting member of each committee or task force.

1. Board Development Committee -

a. Nominating Task Force-

Product: Pursuant to the Bylaws, selection by secret ballot at least one candidate for each officer position except Chair, and at least one candidate for each Director position, including any vacancy created during the year. All candidates presented shall have been properly screened and oriented to the requirements and expectations of the proposed positions.

1. The first order of business will be to interview REALTORS® applying for an officer or director position.
2. Following the interviews, each member of the committee should prepare a slate of names for the positions available. All votes will be taken by secret ballot. The committee chairperson will tally the votes.
3. Limitations on nominations include:
   a. There may be no more than two REALTORS® per Designated REALTOR® firm represented on the PPAR Board of Directors.
   b. More than one REALTOR® may be nominated for one position.
   c. All votes will be secret ballot, and the chair will also vote, to eliminate having to break possible ties.
4. Composition: Five REALTOR® members and two alternates, chaired by the Immediate Past Chairman, proposed by the Chair-Elect, at least two of whom shall not have been Chair of PPAR within the preceding five years.
   a. Alternate(s) will vote only if a primary member does not interview all candidates in only one category.

b. Election Task Force-
1. Product: Conducting of the election of Officers and Directors at Annual Meeting, pursuant to the Bylaws.
2. Composition: Three REALTOR® members, proposed by the Chair.

c. CEO Compensation and Benefits Task Force-

Composition: Five Board members, chaired by the Immediate Past Chairman, proposed by the Chairman.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.9 *(continued)* **POLICY TITLE: *BOARD COMMITTEE STRUCTURE***

2. Governmental Affairs Committee -

a. Product: Development, review and modification of recommendations for the Board of Directors' consideration. Assists the Board of Directors in establishment of its positions.

b. Composition: *Chair and Vice-Chair are PPAR Directors. Members are PPAR REALTORS®.*

3. Professional Standards Committee -

a. Product #1: Examination of complaints and responses received regarding ethics violations or requests for arbitration. Determination of whether to dismiss complaints or send on for ethics/arbitration hearing.

Product #2: Assist resolution of complaints through mediation.

Product #3: Hearing of complaints in matters of ethics or arbitration after they have been referred from the Grievance Committee.

b. Composition: REALTOR® members of PPAR as set forth in the Professional Standards and Arbitration Manual.

4. Member Linkage Committee –

a. Product: On-going creation of programs to create a closer link between the board and the members, and regular reports to the board on recommendations and conclusions.

b. Composition: *Chair and Vice-Chair are PPAR Directors. Members are PPAR REALTORS®.*

5. Community Relations Committee

a. Product: Interaction with, and generation of goodwill within, the community.

b. Composition: *Chair and Vice-Chair are PPAR Directors. Members are PPAR REALTORS®.*

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.10 **POLICY TITLE:** ***COST OF GOVERNANCE***

Because poor governance can cost the PPAR far more than good governance, the board will invest in its governance capacity. Accordingly:

1. Board skills, methods, and supports will be sufficient to assure excellence in governing.
   a. Training and retraining will be used appropriately and as needed to orient new members and candidates for board membership, as well as to maintain and increase existing member skills and understandings.
   b. Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
   c. Outreach mechanisms will be used as needed to ensure the board's ability to listen to member viewpoints and values.

2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior board governance capability. Each year the staff-prepared budget will include funds for: board training, including publications, conference and workshop attendance; audit and other third-party organizational performance monitoring; surveys, focus groups and opinion analyses; board-hosted membership linkage/outreach events; board meetings and retreats; complimentary tickets for designated events/functions; and memorial gifts and charitable donations.

3. The board will establish its Cost of Governance budget for the next fiscal year each year during the month of July.