

# Private Club Governance

A HANDBOOK OF PRINCIPLES  
AND BEST PRACTICES

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# Acknowledgements

This handbook is a joint effort between NCA and CMAA and a product of the groups' joint Governance Committee.

It was created to be a resource for professionals and volunteers involved in the governance and operations of private clubs. It encompasses best practices as determined by recognized and respected subject matter experts and endorsed by top industry leaders. The intended use of this document is to promote good governance practices, and it is anticipated that it will be a reference in club industry education programs and be used by club boards, club industry consultants and club management professionals at individual clubs.

This publication was written by the Governance Handbook Content Sub-committee of the NCA Governance Committee, reviewed and approved by the NCA Governance Committee with joint representation from the CMAA Board of Directors, and ratified by both the NCA Board of Directors and CMAA Board of Directors in 2023.

**Special thanks to Fred Laughlin, who was the lead author of this document.**

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# Introduction and Purpose

Governance is rarely among the most discussed topics for private club members. Instead, conversations typically center on aspects of the member experience such as the condition of the golf course, the quality of the lunch menu or the latest dues increase. There may be an occasional comment about the degree of trust in the board, the competence of management or the effectiveness of committees, but discussions of a club's governance model are generally as short as they are infrequent. Yet the quality of a club's facilities and services and the fees members pay are closely linked to how well a club is governed. Developing an effective governance model, therefore, deserves a high place on any club's priority list.

We are often asked what constitutes good club governance. Private club leaders want to understand best practices on matters such as the size of the board, the contents of bylaws, delegation of authority to the GM/COO, committee types and their roles, and the like. To help answer these questions, we asked a panel of experts to develop a high-level governance framework and address the individual topics within that framework. This handbook is the result of that collaboration. It is a compendium of recommendations on the principles and best practices of club governance, and we believe it's the most comprehensive resource available on this important subject.

While each club may have its own personality, culture and brand, the framework for governance and best practices associated with effective club boards are common. This handbook offers club leaders such a framework and the associated best practices as determined by the club community's most seasoned and respected governance professionals through a deliberative process facilitated by a joint committee. We recognize that some of the recommendations may be difficult for some clubs to adopt. We also recognize different clubs are at different places on the spectrum of poor governance to great governance, so we offer this handbook understanding there are different degrees of need and urgency with regard to improving governance models.

We would like to extend our thanks to the members of the joint Governance Committee<sup>1</sup> and the panel of club governance experts for their dedication in developing this resource for club leaders. It is through their efforts we can provide this publication to our members free of charge. We look forward to the discussions and progress to come.



**Joe Trauger**  
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1. Refer to page 1 for a list of Governance Committee members and members of the panel of experts.



CHAPTER I:

# A Framework for Club Governance



A short definition of governance is the “*making and administering of policies*.” In this context, policies are directives. They are orders from a higher to a lower authority. Figure 1 below illustrates the framework we use for this handbook. It serves as a high-level view of the authorities of the key organizations and their respective policy documents. It traces the authority and policies from:

- The state in which a club resides to the owners/members (articles).
- The owners/members to their club’s board (bylaws).
- The board to the general manager/chief operating officer [GM/COO]<sup>2</sup> (board policies).
- The GM/COO to the staff (operating policies).

The sources of authority are shown in the Lines of Authority column (the blue boxes and lines). The Policy Documents column (red lines) contains the documents showing the policies from the respective authorities, e.g., from the state to the owners/members, the owners/members to the board, etc.

The Advisors column (gold lines) represents the advisory services that committees provide to both the board and the GM/COO. Finally, the Access to Information column (green lines) denotes the access the board and GM/COO have to the documents/resources kept on the board reference site. We describe below what each of the documents in red represents and their contents.

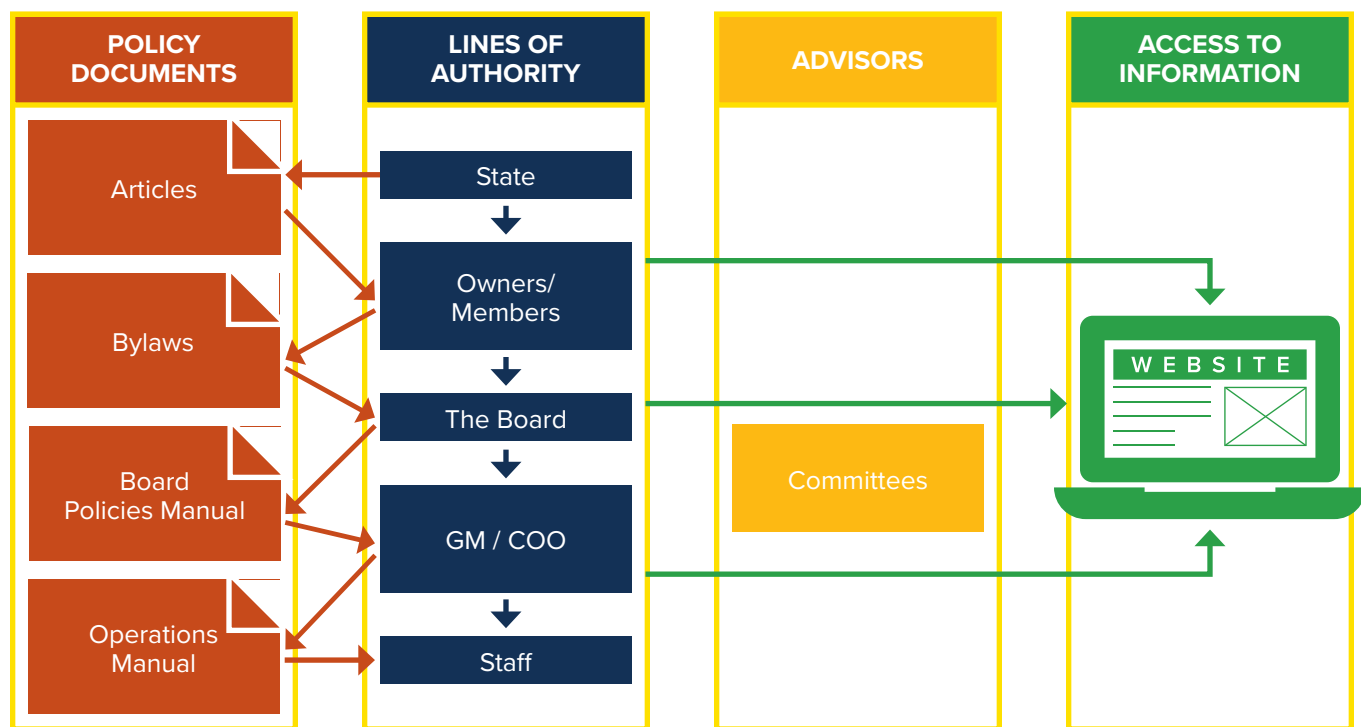
## Articles of Incorporation

The Articles of Incorporation (Articles) are the club’s formation documents, written and filed according to state law. They contain basic information such as:

- The formal name of the club and its purpose.
- Its duration (almost always “perpetual”).
- Exemption requirements (to comply with IRS requirements).
- Dissolution (disposition of assets upon dissolution of the club).
- Membership (whether the organization will have members).

FIGURE 1

## CLUB GOVERNANCE FRAMEWORK



2. An increasing number of clubs have given their general manager the title of chief operating officer (GM/COO) or chief executive officer (GM/CEO), testifying to the commitment to provide the general manager with the authority to manage club operations. As this is a best practice in club governance, we refer to the general manager throughout as the GM/COO.



- Address (the physical address of the club).
- Registered agent (the name and address of the contact within the state).
- Incorporator (the person who completes, signs, and dates the Articles).

It is important the Articles are developed by a competent attorney. Properly prepared Articles protect the club and club leaders from liability and clarify how the club will be structured and governed. Once established, a club's Articles are rarely changed. That said, it's important to know what they require, especially when making changes to the bylaws, because the bylaws must abide by the provisions of the Articles.

## Bylaws

The bylaws of a private club are the members' agreement for how the organization and its membership shall be governed. Club bylaws serve as the policies/directives from the owners/members to the board. With rare exceptions, amendments to a club's bylaws require member approval. They combine with the Articles to form the legal structure of the organization. As with the Articles, the statutes governing the contents of bylaws vary from state to state. The bylaws include provisions such as:

- The club's name and purpose.
- The membership categories.
- Board size, board member qualifications and terms of office.
- Officer designations and duties.
- The election process for board members and officers.
- Schedule and notice requirements for member and board meetings.
- Quorum levels and meeting management for member and board meetings.
- Process for amending bylaws.
- Indemnification policies.
- Dissolution processes.
- Disciplinary process.

As with the Articles, it is critical for bylaws to have the blessing of an attorney experienced with nonprofit bylaws in general and the state's requirements for bylaws in particular.

Well-constructed bylaws provide clear direction to the club's members and board of directors. They are laws, not guidelines, and they require careful drafting by a competent attorney. In that regard, member-owned clubs are usually formed as nonprofit corporations. As a result, there are state statutes that apply to the club's governance. Certain statutory requirements should be stated in the bylaws for convenient reference, but the club's board and GM/COO must be aware that these statutes apply even when not expressly stated in the bylaws.

## Board Policies Manual

The Board Policies Manual (BPM) is a compilation of all standing board policies. It represents the board's voice speaking to sound governance principles and best practices. Because the BPM is the voice of the entire board and not just the club president or a faction of the board, it has the stability to remain operative year-on-year, even as club leaders come and go.

Although all club boards have policies, far too many rely on implicit, unwritten policies rather than explicit, well-documented policies. Implicit policies tend to morph over time, are subject to varying interpretations and are often cited by the most senior or loudest person in the room. Explicit board policies are documented policies, available for everyone to see and understand. They describe how the board will use the authority granted by the bylaws to carry out its governance duties. They address issues such as:

- Articulation and confirmation of strategic direction such as vision, mission, values and strategic planning.
- Expectations of the board as a whole, its commitment to transparency, civil discourse, strategic thinking and corporate rather than personal loyalty.
- Expectations of board members regarding attendance, open-mindedness, committee leadership and maintaining confidentiality.
- Committee structure, formation and role in supporting the board and the GM/COO.
- Meeting conduct, use of a consent agenda, pre-meeting materials, minutes and resolution of differing views.
- Relationship between the board and the GM/COO, the expectations for his/her performance, the annual evaluation process and the scope and limits on his/her authority.

## Operating Policies

Because the majority of club boards delegate to the GM/COO the authority to manage club operations, it is the GM/COO's responsibility to lay out the policies for the various components of club operations, e.g., accounting and finance, human resources, marketing and communications, dress and decorum, IT protocols and the like.

In the BPM, the board will often list those features that must be included in certain operating policies. For example, the board may require that human resource policies include grievance and whistle-blower processes and a prohibition of discriminating on the basis of race, ethnicity and religion. The board may also require a legal review of operating policies where there are risks of litigation. This is particularly important in matters of employee treatment.

## Committees

Club committees can play an important role in the governance process. Committees that support board functions like finance and strategic planning help spread the load by reviewing policies and procedures and sharing their recommendations with the board.

Committees that support operational functions like house and fitness provide advice to the GM/COO. As shown in the Club Governance Framework (Framework, p. 6), committees are in the Advisors column. Unless they are given specific authority to carry out an action or make decisions, committees serve as advisors, whether they are board committees reporting to the board or operating committees reporting to the GM/COO.

## Board Reference Site

Board members require access to a variety of information sources, including all the documents shown in the Framework. Because digital versions of the information are more easily stored, maintained and accessed, it is recommended that the board establish a secure portal to a website that houses informational documents, such as:

- Articles of Incorporation.
- Bylaws.
- Strategic Plan.
- Statements of Confidentiality and Conflict of Interest.
- Committee Charters.
- Board Policies Manual.
- Board Orientation Process.
- Contact Data of Board Members and Key Staff.
- Organization Chart.
- Member Rules and Regulations.
- D&O and Business Insurance.
- Annual Budget.
- Legal Arrangements.
- External Auditors.
- Capital Reserve Study and Capital Plan.
- Monthly Financial Statements.
- Minutes of Past Board Meetings.
- Other documents as identified.

## Summary

Each of the documents in the Framework plays an important role in club governance. In the chapters that follow, we detail the contents of these documents and offer the principles and best practices associated with each. We understand the audience for this handbook includes city clubs, country clubs, yacht clubs, HOAs and more. Notwithstanding their differences, each of these club types has the purpose of serving its members effectively—a purpose that is more likely to be accomplished with a governance model containing proven governance principles and best practices. We believe the principles and best practices in this handbook apply across the club community and we encourage clubs of all types and sizes to consider adopting as many of them as their culture will allow.

CHAPTER II:

# Articles of Incorporation and Bylaws



In this chapter, we cover both the Articles of Incorporation (Articles) and the bylaws<sup>5</sup> because together they form the legal basis for a private club and because they are often developed together to ensure their compatibility. Because all features of the bylaws must comply with the Articles, it is recommended that Articles be drafted with sufficient breadth to provide flexibility for the bylaws.

## Articles

The Articles are filed with the state to establish the club, register the club's name, limit the liability of the incorporators and position the club to file for tax-exempt status with the IRS (if appropriate)—usually as a social and recreational organization, i.e., Section 501c(7) of the IRS code. The Articles typically include the following information:

1. Name—Official name of the club.
2. Address—Official address of the club in the state.
3. Duration—Almost always perpetual until the club's dissolution.
4. Purpose—Must fall within IRS guidelines to qualify for nonprofit status, but must be consistent with the club offering memberships that are not deemed “securities” under law.
5. Nonprofit Nature—Clarifies why the club meets IRS requirements, e.g.:
  - a. No financial benefit to owners/members.
  - b. No political activity.
  - c. No activity proscribed in the IRS code for nonprofit corporations.
6. Dissolution Clause—How assets will be distributed upon dissolution<sup>6</sup>.
7. Personal Liability—Protection of officers and directors against being held liable for debts and obligations<sup>6</sup>.
8. Board of Directors—Identification of initial board members<sup>6</sup>.
9. Membership—Establishes rights of members, including voting rights<sup>6</sup>.
10. Amendments—Process by which Articles are amended<sup>6</sup>.
11. Registered Agent—Person residing in the state to serve as the club's contact.
12. Incorporator—Person who completes, signs and dates the Articles.

All existing clubs have established Articles, many of which were written decades ago. Although clubs rarely need to

amend their Articles, it is good practice to review the Articles to ensure they do not have provisions that restrict the flexibility of the bylaws. For example, if the Articles dictate the size of the board of directors, it will be necessary to file an amendment to the Articles to allow the bylaws to determine the number of directors.

## Bylaws

The bylaws establish the policies foundational to a club's governance model. A table of contents of a private club's bylaws may look like the following:<sup>7</sup>

1. Name: Official club name.
2. Definition of terms used in the bylaws.
3. Membership definitions:
  - a. Membership categories.
  - b. Limits of members by category.
  - c. Privileges by membership category.
  - d. Voting rights by category.
4. Policies governing member admission, privileges and related:
  - a. Admission criteria and process.
  - b. Transfer between membership classes.
  - c. Payment obligations.
  - d. Dispute resolution.
  - e. Guest privileges.
5. Member resignation and transferability:
  - a. Resignation.
  - b. Death.
  - c. Marital relationships.
  - d. Transfer criteria and process.
  - e. Refunds.
6. Financial obligations<sup>8</sup>:
  - a. Fees and dues.
  - b. Capital assessments, processes and limits.
  - c. Operating assessments, processes and limits.
  - d. Account charges, payment terms.
  - e. Late fees.
7. Discipline, suspension and expulsion:
  - a. Member rules and regulations for members.
  - b. Associated disciplinary actions and processes.
  - c. Emergency suspension.
  - d. Appeals—basis and process.
  - e. Associated fines and charges.
  - f. Collection procedures.

5. The term “bylaws” is sometimes written with a hyphen (by-laws) or a capital letter (By-laws). Even though these alternative spellings are accepted, for this handbook we use the simpler term (bylaw) throughout.

6. Not required in most states.

7. The items on this list are those that may be included in bylaws, but are not necessarily required to be included.

8. Issues like late fees, new member admission process and grievance process are often not in the bylaws but are documented in a Members Handbook or Rules and Regulations.

8. Governance and management:
  - a. Board of directors<sup>9</sup>—size, qualifications, and terms of office.
  - b. Election process for directors.
  - c. Board authorities, limits on authority, and responsibilities.
  - d. Discipline and removal of board members.
  - e. Meetings—frequency, quorum and meeting management.
  - f. No remuneration.
  - g. Officer—identification and election process.
  - h. Process for filling vacancies.
  - i. Delegation to GM/COO.
9. Committees<sup>10</sup>:
  - a. Committee designations—standing, specialty, ad hoc.
  - b. Roles and responsibilities.
  - c. Duration of service.
  - d. Appointments of chairs and members.
10. Membership meetings:
  - a. Quorum.
  - b. Notices/virtual attendance.
  - c. Annual and special meetings.
  - d. Nominating committee—formation, membership, chair.
  - e. Process for electing board members.
  - f. Rules for valid voting.
  - g. Process for action by written consent.
11. Indemnification:
  - a. Director and officer liability and immunity.
  - b. Insurance coverage.
  - c. Employment practices/cyber data protection.
  - d. Scope of rights.
  - e. Advancement of expenses.
12. Amendments:
  - a. Proposal process.
  - b. Voting.
13. Liquidation:
  - a. Dissolution—sale of assets.
  - b. Rights and procedures.

**Role of Bylaws in Club Governance:** Of the sections listed above, the majority of space in the bylaws is given to membership matters—types of members and their associated requirements and privileges; the processes for admission, disciplinary action and resignation; and procedures for

*As important as they are to be clear and comprehensive, bylaw sections pertaining to membership matters typically do not play a role in a club's governance model.*

registering and adjudicating complaints. There is good reason for the detail in these sections because most disagreements and potential litigation refer to bylaw sections relating to membership. It is therefore critically important that sections such as Sections 1 through 7 above be reviewed by an attorney experienced in the nonprofit bylaws in general and state statutes in particular.

As important as they are to be clear and comprehensive, bylaw sections pertaining to membership matters typically do not play a role in a club's governance model. The sections that pertain directly to governance are those that address the board of directors (Section 8 above), committees (Section 9) and member meetings (Section 10). These three sections contain policies prescribing to whom the authority of the members is delegated (board), how the board will be supported (committees) and how the members of the board are elected. Seldom do the provisions of Sections 11-13 come into play as affecting a club's governance model. With respect to Section 12 (Amendments), we assume bylaw amendments require member approval, which is the case with the vast majority of clubs.

In summary, the role of the bylaws in defining a club's governance model is contained primarily in Sections 8, 9 and 10. Accordingly, the remainder of this chapter dwells on the contents of these sections and the associated principles and practices that determine the quality of the model.

9. Sometimes referred to as board of governors or trustees. Since the governance principles and practices covered in this handbook apply equally to boards of directors, governors, or trustees, we use board of directors throughout.

10. We recommend that the bylaws mention only that the Board may establish committees; thereby giving the board the flexibility to form committees and change them as the situation requires.

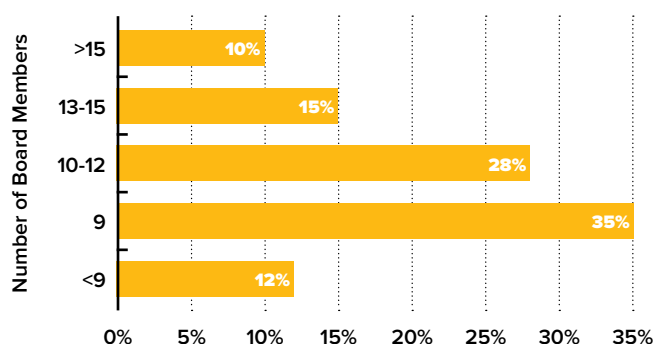
# Governance Issues Covered in the Bylaws:

## Board Size

Club boards range in size from six members to more than 20, with a majority falling between nine and 12. As shown in Figure 2, the most common size is nine, which seems to balance the efficiency of a smaller board with the distribution of duties available with a larger board. For boards with more than 12 members, the trend during the past decade has been to reduce the size.

Clubs tend to favor an odd number of members, possibly to avoid tie votes on decisions. However, because it's wise for board chairs to seek a consensus rather than a simple majority and because all it takes is one absentee or abstainer to vitiate the rationale for an odd number of board members, we do not believe it is necessary to require it.

Figure 2  
Board Size

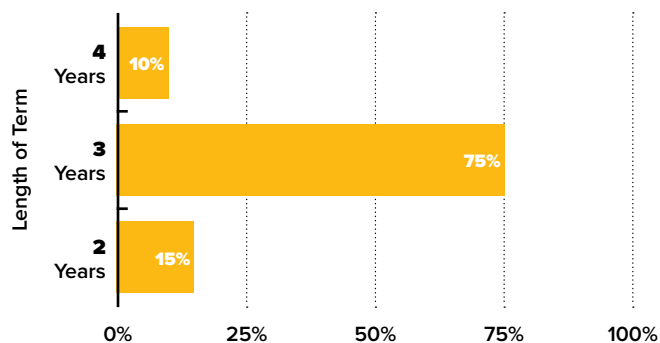


Source: Club Benchmarking

## Terms of Office

Term lengths for board members range from two to four or more years with three years being the most common (Figure 3). Additional terms are frequently allowed with terms of two or three years (Figure 4). Limiting directors to terms of two or three years can deny the board the experience of good board members. Even so, allowing more than six total years on the board not only reduces the opportunity for other club members to serve, it denies the board the fresh ideas that may arrive with new members. We, therefore, believe the most common approach, i.e., the three-year term with the provision for one additional term, provides a good balance between benefiting from experienced board members and expanding opportunities for others to serve. That said, it is important that directors who have served one term not be automatically assumed to be on the ballot for an additional term, but rather are included on the ballot based on their performance during their first term.

Figure 3  
Board Terms of Office



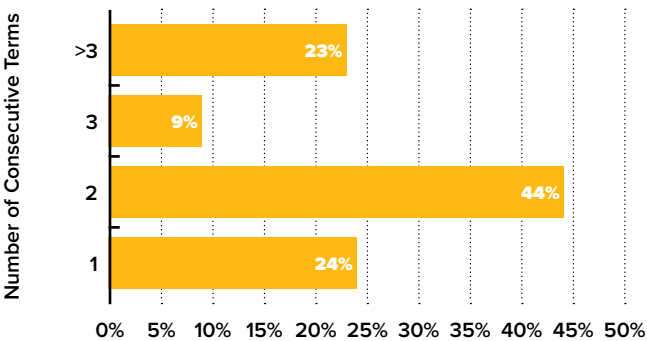
Source: Club Benchmarking



## Filling Vacancies

When mid-term vacancies occur on the board, the most frequent policy is to allow the board to select a replacement to serve out the term.<sup>11</sup> Less frequently included in the bylaws, however, is an explanation of the process used by the board to select a replacement. Although we believe using the board to select a replacement is the most expedient way to fill a vacancy, we recommend including in the bylaws the requirement for the board to use a documented process for vetting the replacement. As we discuss in the chapter on the Board Policies Manual (BPM), we recommend the development of a Board Profile that describes both the required and desired qualities of board members.<sup>12</sup> Accordingly, as the board considers filling a vacancy on the board, we recommend that it vets candidates based on the Board Profile.

Figure 4  
Term Limits of Board Members



Source: Club Benchmarking

## Powers and Duties of the Board

One of the primary purposes of the bylaws is to convey authority from the members to the board. Some bylaws will make encompassing statements such as giving a broad range of authority to the board. Other bylaws will include a list of specific duties. Often, bylaws will include certain limits on the board's authority, such as requiring member approval of certain actions or capital expenditures. It is recommended that these limits be reviewed every few years to ensure they are still appropriate, i.e., do not unduly restrict the board from governing efficiently.

## Board Quorums and Meeting Management

Bylaws usually describe the requirements of official board meetings, including their number and the media, the types of attendance (e.g., in-person, video or audio conferencing) and the threshold number of attendees (quorum). Bylaws often state requirements for the timing of notices for special meetings—typically in the range of three to five days. Emergency special meetings are often allowed with only 24 hours' notice. Most clubs allow attendance via video and audio connections so long as all parties can hear and be heard. The most common requirement for a quorum in a board meeting is a simple majority of board members who are authorized to vote.

Club bylaws will normally address the frequency of meetings with “monthly” being the most common. Some bylaws will require meetings to be conducted using Robert's Rules of Order.<sup>13</sup> Because they are arcane and little known among board members, we recommend that Robert's Rules not be required for board meetings. We recommend a simple bylaw that leaves meeting management policies to the board to adopt and document in the Board Policies Manual (BPM).<sup>14</sup>

11. The process may differ depending on the time remaining on the term. For example, with less than a year remaining, the board may be given a license to appoint a replacement. With more than a year remaining, there may be involvement by the Nominating Committee and/or a vote by the members.

12. See the discussion of the Board Profile later in this chapter.

13. Often referred to as Robert's Rules Revised or Simplified.

14. See an example of a meeting management policies in Chapter III (Board Policies Manual).

# Officers and Their Terms

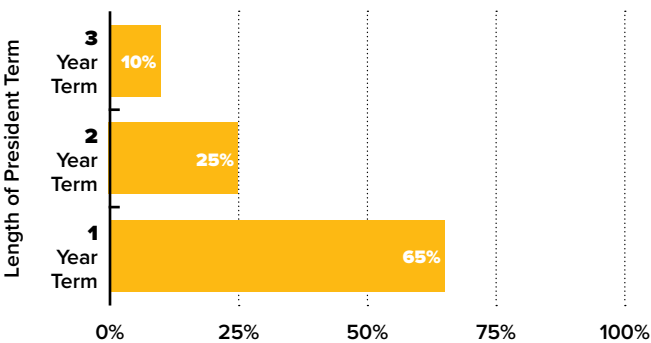
The bylaws list the officers, normally including the president, vice president, secretary and treasurer. Some bylaws go to considerable length in describing the duties of the officers, while others are brief, thereby leaving the description of officer duties to the board via its policies. As with so many sections of the bylaws, we favor providing the board with the flexibility to define officer duties in the BPM.

It is common for bylaws to limit officer terms to one or two years, although some allow officers to serve until the end of their board term. Figure 5 shows that the most common term of a club president is one year with a small percentage of clubs allowing their service up to three years. Figure 6 displays how many terms a president may serve.

Here again, we prefer that officer terms not be included in the bylaws, leaving that decision to the board and documenting the policies in a BPM. We recommend one-year terms for the president and other officers with the option to renew so long as they have years left on their board terms, and they are re-elected by the board using a board-approved process for officer election.

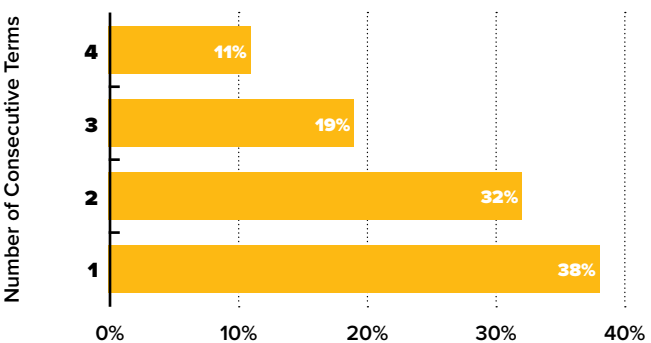
Finally, it is not unusual for club bylaws to imply that the president has operational or managerial authority. In many cases, the bylaws identify the president as the chief executive officer (CEO). Authorizing the president to assume a role beyond that of chairing the board risks violating a fundamental principle of the board governing and the GM/COO managing. Even if past presidents in a club have not exercised an operational authority permitted in its bylaws, we recommend deleting any suggestion implying a role for the president beyond what is specifically documented in the BPM.

Figure 5  
Club President Term of Office



Source: Club Benchmarking

Figure 6  
Term Limits on Club Presidents

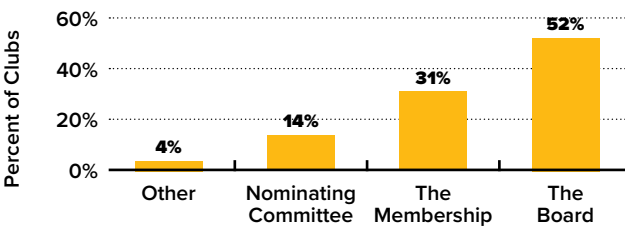


Source: Club Benchmarking

# Officer Elections and Terms of Service

As shown in Figure 7, officers at more than half of clubs are elected by the board. Most of those bylaws state simply that the officers are elected by the board during the first meeting after the annual member meeting. Occasionally, bylaws will identify or allude to a specific process for officer election. As with many bylaws that don't prescribe a process, we recommend documenting a process in the BPM. A sample process for electing officers is included in Chapter III.

Figure 7  
Club Officer Election



Source: Club Benchmarking



Committees

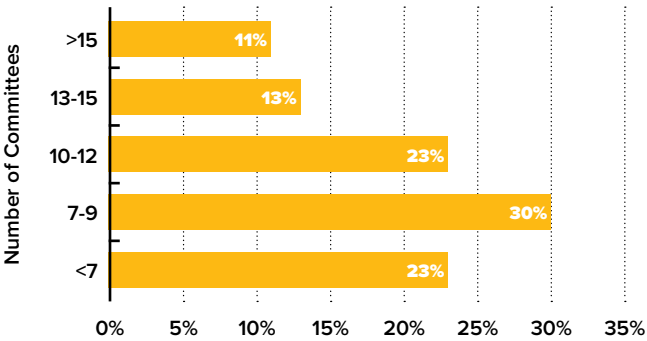
Most club bylaws identify the committees the board is required to form and maintain. Some bylaws distinguish standing committees from special committees or ad hoc committees. In addition to requiring certain committees to be formed and maintained, the bylaws typically authorize boards to establish committees as are deemed necessary to support board or operating functions. As shown in Figure 8, the number of committees varies widely across the club community.

The bylaws will typically designate how committee chairs are assigned and committee members are appointed. Most bylaws specify that the president shall select committee chairs. Of those, approximately half require board approval of the president’s selection. Some bylaws require all committee chairs to be board members and, even where bylaws don’t require it, clubs have adopted a policy specifying that committees are chaired by board members. As shown in Figure 9, 55% of clubs require that their committees be chaired by board members.

As shown in Figure 10, 70% of club bylaws indicate that committee chairs select their committee members, with over half of the 70% requiring board approval. Bylaws occasionally prescribe term limits on committee membership, although many leave the decision to the board. Bylaws occasionally specify the committee members’ term length—the most common being one year with options for additional terms. Figure 11 shows that almost two-thirds of clubs have term limits on committee membership of four years or more.

Although listing committees in bylaws is a common practice, we recommend that the bylaws leave the decisions on committees to the boards, i.e., replace the section on committees with a simple statement giving the board the authority to form committees, document their charters, designate their chairs, and assign committee members. This approach allows the board to develop the committees to support its functions and the flexibility to add, delete or modify committees as needed.

Figure 8  
Number of Committees



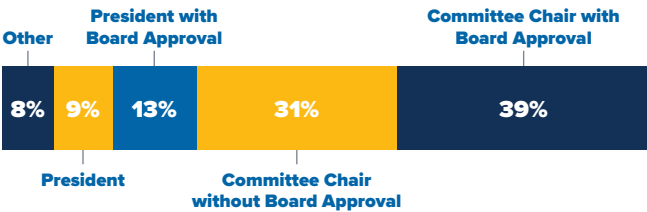
Source: Club Benchmarking

Figure 9  
Committee Chair Designation



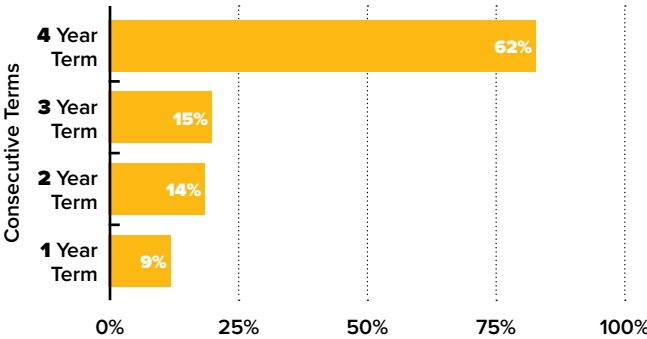
Source: Club Benchmarking

Figure 10  
Choosing Committee Members



Source: Club Benchmarking

Figure 11  
Term Limits on Committee Members



Source: Club Benchmarking

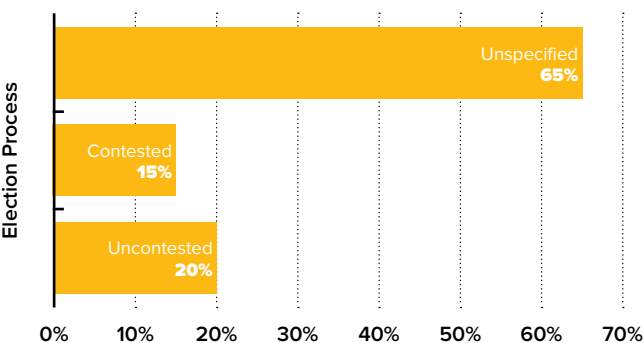
# Member Meetings and Director Elections

The bylaws normally identify the date and place of the annual member meeting, including the requirements for notice, quorums and agenda items. The election of board members is typically on the annual meeting agenda and the bylaws usually detail the election process. Because of its importance to a club's governance model, we address key features of the election process below.

## Contested vs Uncontested Election

An election is contested when there are more nominees on the ballot than there are board positions to be filled. In an uncontested election, the number of nominees on the ballot equals the number of board positions to be filled. As shown in Figure 12, 20% of club bylaws prescribe an uncontested election process and 15% prescribe a contested process. The remaining 65% require that the number of nominees on a slate is at least equal to the number of vacancies to be filled, thereby not specifying whether the process is contested or uncontested. However, we have observed that the majority of club bylaws that do not specify a process tend to practice uncontested elections. The reasons for the preference for uncontested elections are explained on the following pages.

Figure 12  
Board Terms of Office



Source: Club Benchmarking



One of the principles of good club governance is to elect board members based on their qualifications to serve and not on their seniority, ability to campaign, or personal agendas. Because the uncontested election is more likely to honor that principle than a contested election, we recommend that the uncontested election process be clearly documented in the bylaws. Below we contrast the two approaches.

## Contested Elections

Members may instinctively favor the contested election because it gives them a choice of candidates. However, a contested election can have several drawbacks such as:

- Being a political process, contested elections can foment division rather than build unity. Candidates may be elected on their popularity, seniority or factors other than their qualifications to govern. They also may run on an agenda and, if elected, bring the agenda to the boardroom; doing so violates their duty of loyalty, which is to put the interest of the club ahead of their personal interest or the interest of a group.
- Many qualified club members have little interest in being board candidates in a political process, thereby reducing the number of potential candidates. It is estimated the pool of qualified candidates in contested elections is reduced by 30% to 40%.
- Similarly, many members are uninterested in the voting process. They are busy people and want to trust their board to adopt good policies and the nominating committee to vet candidates properly. In a contested election, members may feel the need to educate themselves on the candidates, an investment many members are not eager to make.
- A contested election having five candidates for three board slots guarantees two “losers.” These are candidates who were probably nominated from among the most involved individuals in the club, perhaps the biggest contributors of time, energy or talent. These are the last people you want to discourage.
- Finally, good boards work as a team. They function exceptionally well when their members blend their individual skills and experience to govern as a unit. Club members are less likely than a nominating committee to consider how electing a particular candidate will round out a board and make it a stronger team.

## Uncontested Elections

Even though the above potential problems are avoided with an uncontested election, the process has the decidedly negative trait of being undemocratic. Because club members in an uncontested election are basically asked to ratify a slate, rather than vote for their favorite candidate, they may feel disenfranchised. And because the bylaws are basically the policies of the members, amending them to clearly articulate an uncontested election can be a difficult sell to members.

Although we acknowledge that the uncontested election may be viewed with skepticism by some of the members, we believe if properly administered, the uncontested election is the preferred way to put members on the board based on their qualifications to govern.

While we strongly support the uncontested election process, we do so with the additional recommendation that the process includes two essential components: a trusted nominating committee and the use of a Board Profile, each of which is discussed below.

## Trusted Nominating Committee

The first component is an independent, objective nominating committee (committee), one that is trusted by the club members to select candidates on their merits to govern—not such factors as popularity, political acumen, or seniority. Winning member trust calls for a transparent, well-documented process for selecting a committee that contains a committee chair and committee members with reputations of integrity and impartiality. Although almost all club bylaws contain a description of the committee selection process, the level of detail in the descriptions in the bylaws varies widely. A sizable percentage of club bylaws calls for the president to select the committee chair as well as the committee members—often with board approval. Other bylaws state that the chair shall be the immediate past president or a board member completing his/her term. There are also clubs with committees selected by member vote or via a random drawing from members volunteering to serve on the committee.

In forming a committee, the first and most important step is selecting a committee chair based on his/her reputation for integrity, independence, and objectivity—not based strictly upon a currently held office (president) or an office in the

past (past president). We understand that there is clarity and consistency in defaulting to the president, past president, or a retiring board member. But, if a president is to select the committee chair, include in the bylaws or in a board policy the basis for the selection. Document the criteria that must be used in selecting the committee chair, characteristics such as being a member in good standing known for his/her integrity and impartiality. Although such judgments are qualitative in nature, our experience is that every club has members who would be trusted by their fellow members to be independent and fair-minded. Moreover, requiring the president to rely on documented characteristics militates against the claim of cronyism. We also recommend requiring board approval of the president's selection of a committee chair because it introduces other perspectives and adds to the independence of the decision. Ensure that the board members' approval is based on their perception of the president's honoring the selection criteria. Of course, having held an office should in no way exclude persons from being considered for the committee chair. It simply means they are selected on the required characteristics rather than their current or past held office.

The next step is populating the committee. That process is also covered in a variety of ways within the club community. If the committee chair is selected as recommended above, we believe he/she is best positioned to choose like-minded committee members—again with the approval of the board. The sizes of nominating committees in club bylaws are also wide-ranging, some as small as five members and others with over 12. We favor the lower range, primarily to ensure strict confidentiality throughout the vetting process.

As for terms for the nominating committee chairs and committee members, we recommend one-year terms with an allowance for additional terms. There is an argument for term limits on the chair and committee members, such as three consecutive years, as it opens opportunities for more members to serve on the committee; but if a chair and his/her committee have operated well in the past and enjoyed the trust of the members, limiting their tenure may not be the best for the club. Having one-year terms allows for a fresh look at the candidates, leaving it to the president and the board to decide the wisdom of keeping them on for an additional year.

## Board Profile

The second component necessary to build trust in the uncontested election process is a Board Profile, which is a description of a well-rounded board in terms of the qualities and characteristics of individual board members. If a club has established a nominating committee comprising a trusted chair and trusted members, it must give that committee a rubric on which to vet candidates. We recommend a Board Profile made up of characteristics in three categories:

1. Characteristics required of each board member.
2. Characteristics desired to give the board the benefit of differing perspectives.
3. Desirable experience/skill sets to benefit from board member expertise.

**Category 1: Required characteristics.** These characteristics are just that—required. Your bylaws may contain some necessary criteria, such as a candidate being an equity member, being a member for a certain number of years or having served on a committee. The board can expand the list of essentials to include qualitative features such as a candidate being known as a person of trust and integrity, a thought leader, and a team player. Although such qualitative features may seem hard to define, they may be the most important of the required characteristics. Team players don't come with personal agendas, they listen to the views of others and they foster the collegial culture you want on your board. Don't worry about the lack of a concrete definition of a team player. The nominating committee will know what you mean.

**Category 2: Desired characteristics.** You may have heard that a club board should mirror its membership and here is where you make it happen. Club memberships are typically diverse and you want your board discussions to benefit from that diversity. This is not about quotas or diversity for sake of political correctness. It's about seeking perspectives, a full range of them. Decide which points of view would be valuable on your governing body (different age groups, different genders, different interests in club activities, etc.). You may want to be specific in terms of the number of board members in a particular category, for example, at least one from each age group, or you may simply direct the nominating committee to take the makeup of the board into account as it evaluates candidates.

Be careful here, however. You are seeking perspectives, not representatives. You want board members to bring insight,

enlightenment and a commitment to the duty of loyalty. You don't need board members who consider it their responsibility to represent a particular age group or activity. Such an attitude leads to factions and cliques. Although you want your board discussions and decisions to benefit from the different perspectives around the table, you want decisions to be made in the interest of the club overall. In short, debate as many; govern as one.

**Category 3: Desirable experience/skill sets.** Along with the multiple perspectives you want at your board meetings, you also want multiple skills and expertise in various professions like law, finance, real estate or business management. Again, be careful. You are not looking at these candidates to dictate policy relating to their expertise. For example, an attorney on the board is there to provide a legal perspective, not serve as the board's legal counsel. Likewise, a CPA on the board doesn't dictate financial policies to the GM/COO or the club controller. The list of expertise will depend on your type of

club and the kind of issues your board and club may be facing. In addition to particular skill sets and professions, you may want to consider time on a particular committee and the effectiveness of the prospective candidate as a committee member.

Once you have completed the criteria under each of these categories, put them in writing. Develop a Board Profile and instruct your nominating committee to honor it during its process of selecting candidates. Remember that Category 1 traits are the only ones required of each candidate. The characteristics in Categories 2 and 3 are desirable, but not mandatory. You may not be able to check off every item in Categories 2 and 3, but your board can direct the nominating committees to try. Instruct it to ensure that all candidates possess Category 1 characteristics and to use its best efforts to select candidates with perspectives listed in Category 2 and expertise/skill sets in Category 3.

A sample Board Profile is illustrated below:

Board Profile of Sample Private Club

- I. Each board candidate must:

  - A. Be a member in good standing.
  - B. Be widely known as a person of integrity.
  - C. Have demonstrated the ability to work as a team member.
  - D. Have served on at least one committee for at least two years.
  - E. Other. (specify) \_\_\_\_\_
- II. As a club, we desire a board that:

  - A. Reflects a wide range of (the organization's) activities.
  - B. Includes a diversity of perspectives, including:
    - age
    - gender
    - ethnicity
  - C. Other. (specify) \_\_\_\_\_

III. In addition to the requirements in Category I and seeking the diversity in Category II, the Nominating Committee seeks Board members with expertise in the areas shown in the table below.

Board Member	Year Elected	Term Ends	Law	Finance	Business	Development/Construction	Other	Notes
1		2023						
2		2024						
3		2024						
9								

**\* Examples for Other or Notes:**  
Philanthropist • Marketing/Communications • Restaurateur • Offices held • Committee membership  
Sponsors new members • Information technology • Member for \_\_ years • Community service

## Adopting the Uncontested Election Process

We believe the uncontested election process that benefits from a trusted nominating committee referring to a documented Board Profile offers the best chance of producing well-rounded boards composed of quality members. We know there will be club members who will complain about not being given a choice, but presented with the rationale outlined above, most members will see that the gain in a strong board far exceeds the perceived loss of the freedom to choose.

**Nomination by petition.** Most club bylaws allow candidates to be nominated via a petition receiving a threshold number of signatures from fellow members. Although some clubs will require only 10 signatures to qualify a candidate, most

have a higher bar of 25 or more. Of course, in this instance, the election becomes contested with the petitioned candidate on the ballot along with the committee-recommended candidates. In this situation, we recommend that members be required to vote for the number of candidates as there are board vacancies to be filled. This approach favors the candidates vetted and proposed by the committee over candidates proposed by petition. Conversely, allowing a ballot with a vote for only one candidate may favor the candidate nominated by petition, thereby potentially vitiating the principle of directors being elected on their merits. This approach may require an amendment to the bylaws unless the bylaws give sufficient discretion to the board. If there is no restriction on designating the basis for a nomination on the ballot, we recommend indicating on the ballot which nominees on the ballot are on the slate recommended by the committee.

## Summary

In this chapter, we have covered the top two authorities in our Governance Framework along with the documents conveying their policies: the state with its Articles and the members with their bylaws. We have emphasized the importance of these documents in providing a solid legal foundation for the club and the need to involve an experienced attorney in their drafting and in reviewing proposed amendments. For all the importance of the bylaws, however, there are only a few sections that contain policies affecting a club's governance model. Further, concerning the relevant bylaw sections, our theme is "less is more" in that we advocate omitting unnecessary detail from the bylaws and deferring to the BPM for the development of policies that address the issue. The sections where we recommend deferring to the BPM include:

- Describing the officer election process and officer terms of service.
- Describing the role of the president and other officers.
- Describing the process of replacing vacancies on the board.
- Listing committees, designating their chairs and describing their charters.
- Meeting management policies.

Each of these issues will be addressed in Chapter III of the handbook.

Finally, we have stressed the critical role played by the election process in selecting the highest quality board members and developing an efficient functioning board. Because most club bylaws require approval by the members to amend the bylaws, we know that many of our recommendations will call for boards to make a strong case to their members. We trust that the rationale accompanying our recommendation will be helpful in making the case. We also believe that the development of a Board Policies Manual (BPM), the subject of Chapter III, will lend credibility to the board as it seeks to amend the bylaws.



CHAPTER III:

# Good Governance Principles and Board Policies



## Introduction and Chapter Purpose

At the center of the Club Governance Framework (p. 6) in the blue (Lines of Authority) column is the board of directors and in the red (Policy Documents) column is the Board Policies Manual (BPM). Because the BPM contains the policies that reflect a club's adherence to the principles and best practices of good club governance, it receives special attention in the handbook, starting with a brief description of the BPM and ending with its use as a governance management system.

## Description of the BPM

Before we present the argument for developing and maintaining a BPM, we want to be clear on the type of document we are referring to. In Chapter I, we briefly outline the purpose of the BPM and its positioning in the Framework. In this section, we add detail to the outline to give a clearer picture of the BPM's length, breadth, and depth.

The most common BPM is between 12 and 15 pages and comprises five parts:

### Part 1: Introduction and Administration

Because most people are not familiar with the BPM, first-time board members and other readers may not know what to expect from the document. It is therefore important to give the reader an explanation of the role and contents of the BPM. Part 1 states the purpose of the BPM, the rationale for its use, how it is maintained, and how its contents are employed in the club's governance model. Once the board is comfortable with its initial contents, Part 1 is seldom amended.

### Part 2: Organization Essentials

One of the principles of the board is to think strategically. In Part 2, the board puts its mark and blessing on the strategic goals of the club and how it will achieve them. It includes the club's vision, mission and values, along with the club's strategic and tactical goals. These we call the "Organization Essentials," which form the foundation upon which the organization's other policies are designed and built. In addition to the vision, mission and values, we also recommend that Part 2 contains a reference to the strategic plan and the long-term goals in the plan. As we discuss in Chapter V of the handbook, we recommend that the full

strategic plan be located on the board reference website. In BPM Part 2, we want to link the goals and objectives for the current year with the long-term goals in the strategic plan. Having the current goals in Part 2 puts them in the strategic context, i.e., it permits them to be viewed alongside the other organization essentials to ensure that all board and executive actions are in line with the strategic direction. Because the current goals will form the primary basis for the GM/COO's evaluation, it is critical that they be jointly developed and agreed upon by the board and the GM/COO.

### Part 3: Board Structure and Process

This part explains how the board is configured and how it operates. It includes such features as:

- Governance style, e.g., outward-looking, strategic in its thinking, speaking with one voice.
- Board job description, e.g., principal functions, its scope of action.
- Officers, e.g., responsibilities, terms of office, the officer election process.
- Meeting content and conduct, e.g., consent agenda, pre-meeting materials, expectations for attendance, meeting management policies.
- Committees, e.g., number and type, their scope of responsibilities, the selection of chairs and members, the relationship with staff, the expectation of committee members.
- Expectations of individual board members, conflict of interest policies.

Many of these features are covered in the club's bylaws to some degree. Often, however, the bylaws are silent on important specifics. For example, they may specify that committee chairs are appointed by the president, but not address the size of the committees, their charters or the selection of committee members. As stated in Chapter II of the handbook, we recommend keeping the bylaws lean, so specific decisions on board structure and processes are left to the board.

### Part 4: Board—GM/COO/Staff Relationship

The most important relationship for organizational effectiveness is between the board and the GM/COO. A lack of clarity on their respective roles and how the board and GM/COO will interact invites frustration from both parties. It is



surprising, therefore, that so many clubs have not documented how the board and the GM/COO will work together. Part 4 includes everything the board has to say about its relationship with its single agent, the GM/COO.

Following are the typical topics addressed in this part:

- How authority is delegated from the board to the GM/COO.
- Specifically what is expected of the GM/COO.
- How, when and by whom the GM/COO will be evaluated.
- How, when and what the GM/COO communicates with board members.
- Requirements on how the GM/COO will employ and treat staff.

### Part 5: Executive Limitations

In Part 4, the board provides a general delegation of its authority to the GM/COO to manage club operations. But that authority is not boundless, and in Part 5, it is made clear the decisions the GM/COO is not authorized to make, i.e., limitations on the GM/COO's authority. These limitations are typically centered in the financial area such as limits on signature authority on checks, budgeted and unbudgeted expenditures, capital spending, size and duration of contracts and the like. Part 5 may also include limitations on the GM/COO's authority to speak for the club, make statements to the media or establish loss-leader programs. Part 5 essentially provides the guard rails within which the GM/COO can operate. So long as the GM/COO stays within the guard rails, he/she has the authority to make management and operational decisions.

## The Case for a BPM

Now that we have a working outline of the BPM, we are prepared to cite the rationale for its development and maintenance. Specifically, the BPM:

- Clarifies the roles of club members, GM/COO and staff.
- Honors the principles of good governance.
- Provides an efficient, central location for all board policies.
- Preserves the continuity of the strategic plan.
- Facilitates orientation of new board members.

## Clarifying Roles

As depicted in the Framework, there are four key players in a club's governance model: club members, the board, the GM/COO and the various committees. It is important that each of the players is aware of their respective roles in the model. The Framework depicts the flow of authority from the state through the members and the board of directors to the GM/COO and staff. While it is important to recognize the hierarchy of authority, it is just as important to understand when that authority is operative. For example, although the members of the club are often the owners as well, they only operate as owners once a year,<sup>15</sup> i.e., during the annual meeting when they approve bylaw changes, elect board members or decide on matters that require their approval. At all other times, members are simply members of the club. Their authority is collective, not individual, and exercised only during properly called meetings. Of course, their status as members in no way reduces the attention they deserve. They certainly have influence on the GM/COO and staff, but they don't have authority.

Similarly, board members have authority only while attending a properly convened board meeting. At all other times, board members are club members. To illustrate, think of board members having two hats: their director hat and their member hat. When they walk into board meetings, they leave their member hat on a hook and put on their director hat. Leaving the meeting they exchange hats on the hook and exit with their member hat on. As with member authority, board member authority is collective, not individual, and operative only during board meetings. While wearing their member hats, board members have no authority over the GM/COO and staff.

As simple as it is, the above point is too frequently overlooked. We take time to clarify it because we often hear from GM/COOs that they receive instructions from individual board members who don't appreciate which hat they are wearing when they relate to a staff member. Of course, board members' opinions and comments receive an extra measure of attention from the staff. They are, after all, board members. But their input ought to be considered suggestions from members and not orders.

The most effective preventative against board members' forgetting which hat they are wearing is a set of board policies documenting what is expected of the board, the

15. Assuming there are no special member meetings called during the year.

GM/COO and the staff, i.e., a BPM. A clearly stated policy that distinguishes decisions made by the GM/COO from those made by the board is an effective way to remind club members and board members which hat they are wearing. Well-documented policies remind club members that their input is member input, not owner directives, and remind board members that outside the boardroom, their input is member input, not board directives.

## Honoring Good Governance Principles

An effective club governance model rests on principles, i.e., those characteristics of the model that are required and do not need a modifier such as “good” or “best.” Because they are necessary, they must be held inviolate in any model of good governance. There are five principles of good club governance, four of which can be addressed directly by a well-developed BPM:

- 1. Clarity of authority transfer.** Is there a clear transfer of authority from the members to the board and authority from the board to the GM/COO sufficient for him/her to carry out his/her duties? The board’s delegation of authority to the GM/COO is clearly documented in Part 4 of the BPM.
- 2. Clarity of accountability.** Are there policies in place to assure accountability between the GM/COO and the board? The reports required from the GM/COO to the board and the objectives on which his/her evaluation is based are also clearly documented in Part 4 of the BPM.
- 3. Board speaks with one voice—as a unit and in writing.** Does the board operate as a unit or are there tiers of authority such as the executive committee and the president? Is there a document containing all board policies that operates as a governance management system? The BPM contains all standing board policies and serves as the voice of the board, that is the board’s official and unified statement on how it will exercise the authority given it in the bylaws.
- 4. Selection of board members on the merits.** Is the process for electing directors transparent, objective and independent? Is the selection of board candidates based on their qualities to serve and not on their personal agendas, political skills, seniority, or factors unrelated to their likely effectiveness as board members? This principle is addressed in the discussion of the election process.
- 5. Commitment to excellence.** Does the board take seriously its responsibility to serve the members with excellence? Does it search for and adopt best practices for the use of committees, effective meeting conduct, strategic planning, policy development, new member orientation and more—much more? This principle is effectively a catch-all that speaks to the board’s constant search for better ways to govern. The BPM is a dynamic document that allows the board to easily adjust its policies to changes in either the internal or external environment.

Except for the principle of selecting board members on their merits, the BPM is the most effective way to honor the other four basic principles of good governance. Absent the clarity of a well-developed BPM, a club risks violating one or more of these principles.

## Providing a Central Location for all Board Policies and Practices

As stated above in Principle 3, the BPM contains all standing board policies. Simply stated, if it’s not in the BPM or incorporated by reference in the BPM, it’s not a board policy. If some policies are kept implicit (unwritten), they are likely to be maintained by individuals and not by the board as a whole. They may be labeled as institutional memory and therefore reliant on seniority rather than interpretation of clearly written policies. Worse still, implicit policies can serve as alternatives to explicit policies, which can cause the explicit policies to atrophy from disuse.

The BPM is one of the most effective ways to orient new board members. It allows new board members to be as well informed of board policies as their more senior colleagues. The BPM reduces the lead time for a board to realize the value new members bring to the boardroom.

## Preserving the Continuity of the Strategic Plan

A well-documented strategic plan typically requires a great deal of time, effort and money. Most strategic plans guide decision-making well into the future. Although strategic plans may need periodic adjustments for unanticipated results, changes, or trends, seldom are major changes desired or needed. The amount of investment in a strategic plan warrants its preservation over the planning horizon.

Most club officers have one-year or two-year terms, and many club boards will turn over as much as a third of their membership each year. While the new officers and board members may bring different perspectives and ideas as to the strategic direction of the club, with a BPM in place that requires the full board to amend, there is a built-in protection against the strategic plan being ignored or markedly changed by the new arrivals.

## Summary

A BPM clearly communicates how the board will exercise the authority provided in the bylaws. It helps both club members and board members know when they have authority, it addresses four of the five principles of good governance, it serves as a compendium of all board policies, and it provides for the protection of the club's strategy over the planning horizon.

## Specific Policies in the BPM

Given the general description of the BPM and the rationale for its development, we now take a deeper dive into the actual policies that we recommend for the various parts of the BPM. To put the individual policies in context, we have included in Chapter V a sample BPM to show how actual policies are incorporated. The policies in the sample BPM are what we believe are “best practices.” As distinguished from “principles,” all of which must be honored in good club governance, “practices” are policies and processes to address governance functions. Practices may vary among clubs depending on their bylaws or club traditions. For example, in the sample BPM, there may be practices we recommend that a board does not see as appropriate for its club, perhaps because of a requirement in its bylaws or because the board does not agree with our recommendation. We encourage boards to give an objective and independent view of each recommendation and make an informed decision as to whether its application is appropriate for their clubs.

### Part 1: Introduction and Administration

The contents of Part 1 in the sample BPM are standard for clarifying the purpose of the document, how it is developed and amended, and how it is maintained. Unless there is a particular reason to change a policy as shown in the sample BPM, we recommend adopting the language as shown.

### Part 2: Organization Essentials

The board is responsible for establishing what we call organization essentials, which:

- Define the purpose of the club, typically formalized in the club's vision and mission statements.
- List the core values that describe the culture of the club and the standards of decorum expected of its members and its leaders.
- Identify the strategy to achieve the purpose, typically described in the strategic plan.

**Purpose:** A vision statement identifies what the club seeks to become—its ultimate goal. A mission statement states what the club will do, for whom and why. Many clubs combine the vision and mission statements, often a paragraph in length. Having a clear purpose is essential as it provides a target for the strategic plan. A common first step in any strategic plan is to review the purpose (mission) of the club. Too often, the club's mission statement has been around for years without being reviewed or challenged. But things change. Pandemics occur. Laws change. New trends apply. As part of developing the BPM, we recommend that boards review their club's mission and update it as appropriate.

**Values:** A club's culture is defined by the values it espouses and protects. Although a small percentage of clubs have a formal set of core values, we recommend that boards consider what terms they want used to describe their clubs and include them in Part 2.

**Strategy:** Once the board has confirmed the club's mission and vision and described the values to be honored along the way, it is ready to identify the strategy to carry out the mission and realize its vision. Because strategic plans can be 20-30 pages in length, we recommend posting the full plan on the website and incorporating it by reference in Part 2. We further recommend listing in Part 2 the strategic goals and the annual operational goals for the current year that tie to the strategic goals.

Once the board in Part 2 has determined the goals of the club and the strategy it will take to achieve those goals, it is ready to describe in Part 3 the organization and processes of the board to provide the leadership to implement the strategy.

### Part 3: Board Structure and Process

**3.1 Board Style.** The sample BPM summarizes the board's style, which includes its role in governing and the expectations of board members as they carry out their duties.

**3.2 Board Job Description.** This section lists the actions the board is authorized to take. Club bylaws almost always provide a general statement of the board's authority and often will include a list of specific duties similar to what is shown in the sample BPM. While it is not critical for the board to include an itemized list of duties in the BPM, it helps clarify what are board decisions and what are decisions for the GM/COO.

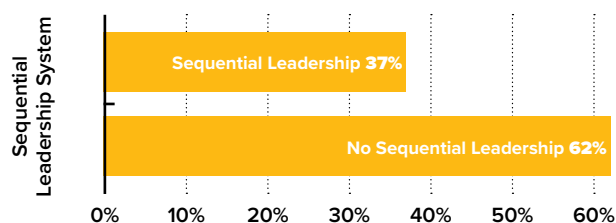
**3.3. Pre-election Requirements and Post-election Orientation.** It is important that candidates for the board are aware of their responsibilities before being seated as a board member. Accordingly, we recommend requiring candidates to read the policies in the BPM and sign a Consent to Serve form indicating their understanding of the duties as board members.

Subsequent to their election, it is incumbent that board members be given a robust orientation to equip them to be productive early in their tenure. We recommend detailing the process on the website and referring to it in the BPM. A Sample Orientation Process is contained in Chapter V.

**3.4 Officer Elections.** Although some clubs have officers elected by the members at the annual meeting, most club bylaws state simply that officers are elected by the board at the first board meeting after the annual meeting. However, a small minority of bylaws actually describe the election process to be used by the board. As shown in Figure 13, a little more than a third of clubs have a tradition of transitioning officers from the next office, moving progressively from secretary to president. The rationale behind this process is a perceived continuity within the officer ranks and the belief that the new president will benefit from three years of experience as an officer before assuming the key role. While we don't discount the value of experience on the board, we believe it is more important that each board be given the responsibility of electing its own leaders. For example, assume three new board members and a treasurer are elected each year with the expectation that the treasurer will be President four years in the future. That means that the board members at year four will have no say as to who will lead them. Further, a board member who excelled as treasurer or secretary may not be the most effective president. The principle is to have those who will be led elect their leaders. Of course, not defaulting to the vice president as the next president in no way precludes the election of the vice president if he/she is considered best for the job by the board members. It simply means the president is elected on the merits and not on the basis of a past position. In summary, while we acknowledge that service as an officer may add to a board member's qualification for a higher office, we do not recommend that the rotating leadership process be ensconced in the bylaws or board policies.

Figure 13

### Assumed Progression of Board Leadership



Source: Club Benchmarking

Another approach to officer elections is asking for open nominations followed by a simple vote by a show of hands. In addition to providing some awkward moments during the first meeting of the new board, too often the result is a forgone conclusion and not necessarily one supported by all board members.

We recommend a policy similar to what is shown in Section 3.4 of the Sample BPM, in which each board member is interviewed to determine (1) whether he/she is willing to serve as an officer and (2) who among the other board members he/she would support as an officer.

**3.5 President.** Although the bylaws of many clubs designate the president as the chief executive officer (CEO), few of those bylaws describe what that means in terms of the role the president is expected to take. Designating the president as CEO is a bad idea. First, the role of the CEO means different things to different people. One person may decide that he/she has broad operational authority while another may not assume any authority beyond chairing the board. Therefore, it is important for the BPM to clarify what authority the president has and what authority he/she does not have.

As shown in the sample BPM in Chapter V, the president's primary role is to chair the board. To avoid any sense that the chair of the board has any role in management, we advocate replacing the title of "President" with "Chair of the Board (Chair)." This redesignation brings club governance more in line with corporate governance as well as the majority of nonprofit organizations. We realize that the title of president has been a fixture in club governance for over a century. However, we do not believe the retitling reduces the recognition of the position; nor does it change the duties associated with the job. It simply provides a better indicator of the primary role expected of the position. Of course,



changing the title of president to chair would require changing the title of vice president to vice chair and almost certainly require a bylaw amendment.

**3.6 Board Meetings.** Nothing testifies more to the quality of a club's governance model than the organization and efficiency of board meetings. Does the meeting agenda contain topics that reflect the board's commitment to govern, rather than being involved with operations? Are board members prepared for the agenda items by being given and reading pre-meeting materials? Are the discussions on topic and respectful of differing perspectives and opinions? This section of the BPM identifies those policies that help make efficient board meetings.

Consent agendas are designed to reduce the time on typically routine matters, such as approving minutes, committee reports, and other items that do not require discussions or a separate, formal vote. Consent agendas encourage board members to read the material distributed prior to the meeting and come prepared to take items off the consent agenda if they have questions or issues with them. If they don't, the consent agenda is approved without a formal vote.

Some bylaws require Robert's Rules to be employed during board meetings. We recommend eliminating the requirement in the bylaws and adopting in the BPM a less formal and more efficient set of rules as shown in Section 3.6.4 of the sample BPM.

Club bylaws typically state the number of required board meetings, often indicating that they are to be monthly. If the policy of the board is to hold meetings at a particular time of the month, e.g., third Tuesday, it's helpful to set the dates for the year during the inaugural meeting to identify possible conflicts, e.g., holidays, special events. In many cases, setting an annual schedule also eliminates the requirement to give formal notice of each board meeting. Also listing the contents of the various board meetings is a good way to remind board members of the annual cycle of necessary board actions.

A common complaint from board members is the length and tedium of board meetings. One way to address this complaint is to allow board members to rate each meeting based on five simple factors as shown on a meeting evaluation form, a sample of which is shown in Chapter V. This may seem overly formal and even a threat to the board chair, but board chairs who genuinely seek to improve the efficiency of board meetings will welcome suggestions from their colleagues on how to improve board meet-

ings. We recommend that the survey be conducted by a board member other than the chair using internet software that keeps individual responses confidential. The evaluation survey takes one minute to complete with no text in the open-ended question and it should be required of all board members to complete it within the next few days after each board meeting.

**3.7 Board Committees and 3.8 Operational Committees.** Although committees can play an important role in club governance, they can also be difficult to control and employ effectively. We dedicate all of Chapter IV of this handbook to committees so we can give our coverage of this topic the detail it deserves.

**3.9 Annual Affirmation Statement.** Although the term of directors at most clubs is three years, often with the allowance of an additional term, situations change in the lives of directors that may change their ability to fulfill their duties as board members. Moreover, it is important that directors are reminded of the requirements to abide by both the board members' code of conduct and the conflict-of-interest policies. To address the directors' readiness to serve the upcoming year, remind them of the code of conduct, and confirm their compliance with the conflict-of-interest policies, we recommend the use of an annual affirmation statement as shown in Chapter V.

## **Part 4: Board-GM/COO Relationship**

**4.1 Delegation of Authority to the GM/COO.** This section outlines how the board delegates its authority to the GM/COO. In the sample BPM, the GM/COO has the added title of chief operating officer (COO). Even though most clubs today delegate operating authority to their GM/COOs, many do not add the title COO. Because the title of COO conveys the right message to the membership, we recommend its inclusion. Some club bylaws give the title of chief executive officer (CEO) to the president, which can lead to an inappropriate interpretation of the president's involvement with operations. If anyone is to be the CEO of a club, it should be the GM/COO. As a practical matter, although we support the label GM/COO where there is no designated CEO, we prefer the label GM/CEO as it eliminates any notion that there is a higher operating authority.

**4.2 GM/COO Job Description.** Because the fundamental job of the GM/COO is to accomplish the goals established in Part 2 while abiding by the policies in the BPM, there is no need to list all the functions and duties of the GM/COO.

**4.3 Communication and Counsel to the Board.** This section identifies the responsibilities of the GM/COO to keep the board informed of sensitive situations or matters that may result in unwanted publicity.

**4.4 Monitoring GM/COO Performance.** While the GM/COO has been given the responsibility and the authority to manage club operations, the board is ultimately responsible for the club's success. The board needs information to properly carry out its fiduciary responsibility. Don't make the GM/COO guess what report the board requires. Write it down in Section 4.4 and amend it as necessary.

**4.5 Performance Review.** BPM Section 3.7.3 of the sample BPM describes the evaluation committee (committee), which comprises the president, a board member chosen by the president, and a board member chosen by the GM/COO. The primary role of the committee is to superintend the process of evaluating the performance of the GM/COO. The process described in BPM 4.5 of the sample BPM contains three recommended ingredients.

- The GM/COO's self-evaluation. This gives the GM/COO the opportunity to provide details of his year that board members might not know.
- Input from each board member. Too many clubs default to the president to carry out the evaluation. However, as shown in the Framework, the GM/COO reports to the board—not just the president. Therefore, the evaluation should be a composite of views from the board.
- Management by a small group (the committee). The three-member group can collect feedback from board members, consolidate the views, and deliver a balanced evaluation based on the consensus from the interviews.

**4.6 Setting Objectives for the Future.** It is important for the board and the GM/COO to establish goals and objectives for the upcoming year.

**4.7 Staff Compensation.** Although the GM/COO may have the final say on the salaries of his/her staff, the board may choose to provide parameters or benchmarks. For example, the board may allow salaries to exceed by a certain percentage of the norm for the community to attract the most qualified employees. Some clubs require the board to approve the salaries of the department heads. However, we do not recommend this policy as it dilutes the GM/COO's authority.

**4.8 Staff Treatment.** Not only is professional treatment of employees necessary to promote a culture of service and community, but it is also critical to avoid damaging accusations and legal action. Arguably the areas most vulnerable to legal action are claims of discrimination, unlawful touching, harassment and the like. It is therefore important that the board is on record that it expects the GM/COO to provide the necessary protection against these threats. Even though the board has given authority to the GM/COO to manage operations, here the board is saying your management must include policies protecting the club from legal action in this area.

**4.9 Rules and Regulations.** The rules regarding member dress and decorum, the treatment of club facilities, the treatment of staff and meeting their financial obligations are key factors in defining a club's culture. Because maintaining the club's culture is the board's responsibility, the board must approve the contents of a document describing member rules. Because these documents can be 20 or 30 pages in length, we recommend posting them on the website and incorporating them by reference in the BPM.

## **Part 5: GM/COO Limitations**

**5.1 General Guidance.** Even though the board in Part 4 of the BPM has delegated authority to the GM/COO to manage operations, it may choose to put limits on that authority. Here in Part 5 are the limits that effectively act as guard rails within which the GM/COO is able to act on his/her own.

**5.2 Finance Limits.** Most of the limits are related to financial matters such as:

- Requiring the president's signature on checks of a certain amount.
- Requiring board approval of budgeted expenditures of a certain amount.
- Requiring board approval of unbudgeted expenditures of a certain amount.
- The number of competitive bids on contracts of a certain amount or duration.
- The amount of coverage of various insurance policies.
- Requiring board approval of capital spending of a certain amount.

**5.3 Program Limits.** The board may require that programs have a level of return of a certain amount, e.g., a revenue/cost ratio of at least 80%.

CHAPTER IV:

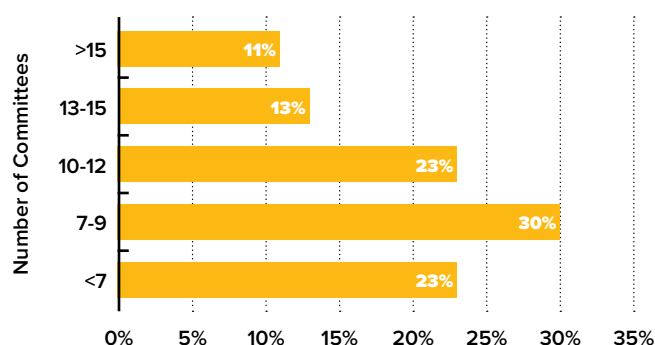
# Committees



In the first three chapters, we described how authority is delegated from the state to the members, the members to the board, and the board to the GM/COO. In this chapter, we look at club committees, which do not hold a place in the authority column of the Framework, but rather are shown as advisors. Even so, committees play an important role in club governance as they support the key leadership functions of the board and the GM/COO. As pointed out earlier in Figure 8, the number of committees varies substantially across clubs.

Figure 8

### Number of Committees



Source: Club Benchmarking

Although the chart suggests that clubs can't live without committees, we frequently hear that clubs have trouble living with them. When we speak with GM/COOs and board members about the problems with their governance, committees invariably rank high on the list. Their committees are too active and unmanageable or too inactive and unproductive. Good committee chairs are hard to find as are good committee members. What, they ask, are the principles and best practices for club committees? In this chapter, we offer our observations and suggestions in the following sections:

**Roles, Responsibilities and Alignments:** The purpose of committees, their roles and responsibilities and to whom they are responsible.

**Forming, Leading and Assigning.** Identifying committee scopes, their chairs and their members.

**Documenting, Managing and Evaluating.** Developing

committee charters, clarifying content and timing of committee reports, listing expectations of committee chairs and members and describing methods for evaluating committee performance.

## Roles, Responsibilities and Alignments

In this section, we describe what are often labeled “standing committees,” such as finance, membership, golf, house and the like. However, before we offer our views on standing committees, we would like to address two committees that deserve individual attention: the nominating committee and the executive committee.

**Nominating Committee.** The nominating committee plays a critical role in the election of directors and its importance in a club's governance model cannot be over-emphasized. We describe its formation, leadership, and procedures in Chapter II in the context of the election process. We, therefore, refer you to the section under Uncontested Election for our discussion of best practices relating to the nominating committee.

**Executive Committee:** While it may be said that the nominating committee has the most important role among club committees, it may also be said that the executive committee has the least. A concern with a board's executive committee is that it can become a mini-board, i.e., it can make decisions that are best left to the entire board. One of the principles of good club governance is the board speaking with one voice. Having the executive committee stand in for the full board dilutes this principle and can result in board members not on the executive committee feeling like second-class citizens.

Despite the threats to the one-voice principle, executive committees have a long history in clubs, primarily for two reasons: there are board decisions that must be made between board meetings and there are matters calling for a group smaller than the board to handle. Regarding the need for decisions between board meetings, we believe the COVID pandemic years demonstrated how easy it is to call an online meeting of the board. If an issue arises that requires a quick decision by the board, the president can email an invitation to board members and assemble an online meeting within days. Some bylaws require a notice period of a week or two before a special meeting of the



board, but many clubs have amended their bylaws to allow only a few days' notice given the ease with which board members can be contacted and made available for a virtual meeting.

The second rationale for having an executive committee is the occasional need for a small group to handle a particularly sensitive issue or provide the GM/COO with counsel on a policy or a decision. We appreciate that a smaller group is more efficient and is more secure with sensitive information, but we do not see an executive committee as the one-size-fits-all group. For example, if the behavior of a staff member may result in adverse publicity for the club, it may be best to assemble a group of board or club members based on their expertise and not their office. Similarly, if the GM/COO needs counsel on handling an issue or transaction, he/she can call on board members or club members best suited to offer the advice.

**Standing Committees.** The primary purpose of a standing committee is to serve as an advisor on policies relating to the issues subsumed by its scope of services, e.g., finance, membership, golf, house, strategic planning, etc. Committees help the board and the GM/COO by proposing policies, planning events and presenting options to the board and the GM/COO. They can add resources and perspectives, serve as sounding boards for new programs and concepts and provide a voice of the membership. To be clear, however, unless a committee is given specific authority by the board or the GM/COO, it serves an advisory function, speaking to the board or GM/COO and not for the board or GM/COO.<sup>16</sup>

Most club bylaws give the board the authority to form committees. Most bylaws also list specific committees that must be formed. Having committees appointed by the board implies that they report to the board. However, unless the bylaws specifically designate a committee as reporting to the board, we recommend considering the purpose of a committee before determining to whom it reports. The purpose of a committee is based on the function it supports.

There are two types of functions typically supported by club committees: board functions relating to governance, and management functions relating to operations. The board is a governing body with a strategic perspective. It needs committees to support strategic functions like finance, strategic planning, membership, and governance/legal. These committees appropriately report to the board. In a good

governance model, the board delegates the authority and the responsibility to the GM/COO to manage club operations, which includes delivering amenities, services and activities efficiently and effectively, e.g., golf, fitness, food and beverage and tennis. The committees supporting these functions, therefore, are best positioned reporting to the GM/COO.

To summarize, we are recommending two types of committees for a private club: board committees that support board functions and report to the board, and operations committees that support operational functions and report to the GM/COO. Unfortunately, the inertia militating against this alignment is rooted in history, where virtually all committees have reported to the board. Most club bylaws state specifically or clearly imply that all club committees report to the board, meaning that even boards that seek to realign their committees must first go through the process of amending the bylaws. But even if their bylaws allow for a restructuring, many boards are reluctant to effect the change. Their rationale tends toward one of the following:

- Having operational committees report to the GM/COO would diminish their role and prestige in the club, making it harder to recruit members to serve on these committees.
- Moving operational committees away from the board reduces its ability to stay informed on operations.

It is difficult to refute outright that service on operations committees will be less valued and therefore would add to the difficulty in attracting quality members. Yet our experience suggests that club members are more persuaded by the influence of a committee and the quality of its management than by the person or persons to whom it reports. In that vein, the closer the committee is to the decision-maker, the greater its influence and sense of value. Accordingly, we believe that whatever loss of status is presumed by having operations committees report to the GM/COO is more than offset by the linkage the committee enjoys with the person who is responsible for making the decisions it recommends.

Likewise, we can understand the perception that not having operations committees report to the board will cause board members to lose touch with these important functions. However, there is no reason the board cannot require reports from the GM/COO that contain metrics the board believes are necessary for it to monitor performance.

Besides, having operations committees report to it may encourage the board to meddle in operations. Too often,

16. There are situations where the board may give authority to a committee. For example, to preserve independence an audit committee may be given the authority to choose an outside auditor and serve to represent the board as a liaison with the auditors through completion of the audit.

board meetings are burdened by committee reports that address matters that belong to the GM/COO, not the board. If the GM/COO's handling of an operational area is in question, the board can always ask for input from the committee. Baking committee reports into the board agenda not only consumes meeting time, but also invites the board to be inappropriately involved with operational matters. Moreover, it blurs the clarity of responsibility for operational performance. If boards are holding GM/COOs responsible for operational performance, they must be given the authority to carry out their duties and the authority to form committees that support the functions related to operations.

Members of club boards need only to look at for-profit corporations to see examples of committee alignment with the function they support. Corporate boards maintain committees such as strategic planning, finance, audit and nomination, i.e., committees that support governance functions. But they leave to the CEO the formation of advisory committees on matters such as accounting, engineering, customer relations, sales, marketing, communications and the like.

We believe the corporate model for aligning committees is worth investigating by club boards. That said, we understand the reluctance of boards to buck tradition to make this change. We also appreciate that language in the bylaws may restrict such a realignment. In summary, while we don't discount the years of tradition that resist such a change, we recommend clubs clear the hurdle of the status quo and place their committees where they will serve most efficiently.

## Forming, Leading and Assigning

Regardless of how a club chooses to align committees within its governance model, there remains the challenge of how best to establish them and realize their full potential. Below we describe the principles and best practices that apply to the constructive formation and effective performance of club committees.

**Number of Committees:** There is no perfect number of club committees or ideal descriptions of their scopes. The bylaws may specify what committees are required, but they usually authorize the board to create additional committees as it deems necessary and appropriate. Here we advise a balance. Establish enough committees to address the breadth of areas

prioritized by the club, but don't overdo it. Having too many committees can lead to compartmentalization, while having too few can burden them with too wide a scope. Most clubs have between six and 10 committees, which seems to provide a good balance.

**Committee Size:** The size of committees will vary with the function and the desire for multiple perspectives. For example, the finance committee may contain four or five members who have relevant skill sets, while the golf committee may have seven or eight members to benefit from perspectives based on age, gender, handicap levels, and the like. We caution against over-population, however, as too many members can reduce a committee's efficiency and effectiveness.

**Committee Leadership:** There are three questions that pertain to selecting committee chairs: Who makes the initial selection, on what basis, and does the selection require board approval? Here again, the bylaws may dictate the process. For example, bylaws often indicate that the president selects committee chairs.<sup>17</sup> They may also require that committees be chaired by a board member. Even if bylaws don't state it specifically, many clubs have a tradition of requiring board members to chair committees. The rationale for requiring board members to chair all committees is that it ensures a liaison between the committee and the board. Often a committee agenda is informed by issues being addressed by the board and having a board member chair the committee allows it to learn about the issue and gain the board's perspective.

Another approach to selecting a committee chair is to require committees to include a board member liaison without requiring the board member to be the chair—particularly with operations committees like golf, green, and house. If this approach is taken, we recommend basing the selection of a chair on a board-approved profile of an ideal chair, including such factors as involvement with the activities covered by the committee (e.g., golf), leadership style, and civil discourse. If a board member fits the profile of a chair, we recommend his/her selection.

Of the two approaches, the panel recommends limiting the committee chairs to board members. This ensures that the committee is aware of board priorities and that committee agendas are aligned accordingly. However, whichever approach is taken, we recommend requiring board approval

17. Of course, if the club aligns its committees as recommended above, the chairs of the operations committees (golf, green, house, etc.) are selected by the GM/COO. If the club has all committees reporting to the board, we recommend a board policy requiring the president to consult with the GM/COO before selecting a chair for any operations committee.

of the president's nomination of committee chairs. Including the board in the decision reduces the claim of individual favoritism by the president and allows for the full board to be involved in this important decision. Finally, we recommend that the process of selecting and approving committee chairs and committee membership be included among board policies.

**Committee Membership:** A club's bylaws may state that the president shall select committee members or allow the committee chair to populate his/her committee. Bylaws may also describe or imply a process such as choosing committee members from a list of volunteers. Whether the selection of members is by the president or the committee chair, we recommend that the board develop a policy to guide the selection process. It is common for clubs to rely on volunteers to serve on committees. Yet, while a person's desire to be on a committee is a useful criterion, don't make it the sole basis. Often club members volunteer to serve on a committee to advance a particular agenda or program, which may make his/her membership on the committee more of a problem than a benefit.

As with the selection of committee chairs, some club bylaws require the board to approve committee membership. Although we don't believe it is a necessary provision, it can be a way for the board to confirm that its policies were honored in the selection of committee members.

**Committee Member Terms:** We recommend one-year terms for both committee chairs and committee members with an allowance for additional terms so long as the chairs and members are selected on their performance and not by default. We recommend a cap on the years of service, particularly if you have a good pool of candidates who are willing to serve on committees. The most common range on consecutive terms of committee chairs and committee members is between three and six years.

## Documenting, Managing and Evaluating

**Documenting:** Once a club has established a committee and its chair, the board must develop a charter to clarify the committee's role, its organization, the expectations of its members and the metrics used to gauge its effectiveness. The length of committee charters will vary with the amount of detail describing the committee's scope. Although some

charters run two or three pages of specifics, we favor general descriptions of scope that avoid exhaustive detail. If problems arise, such as a committee getting out of its lane, the board can always add detail to bring it back in line.

**Managing:** Included in a committee's charter are the frequency of its meetings, the contents of and schedule for its reports to the board and the expectation of committee members. Regarding meeting frequency, we favor giving the chair flexibility rather than a fixed requirement such as monthly meetings—even if monthly reports are required by the board. Monthly reports can simply indicate that a meeting was not necessary.

It is important for the board to spell out what information it needs from a committee as well as the timeliness of the information. Committee reports are a typical part of the consent agenda so board meetings are not weighted down by oral committee presentations that can be obviated by written reports. It's also important that the board articulates the expectations of committee members with respect to such matters as meeting attendance, meeting management and maintaining confidence on matters not ready for consumption by the full membership.

**Evaluating:** It's perhaps a bromide, but it's true: "What gets measured gets done." Precious few clubs formally measure the performance of their committees. Those that do rarely complain to us about the effectiveness of their committees. Figure 14 is an example of an instrument to measure a committee's effectiveness. It can be used as a self-evaluation by committee members or as an annual survey for board members to complete. If committee chairs and committee members are aware of the rubric used in their evaluation, they are far more likely to be effective.

**Task Force & Ad Hoc Committees.** While standing committees support recurring governance and management functions, boards and GM/COOs occasionally have issues or projects that are time or scope limited and that call for an ad-hoc committee or task force. We recommend a board policy authorizing the president or the GM/COO to establish task forces to address a specific issue, policy, or event. Include in the policy the requirement to alert the board as to the purpose of the task force, its chair and members, the expected report(s) of its activity and the schedule for its completion.

**Final Points:** Many clubs require a year or two of service on a committee to qualify for board nomination. This is a useful requirement as committees provide an excellent source for identifying board candidates. A member’s contribution to a committee is a good indicator of his/her likely contribution as a board member.

Gaining the benefit of club committees does not involve sophisticated techniques or innovative approaches. It merely requires carefully choosing their scopes, organization, leadership, and membership. By managing and measuring the performance of its committees, a club will realize their full potential and add significantly to the effectiveness of its governance model.

FIGURE 14

### COMMITTEE EVALUATION FORM

Statements About this Committee	Strongly Agree	Agree	Disagree	Strongly Disagree
Members were selected on their ability to serve on the committee.				
Proactive in recommending new or amending existing policies.				
Worked well with supporting staff.				
Understood role as speaking to and not for the board.				
Responsive to tasks given by the board.				
Conducted meetings in an efficient, professional manner.				
Meetings were well attended.				
Meetings were inclusive and welcomed diverse viewpoints.				
Reports to board were clear and complete.				
Reports to board were delivered on time.				
Comments: Elaborate on your ratings or offer suggestions on improving committee effectiveness.				

## CHAPTER V:

# Documents on the Reference Website



# Introduction

This final chapter addresses the documents that support a club's governance model and are posted on the club's website. With few exceptions, we recommend that these documents be available to the membership. One of the criticisms most often cited by members is their board's lack of transparency. Giving members access to documents that describe the governance model in general and the board's policies in particular will help members understand the model and appreciate the openness of the board to share how it is using the authority given it in the bylaws.

**Types of Documents:** We think of the documents posted on the club's website in three categories: legal, board-approved and informational.

**Legal Documents:** Included are those documents that establish the legal framework for the club and the policies with which the board must comply, e.g., the articles of incorporation, the club bylaws, CC&Rs and other legal documents that may apply. We see no reason not to give members full access to these documents.

**Board-approved Documents:** Chapter III of the handbook addresses the rationale for the board policies manual (BPM) and describes its organization and contents. In detailing individual policies, we point out several instances of self-contained documents that are developed and approved by the board but are not included in the BPM. These are stand-alone documents that can be posted to the website, thereby allowing the board to avoid adding pages to the BPM. Because they are incorporated by reference in the BPM, the documents require board approval and carry the same authority as policies in the BPM. Examples include: member rules and regulations, strategic plan, conflict of

interest statement, annual affirmation statement, past board meeting minutes, committee charters, annual budget, financial statements, annual meeting minutes, board profile, board orientation process, board policies manual.

We have included in this chapter examples of some of these documents to show the type of content and how they are organized. The examples are found on the following pages and are for illustration purposes only.

Board Policies Manual .....	Page 37
Board Profile .....	Page 46
Conflict of Interest Statement .....	Page 47
Annual Affirmation Statement .....	Page 49
Board Orientation Outline.....	Page 50
Committee Charter(s).....	Page 51

**Informational Documents:** In addition to the legal and board-approved documents, we recommend posting documents that contain useful information but do not require board approval to prepare or amend. Examples include:

- Contact data of board members and key staff.
- Staff organization chart.
- Job descriptions of key staff.
- Committee members with term expiration dates.
- Capital reserve study.
- Articles relating to club membership, management or governance.
- Frequently asked questions.
- Newsletters to members.
- Summary of member survey results.
- Other documents as identified.

# Summary

A website containing the different types of documents: (1) Supports and helps to clarify a club's governance model. (2) Serves as a communication channel with club members. (3) Provides easy access to key documents. (4) Projects an image of transparency from the board to the members.

As important as populating a website with supporting documents is maintaining them on a regular basis. Ensure they are constantly monitored for accuracy and kept up to date. Identify those documents to be added like board minutes, financial statements and member newsletters, and establish a schedule for posting periodic documents and documents that are frequently revised.



# XXX Country Club

## Board Policies Manual (Sample)

*January 31, 2023*

### Part 1: Introduction and Administration

This Board Policies Manual (BPM) contains all current standing policies adopted by the Board of Directors (Board)<sup>7</sup> of the XXX Country Club (Club).

#### 1.1 Reasons for Adoption.

- Efficiency of having all ongoing Board policies in one place.
- Ability to quickly orient new Board members.
- Elimination of redundant or conflicting policies.
- Ease of reviewing current policy when considering new issues.
- Provides clear, proactive policies to guide the Board, General Manager (GM/COO), and staff.

**1.2 Consistency.** Each policy in this document is expected to be consistent with the law, the Articles of Incorporation (Articles), and the Club bylaws (bylaws), each of which has precedence over these Board policies. Except for time-limited or procedural-only Board decisions (approving minutes, financial reports, etc.), which are recorded in regular Board minutes, all standing Board policies shall be included or referred to in this document. The GM/COO is responsible for developing staff organizational and administrative policies and procedures that are consistent with this BPM.

**1.3 Specificity.** Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies will be drafted from the “outside-in,” i.e., the broadest policy statement presented first, then the next broadest, etc., down to the level of detail that the Board finds appropriate for Board action and below which management is afforded discretion as to how it implements the policies in this BPM. Unless otherwise indicated, an approval by the Board means approval by a majority of Board members attending an official Board meeting.

**1.4 Transition.** Whether adopted part by part or as a complete document, as soon as a version of a policy is voted on as the “one voice” of the Board, that policy becomes a part of the BPM and is deemed to supersede any past policy that might be found in old minutes unless a prior Board resolution or contract obligates the organization with regard to a specific matter.

**1.5 Changes.** These policies are meant to be reviewed and regularly refined. The GM/COO will help the Board formulate new language in the BPM by distributing proposed changes in advance. Any change to this BPM must be approved by the Board. Proposed changes may be submitted by any Board member as well as by the GM/COO. Proposed changes shall be referred to and reviewed by the President and then the President shall present such changes to the Board for action. Whenever changes are adopted, the GM/COO shall print, date, and quickly make the new document available to the Board and staff. Previous BPM versions shall be archived in digital format in a separate file on the Board Reference Site.

**1.6 Maintenance of Policies.** The GM/COO or his/her designee shall maintain this BPM and provide updated copies to the Board whenever the policies change or upon request. Documents that are incorporated by reference in this BPM shall be kept in a digital folder on the Board Reference website (website) and made accessible to Board members as well as to the membership.

7. We capitalize Board in the BPM because it relates to a specific Board of Directors.

## Part 2: Organization Essentials

- 2.1 **Club Vision:** *[insert vision]*
- 2.2 **Club Mission:** *[insert mission]*
- 2.3 **Strategic Plans:** The Strategic Plan contains the organizational goals referenced in Section 2.4 of the BPM. The Long-Range Planning Committee of the Board will develop and/or update a draft of the Strategic Plan and present it to the full Board for approval prior to publishing it on the website.
- 2.4 **Organizational Goals:** The Board shall identify and approve major organizational goals for each year consistent with the strategic plan. These goals shall be developed and agreed upon annually at the first Board meeting following the Annual Meeting.
  - 2.4.1 The annual goals for FY2023 are listed below under each of the major organizational and management functions. *[list goals for current year]*

## Part 3: Board Structure and Processes

- 3.1 **Governing Style.** The Board will govern in a manner that emphasizes outward vision, encouragement of diversity in viewpoints, strategic leadership, and a clear distinction of Board and staff roles. In this spirit, the Board shall enforce upon itself and its Board members whatever discipline is needed to govern effectively. Board members are expected to respect policies related to matters such as attendance, definition of staff and member roles, addressing management and members with a unified voice, and committing to the governance structure and processes adopted in this BPM.
- 3.2 **Board Job Description.** The job of the Board is to lead the organization toward the desired objectives and ensure that required performance occurs. Consistent with the authority granted the Board in the bylaws, the Board shall:
  - 3.2.1 Determine the strategies and major goals in collaboration with the GM/COO who will develop and execute staff strategic plans based on those goals.
  - 3.2.2 Determine the boundaries within which the GM/COO is expected to operate while achieving the goals.
  - 3.2.3 Monitor the performance of the organization relative to the achievement of the strategic goals.
  - 3.2.4 Maintain and regularly review all ongoing policies of the Board in this BPM.
  - 3.2.5 Support the GM/COO as a partner in realizing the vision for the Club. In that spirit, select, fairly compensate, provide guidance, evaluate annually and, if necessary, terminate the GM/COO.
  - 3.2.6 Develop policies to operate the Club on a financially sound basis.
  - 3.2.7 Annually update the financial strategic plan and the capital plan.
  - 3.2.8 Require periodic financial and other external audits to ensure compliance with relevant laws and acceptable business practices.
  - 3.2.9 Communicate regularly and transparently through the President to the Club Membership regarding the status of Club matters.
  - 3.2.10 Develop and enforce the policies set forth in Part 5 of this BPM.
  - 3.2.11 Define parameters regarding the President's authority and the GM's/COO's authority to execute contracts and authorize expenditures.
  - 3.2.12 Approve annual operating and capital expenditure budgets.



- 3.2.13 Set dues, fees, and assessments to achieve Club objectives.
- 3.2.14 Establish the financial contribution for each classification of membership.
- 3.2.15 Perform a yearly evaluation of the Board's performance.
- 3.3 **Orientation of Board Members.** Prior to the annual election, each Board nominee shall be given this BPM by the President along with adequate briefings on the role of the Board, officers, and staff and an overview of programs, plans, and finances. Soon after the election, each new Board member will be given a comprehensive orientation using a process posted on the website.
- 3.4 **Election of Officers:** In accordance with bylaw Section XXX the officers of the Board are elected by the Board members during the first Board meeting following the annual meeting (inaugural meeting). To carry out this process, the Chair of the nominating committee shall select two additional members of the nominating committee to form an Officer Election Subcommittee (Subcommittee). The Subcommittee shall interview each Board member to ascertain (1) whether the Board member would be willing to serve as an officer and (2) which of the Board member's colleagues he/she would support as an officer. The Subcommittee shall also interview the GM/COO to ascertain his/her views on Board leadership. Based upon these interviews, the Subcommittee shall prepare a slate of officers and present it to the Board at its inaugural meeting for its approval. If the slate does not receive a majority vote of approval from the Board members attending the inaugural meeting, the Subcommittee will present new slates until a slate receives Board approval.
- 3.5 **President.** The President shall be the Chair of the Board and shall manage the Board to maintain the integrity of the Board's processes and policies as stated in the BPM. The Chair ensures that the Board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside the organization. Meeting discussion content will be those issues that clearly belong to the Board, not the GM, to decide. The authority of the Chair consists only in making decisions on behalf of the Board that fall within and are consistent with any reasonable interpretation of Board policies in this BPM and in the bylaws. The Chair shall be the spokesperson for the Board and shall communicate frequently with the members on Board issues, actions, and decisions.
- 3.6 **Board Meetings.** Policies intended to manage the Board's meetings follow:
- 3.6.1 The schedule for Board meetings shall be set at the Board's annual inaugural meeting.
- 3.6.2 The GM/COO shall assist the President and the Committee Chairs in developing agendas, which, along with background materials for the Board and committees, monitoring reports, any recommendation for changes in the BPM, previous minutes, and other such materials, shall be distributed to all Board members no later than three days in advance of Board meetings.
- 3.6.3 The Chair shall employ a "consent agenda" process for all regular meetings. The list of items on the consent agenda shall accompany the advance material to the Board mentioned in Section 3.6.2 and shall include proposed resolutions to be adopted by the Board. At the beginning of each regular meeting, any item on the consent agenda shall be removed at the request of any Board member. Otherwise, the items on the list shall be approved without a formal vote of the Board.
- 3.6.4 The Chair shall conduct meetings using an accepted set of rules, which shall encourage open, honest discussion and fair consideration of the views of each Board member. If a Board member challenges a ruling of the Chair, the matter will be settled by a majority vote of the members. Where possible, the Chair shall seek a consensus on decisions and policymaking. Where the timing of a decision dictates, however, he/she may accept a decision without a clear consensus.
- 3.6.5 Executive Sessions are portions of the meeting that include only Board members. The purpose of an Executive Session is to allow the board to discuss what the Chair considers matters only for the Board. When an agenda item for Executive Sessions is discussing the performance of the GM/COO, the Chair shall consolidate the discussion and give feedback to the GM/COO within two days after the meeting.

**3.6.6** The agenda items for monthly Board meetings include:

- 3.6.6.1** January.
- 3.6.6.2** February: Discuss current year's goals, approve annual audit.
- 3.6.6.3** March: Inaugural meeting w/new Board, approve Committee chairs and members, confirm meeting dates for year.
- 3.6.6.4** April: Board training, BPM review.
- 3.6.6.5** May.
- 3.6.6.6** June: Executive session.
- 3.6.6.7** July.
- 3.6.6.8** August.
- 3.6.6.9** September: Approve strategic plan, executive session.
- 3.6.6.10** October: Draft of budget, adopt club calendar.
- 3.6.6.11** November: Approve budget.
- 3.6.6.12** December: Execution session, evaluation of GM/COO.

**3.6.7** Within two days following each meeting, each Board member attending the meeting shall complete a meeting feedback form as shown on the website.

**3.7 Board Committees.** Board Committees support Board functions by proposing policies in their purview. They speak "to the Board" and not "for the Board". A Board Committee may not exercise authority that is reserved to the Board by the bylaws. Once committees are created in accordance with bylaw Section XXX, the Committee Chairs shall appoint Committee members, subject to Board approval. Board Committee charters are contained in a separate folder on the Board Reference Site. The President and the GM/COO shall be ex officio members of all committees. The GM/COO may assign staff members, as appropriate, to assist with the work of Board Committees. The following are Board Committees:

- 3.7.1 Finance Committee.** This Committee advises the Board on matters related to the Club's financial well-being. Consistent with this responsibility, it shall review the annual budget and submit it to the Board for its approval; make recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and reports, employee benefit plans, signatory authority for expenditures, the selection of an external auditor, and other policies for inclusion in the BPM that the Committee determines are advisable for effective financial management.
- 3.7.2 Membership Committee.** This Committee advises the Board on matters relating to the attraction, acquisition, and integration of new members; the retention of existing members; and the development and monitoring of the Annual Marketing Plan. The Committee shall also represent the "voice of the membership" as the Board considers policies affecting the members. It shall stay alert of members' concerns and an awareness of the competitive pressures that affect membership stability and growth, while conducting an effective liaison with other Board Committees on matters pertaining to member and membership issues.
- 3.7.3 Evaluation Committee.** This Committee shall comprise the President, a Board member selected by the President, and a Board member selected by the GM/COO. The Committee shall superintend the process of evaluating the GM/COO as described in BPM Section 4.5.
- 3.7.4 Long-Range Planning Committee.** This Committee works closely with the GM/COO to develop the Club's strategic plan and master plans carry out the annual review of the plan called for in BPM Section 2.3. It shall seek a balance between desirable and necessary improvements and develop strategies to increase the Club's net worth and identify investments that are in sync with the Club's strategic objectives.

- 3.7.5 Executive Committee.** This Committee shall comprise the President, Vice President, Secretary, and Treasurer. It shall have the authority to act for the Board on all matters except those listed below so long as the Committee determines that it would be imprudent to wait for the next Board meeting to take such action. The Committee is required to report to the Board within 5 days any action it makes on behalf of the Board. The Committee is not authorized to make decisions or to take actions with respect to the following:
- 3.7.5.1** Financial assessments.
  - 3.7.5.2** Hire or fire the GM.
  - 3.7.5.3** Enter into major contracts or sue another entity.
  - 3.7.5.4** Change a Board-approved budget.
  - 3.7.5.5** Adopt or eliminate major programs.
  - 3.7.5.6** Buy or sell property.
  - 3.7.5.7** Change policies designated as requiring the full Board to change.
- 3.7.6 Nominating Committee.** This Committee shall comprise members and carry out the duties as stated in Section XXX of the bylaws. In selecting the candidates for Board membership, the Committee shall be guided by the Board Profile contained in Appendix B to this BPM.
- 3.8 Operational Committees.** Operational Committees help the GM/COO obtain input from a broad spectrum of the membership to inform decisions in the planning and execution of operational activities. Like Board Committees, Operational Committees (1) speak “to” the GM/COO and staff and not “for” the GM/COO and staff (2) have authority only when explicitly given by the GM/COO. The GM/COO shall appoint Operational committee chairs and work with them to assign committee members. The following are Operational Committees:
- 3.8.1 Golf Committee.** This Committee advises the Head Golf Professional on matters relating to the golf program, including rules of golf, handicap maintenance, instruction, and competition.
  - 3.8.2 Greens Committee.** This Committee advises the Greens Superintendent on matters relating to the integrity, agronomic practices, and maintenance of the golf course and adjacent grounds.
  - 3.8.3 Pool and Tennis Committee.** This Committee advises the Aquatic Director and Tennis Professional to heighten the members’ overall pool and tennis experience. The Committee will help identify pool and tennis needs and support the staff in conducting studies and preparing plans to assure that the facilities remain in pristine condition.
  - 3.8.4 House Committee.** This Committee shall advise Club managers on the maintenance of the Clubhouse and Club grounds. It shall also advise on Clubhouse activities such as the food and beverage operations and Clubhouse social event, including menus, wine lists, selling prices, and hours of operation. It may advise management in preparing capital improvement budgets for the Clubhouse, monitoring service and quality, identifying corrective action, recognizing and honoring staff, and monitoring member adherence to Clubhouse rules.
- 3.9 Board Member Annual Affirmation Statement.** Each Board member, prior to beginning his/her first term on the Board and annually prior to subsequent terms, shall sign the Annual Affirmation Statement, which is included on the Board Reference website.
- 3.10 Board Reference website.** The GM/COO shall maintain the website to include a portal accessible to Board members only.

## Part 4: Board–GM/COO Relationship

- 4.1 Delegation to the General Manager as the Chief Operating Officer.** While the Board's job is generally focused on discussing strategic issues and establishing high-level policies, the implementation of those policies both in this BPM and those incorporated by reference in this BPM is delegated to the General Manager (GM/COO).
- 4.1.1** All Board authority authorized to staff is delegated through the GM/COO. In this way the accountability for staff is entirely through the GM/COO.
- 4.1.2** Organization Essentials policies (BPM Part 2) direct the GM/COO to achieve strategic goals outlined by the Board. The policies in BPM Part 5, Executive Limitations, define the boundaries in which the GM/COO is expected to operate. The GM/COO is authorized to make decisions, take actions, and develop activities consistent with a reasonable interpretation of the Board's policies in this BPM.
- 4.1.3** The Board may change its policies during any meeting, thereby shifting the boundary between Board and GM/COO domains. However, as long as any particular policy goal is in place, the Board and its members will respect and support the GM/COO's choices in attempting to achieve the Board's goal and offer advice and comment where appropriate.
- 4.2 GM/COO Job Description.** As the Board's single official link to the operating organization and consistent with the bylaws, the GM's performance will be considered to be synonymous with organizational performance as a whole. Consequently, the GM's job contributions can be stated as performance in two areas: (a) accomplishing the major organizational objectives in Section 2.4 of this BPM, and (b) operating within the boundaries of prudence and ethics established in Board policies.
- 4.3 Communication and Counsel to the Board.** The GM/COO shall keep the Board informed about matters essential to carrying out its policy duties. Accordingly, the GM/COO shall:
- 4.3.1** Inform the Board of relevant trends, particularly changes in the assumptions upon which any Board policy has previously been established, always presenting information in as clear and concise a format as possible.
- 4.3.2** Inform the full Board of all pertinent issues or staff changes that could affect his/her ability to meet club objectives. The GM/COO shall review any significant planned staffing changes at the department head level with the Board and solicit Board guidance in advance of taking any action.
- 4.3.3** Report immediately any actual or anticipated material noncompliance with a policy of the Board, along with suggested changes.
- 4.3.4** Draw on the President or other Board members for counsel on sensitive issues, particularly those involving club member behavior, situations that could result in legal action against the club, or other matters where confidential treatment of the information is paramount.
- 4.3.5** Report immediately to the President any event that may cause unwanted publicity to the Club.
- 4.3.6** Respond to requests from Board members for data and information except in situations where the GM/COO determines that a request will require undue staff time or it is disruptive to club operations.
- 4.4 Monitoring GM/COO Performance.** The purpose of monitoring is to determine the degree to which the mission is being accomplished and Board policies are being fulfilled. Monitoring will be as automatic as possible, using a minimum of Board time, so that meetings can be used to affect the future rather than to review the past. The GM/COO with the Controller shall report regularly to the Board using the documents:
- 4.4.1** Monthly Financial Statements.
- 4.4.2** Club Activity Participation.
- 4.4.3** Special Event Cost Analyses.

**4.4.4 Capital Expenses.**

**4.4.5 Staffing Changes and Exit Interviews.**

- 4.5 Annual Performance Review.** The Evaluation Committee (Committee) shall formally evaluate the GM/COO annually, based on the achievement of organizational goals and any other specific goals that the Board and the GM/COO have agreed upon in advance.

Within 60 days after the end of the Annual Meeting of the members, the Board shall formally evaluate the GM/COO based on achievement of the current objectives listed in BPM Section 2.4 and any other specific goals the Board and the GM/COO have agreed upon in advance. Within 30 days after the Annual Meeting, the GM/COO shall submit a written self-evaluation to the Board. The Committee shall review the self-evaluation, invite comments from all Board members after they have reviewed the self-evaluation, prepare a draft evaluation, including its recommendation of whether to renew and revise the GM/COO's contract, and present it to the GM/COO in a closed meeting. After meeting with the GM/COO, the Committee shall complete its evaluation and its recommendation on the GM/COO's contract including his/her compensation and submit it to the full Board for its approval.

Within 30 days after the end of six months following the Annual Meeting, the Committee shall interview Board members and other parties as necessary in order to give the GM/COO specific feedback on his/her performance to date. The specific feedback from the Committee and any related correspondence shall be included in the GM/COO's file.

- 4.6 Setting Objectives for the Future.** Immediately following the performance review, the GM/COO and the President shall discuss specific, personal performance goals for the year ahead and present them to the Board for its approval. These goals shall be documented in BPM Section 2.4 and be the primary basis for determining the GM's/COO's performance at the end of the year.

- 4.7 Staff Compensation.** The GM/COO is expected to hire, train, motivate, compensate, and terminate staff in a professional and caring fashion.

**4.7.1** As part of the budget for the upcoming year, the GM/COO will present to the Finance Committee a schedule of salaries and benefits for key staff, along with any recommended modifications, merit increases, or bonuses intended to be paid out in conjunction with salaried personnel new hires, employment agreements, and annual performance reviews.

**4.7.2** Employee insurance benefits will be reviewed on an annual basis. The GM/COO shall conduct a cost-benefit survey and administer the program according to government statutes and carrier compliance. Any substantial changes to the amount of employer subsidy must be approved by the Finance Committee.

**4.7.3** The GM/COO shall develop and maintain an employee manual that is reviewed by the Finance and Personnel and Compensation Committees upon any proposed material changes.

- 4.8 Staff Treatment.** The GM/COO is tasked to create and maintain a positive and productive work environment that attracts and retains a superior work force and ensures that the management of the club will:

- Provide employees with job-related, individual performance evaluations.
- Take reasonable steps to protect staff from unsafe or unhealthy conditions.
- Provide an unbiased grievance policy that protects whistle-blowers.
- Not discriminate against any staff member expressing an ethical concern.
- Allow staff to present grievances to the Board only when
  - A staff grievance is directed at the GM/COO and the staff member alleges that a Board policy has been

violated or

- Internal grievance procedures have been exhausted and the employee alleges that Board policy has been violated.
- Acquaint staff members with their rights under this policy.

**4.9 Rules and Regulations.** The rules and regulations are expectations of the members and are therefore considered Board policy. They shall be posted on the website and incorporated by reference in this BPM. The GM/COO shall monitor compliance with the rules and regulations and recommend changes to Board.

## **Part 5: Limitations on Authority of GM/COO**

**5.1 General Guidance.** The purpose of BPM Part 5 is to detail those Board-approved limits on the GM/COO's authority that will guide the GM/COO and staff as they accomplish the Club's mission. The Board details these limitations in the sections that follow.

**5.2 Finance Parameters.** The Board and the GM/COO shall ensure that the financial integrity of the organization is always maintained. This means that appropriate care is exercised in the receiving, processing, and disbursing of funds and that financial and nonfinancial assets are appropriately protected.

**5.2.1 Annual Budget.** The Board will approve the annual budget presented by the GM/COO prior to the beginning of each fiscal year.

**5.2.2 Operating Budget Parameters.** The annual operating budget shall not (a) deviate materially from the Board's goals and priorities listed in Part 2, (b) expose the Club to undue risks, or (c) fail to show a generally acceptable level of foresight. Accordingly, the GM/COO shall oversee the preparation of an annual budget that:

**5.2.2.1** Contains enough detail to:

- (a) Enable accurate projection of revenues and expenses.
- (b) Separate capital expenses from operational expenses.
- (c) Monitor cash flow and subsequent audit trails.
- (d) Disclose planning assumptions

**5.2.2.2** Anticipates the expenditures in any fiscal year of no more funds than are conservatively projected to be received in that period, unless a budgeted operating deficit is expressly approved by the Board.

**5.2.3 Capital Budget Parameters.** The Capital Expense budget during any fiscal period shall not:

- (a) Deviate materially from the Board's goals listed in Part 2.
- (b) Expose the Club to undue risks.
- (c) Fail to show a generally acceptable level of foresight.

Accordingly, the GM/COO shall prepare an annual Capital Expense budget that contains enough detail to:

- (a) Enable accurate projection of capital expense cash outflow.
- (b) Identify expense items already approved by Board Action.
- (c) Explain anticipated purchases in terms of priority and/or planned use.



**5.2.4 Financial Controls.** The GM/COO must exercise care in accounting for and protecting the financial assets of the organization. To this end, the GM/COO is expected to incorporate generally accepted accounting principles and internal controls in the financial systems that are employed in the organization. In addition, the GM/COO may not:

- 5.2.4.1** Receive, process, or disburse funds under controls insufficient to meet the Board-appointed auditor's standards.
- 5.2.4.2** Make any unbudgeted expenditures of \$10,000 without prior approval by the Finance Committee.
- 5.2.4.3** Make any expenditure or commitment greater than \$25,000 without prior approval by the Board.

**5.2.5 Asset Protection.** The GM/COO may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the GM/COO must:

- 5.2.5.1** Insure against material theft and casualty losses and against liability losses to Board members, staff, or the organization itself to acceptably prudent levels which shall be approved by the Board.
- 5.2.5.2** Avoid unnecessary exposure of the organization, its Board, or its staff to claims of liability.
- 5.2.5.3** Ensure that major purchases or projects of over \$50,000 are made using sealed bids or some other demonstrably prudent method of quality goods acquisition. Such major purchases shall be vetted for any potential vendor conflict of interest.
- 5.2.5.4** Dispose of real property over \$10,000 in value only after formal Board approval.
- 5.2.5.5** Ensure proper oversight of all consultants, contractors or third parties retained to work on the Club campus.

# Board Profile of Sample Private Club

I. Each Board candidate must:

- A. Be a member in good standing.
- B. Be widely known as a person of integrity.
- C. Have demonstrated the ability to work as a team member.
- D. Have served on at least one committee for at least two years.
- E. Other. (specify) \_\_\_\_\_

II. As a Club, we desire a Board that:

- A. Reflects a wide range of (the organization's) activities
- B. Includes a diversity of perspectives, including:
  - Age.
  - Gender.
  - Ethnicity.
- C. Other (specify) \_\_\_\_\_

III. In addition to the requirements in Category I and seeking the diversity in Category II, the Nominating Committee seeks Board members with expertise in the areas shown in the table below.

Board Member	Year Elected	Term Ends	Law	Finance	Business	Development/ Construction	Other	Notes
1		2023						
2		2024						
3		2024						
9								

\* Examples for Other or Notes:

Philanthropist • Marketing/Communications • Restaurateur • Offices held • Committee membership  
Sponsors new members • Information technology • Member for \_\_\_ years • Community service

# Conflict of Interest Statement and Disclosure (example)

**Purpose:** To establish the guidelines and authority to assist the Board in identifying, disclosing, and resolving potential conflicts of interest.

A. Scope: The following statement of policy applies to Board members and to all staff.

B. Fiduciary Responsibility:

1. Members of the Board and staff serve our mission and are obliged to conduct all affairs of the Club in an upright and honest manner. Each person is to make necessary decisions using good judgment and ethical and moral considerations.
2. All decisions of the Board and staff of the Club are to be made solely on the basis of a desire to promote the best interests of our mission.
3. In order to avoid any appearance of a conflict of interest, members of the Board and staff agree to place the welfare of the Club above their own financial interests, or those of family members, or others who may be personally involved in the financial affairs of the Club.

C. Disclosure:

1. Specific Disclosure: Members of the Board and staff shall disclose fully the precise nature of their interest or involvement when participating in any transaction of the Club in which another party to the transaction includes:
  - Himself or herself;
  - A member of the family (spouse, parents, brothers, sisters, children, or any other immediate relative); or
  - An organization with which the member of the Board or the staff or his or her family, is affiliated.

Disclosure shall be made at the first knowledge of a transaction.

2. General Disclosure: Members of the Board and staff shall disclose all relationships and business affiliations which may now, or in the future, potentially conflict with the interests of the Club or bring personal gain to them, their family, or their business. Disclosure must be made if any Board member or staff or a member of the family acts in one or more of the following capacities:
  - Is an officer, director, trustee, partner, employee, or agent of an organization with which our organization has business dealings.
  - Is either the actual or beneficial owner of more than one percent of the voting stock or controlling interest of an organization with which our Club has business dealings.
  - Is a consultant for such an organization; or has any other direct or indirect dealings with an individual or organization from which he or she is materially benefiting (e.g., through the receipt, directly or indirectly, of cash, gifts, or other property).
3. Reporting of Disclosures: All disclosures as they apply to staff will be handled by the GM/COO. All disclosures as they apply to members of the Board shall be listed at the end of this document and will be referred to the Board Chair. Information disclosed to the Board Chair or GM/COO shall be held in confidence, except if it relates to a pending transaction or when the Club's best interests would be served by bringing the information to the attention of the Board.

4. Determination of Possible Conflict of Interest Disclosure Letter: Any individual who is uncertain about a conflict of interest in any matter shall disclose such possible conflict to the appropriate individual as noted above. Each member of the Board and the staff will complete and update any disclosure or suspected disclosure annually at the time of signing this document. If a potential conflict of interest arises subsequent to the submission of this annual document, the Board member or staff member is responsible for disclosing such occurrence as soon as possible, but not later than 30 days after the occurrence. After receiving acknowledgment that the disclosure letter has been received, the member of the Board or the staff shall be entitled to act as though no conflict of interest exists unless he or she is notified otherwise by the GM/COO or the Board Chair within 60 days of filing the letter.
5. Failure to Disclose: Each member of the Board and the staff who is requested to file this Conflict of Interest Statement recognizes that such filing is a requirement for continued affiliation or employment with our Club and, further, that failure to knowingly disclose a potential conflict of interest could result in disaffiliation or termination of employment.

D. Restraint on Participation:

Members of the Board and staff who have a conflict of interest in any matter shall refrain from participating in the consideration of the proposed transaction. The person or persons involved may not vote on such matters. However, for special reasons, the Board may request information or interpretation from the person or persons involved.

Signed \_\_\_\_\_ Date \_\_\_\_\_ , 20 \_\_\_\_\_

Print Name \_\_\_\_\_

# Annual Affirmation Statement

*[Note: This is a template only. Each club will make changes appropriate to its governance environment. Normally this document would be given to every member of the Board at the same time of year, often 60 days before the elections of new Board members.]*

*By my signature below, I affirm the following:*

1. I will continue to be an active Board member and attend all Board and Committee meetings unless I notify the Chair in advance of a major conflict.
2. I have read and agree to abide by the organization's bylaws, Conflict of Interest statement, and the Board Policies Manual.
3. I affirm my understanding of my fiduciary duties.
4. If I am unable or unwilling to continue to serve, attend meetings, and execute my responsibilities as a member of the Board, I will resign my position so that the Board may have the benefit of the full support and committed time and talents of an active Board member.

Signed \_\_\_\_\_ Date \_\_\_\_\_ , 20 \_\_\_\_\_

Print Name \_\_\_\_\_

# Example of Board Orientation Outline

- I. Board Member Roles and Responsibilities
  - a. List of duties
    - i. Duty of Care
    - ii. Duty of Loyalty
    - iii. Duty of Obedience
  - b. Functional areas
    - i. General
    - ii. Financial
    - iii. Structural and Organizational
    - iv. Human Resources
  - c. Requirements of board members
    - i. Civil discourse
    - ii. Confidentiality
    - iii. Support for board decisions
- II. Knowledge of Governing Documents [articles, bylaws, and BPM]
- III. Board Meeting Minutes [review past board meetings minutes]
- IV. Board Schedule and Contacts
  - a. Meeting dates and times
  - b. List of Board members and contact information
- V. Committees
  - a. List of committee assignments
  - b. Description of each committee's purpose and responsibilities
- VI. Management Team
  - a. Organization chart of club management team
  - b. Roles and responsibilities of key staff
  - c. Contact information for key staff
- VII. Finance
  - a. Copies of past Fiscal Year End Financial Statements
  - b. Copies of past Fiscal Year Operating Budget(s)
  - c. Copies of approved Capital Expenditures
- VIII. Strategic Plan
  - a. Review and understand the strategic plan
  - b. Process for reviewing and revising the strategic plan



# Example of Committee Charter

**Purpose:** The Finance Committee sets the parameters of the annual operating and capital budgets for consideration by the Board, recommends fiscal policies for protecting Club assets, and monitors the Club's financial interests.

**Coordination:** The Committee, chaired by the Treasurer, reports to the Board and coordinates with the Board, committees, and the GM/COO.

**Meetings:** Quarterly or more often as necessary.

## **Duties:**

1. Review monthly financial statements and supporting schedules.
2. Recommend to the Board an independent audit firm. Review, approve, and discuss independent audit results with the management team. Review the effectiveness of the audit effort, including its scope and associated fees.
3. Work with the GM/COO and Controller to develop the operating and capital budgets for consideration by the board.
4. Propose Board policies that will help maintain the fiscal integrity of the club, both current and long-term, assuring that:
  - a. The Club's annual operating plan breaks even.
  - b. Capital account funds are used for capital projects.
5. Ensure that fees, charges, and usage rates meet budget objectives.
6. Monitor year-end estimates to ensure they align with the budget.
7. Support the Controller and GM/COO in controlling expenses.
8. Help the Controller maintain historical data on major financial indicators.
9. Review and recommend policies on risk assessment and risk management.
10. Understand the impact of policies and procedures on the club's legal and private status.
11. Identify issues which may need to be addressed, including project funding, dues levels, delinquent accounts, cash flow projections, and cash management.



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