



THE MINNESOTA STREETCAR MUSEUM
COMO-HARRIET STREETCAR LINE
EXCELSIOR STREETCAR LINE

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June 23, 2012

Policy No. 9

MSM BOARD OF DIRECTORS MANAGEMENT AND OPERATIONS

1.0 Purpose.

- 1.1 To establish basic policy, standards and procedures that will govern the organization, staffing, operation and administration of MSM's Board of Directors.

2.0. Statement of Policy.

- 2.1 MSM's Directors are trustees who act on behalf of the Museum's constituents or stakeholders, which include founders, members, our passengers/visitors, and state, federal and municipal/local governments and boards. The board of directors has the principal responsibility of fulfilling our Museum's mission and the legal accountability for its operations. This means that as a group they are responsible for: establishing a clear organizational mission; forming the strategic plan to accomplish the mission; overseeing and evaluating the plan's success; selecting competent leaders; providing adequate supervision and support to our Museum's leaders/managers; ensuring financial solvency of the organization; interpreting and representing the community to the organization; and, instituting a fair system of policies and procedures for human resource management, streetcar operations, financial operations and management, training, etc.
- 2.2 MSM's Directors have a duty of loyalty to the Museum, its leaders, managers and other board members. While differences of opinion will arise, board members should seek to keep disagreements impersonal. Practicing discretion and accepting decisions made on a majority basis will promote board unity and confidence.
- 2.3 MSM's Directors accomplish their functions through regular meetings and by establishing a committee structure. Board members should arrive at meetings prepared and ready to engage in thoughtful dialogue, and participate in the group process which generates and uses the best thinking of its members.
- 2.4 MSM's Board should be open to self-evaluation and shall regularly review its own composition to ensure constituent representation, and board expertise and commitment.
- 2.5 MSM's Board will develop appropriate policy and procedures for the governance and management of the Museum's business and personnel affairs and of all its operations in support of the Museum's mission.

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- 2.6 MSM's Directors will conduct all Museum business, and faithfully perform their duties, in compliance with the responsibilities and position descriptions found in Attachment A of this policy. In addition, Minnesota state law requirements for the specific functions of MSM's board Chair and Treasurer are briefly described in Attachment A. The Chair and Treasurer should refer to Minnesota Statute 31.7A and the document entitled: Duties of Directors of Charitable Organizations (document #105) in the Minnesota Council of Nonprofit's Nonprofit Library, for further information on the complete legal responsibilities of the board. See also Attachment B to this policy.
- 2.7 Fiduciary Duties of MSM's Directors. Under Minnesota law, MSM's Directors are responsible for management of the business and affairs of the corporation. In carrying out their responsibilities, the law imposes on Directors' specific fiduciary duties of care, loyalty, and obedience to the law. Attachment B contains a guide provided by the Minnesota Attorney General's Office to assist MSM's Directors and officers with the important responsibilities assumed when they volunteer their time.

3.0 Duties and responsibilities of MSM's Governing Board

- 3.1 Determine mission and purpose. It is the board's responsibility to create and review a statement of vision, mission and purpose that articulates the organization's goals, means, and primary constituents served.
- 3.2 Select the Museum's leaders. The board must reach consensus on the responsibilities of the Museum's leaders and managers and undertake a careful search to find the most qualified individual for the various positions.
- 3.3 Allow the Museum's Leaders to accomplish their assigned duties. This means that the Board will not involve itself in day-to-day management of the Museum, nor will it inject itself into the areas of responsibility of the Museum's Superintendents, managers and other key supervisors. The Museum's General Superintendent, Superintendents and other managers are responsible for conducting the "day to day" affairs of the Museum. The board will delegate responsibility for operational decisions and management to the appointed officers and managers and shall not meddle in routine operations.
- 3.4 Support and evaluate the Museum's leaders. The board should ensure that the Museum's leaders have the moral and professional support they need to perform their duties and to further the goals of the organization.
- 3.5 Ensure effective planning. Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
- 3.6 Review and strengthen programs and services. The board's responsibility is to determine which programs are consistent with the organization's mission and monitor their effectiveness.
- 3.7 Ensure adequate financial resources. One of the board's foremost responsibilities is to secure adequate resources for the organization to fulfill its mission.
- 3.8 Protect assets and provide proper financial oversight. The board must assist in developing the annual budget and ensuring that proper financial controls are in place.

- 3.9 Build a competent board. All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate their own performance.
- 3.9 Ensure legal and ethical integrity. The board is ultimately responsible for adherence to generally accepted legal standards and ethical norms.
- 3.10 Enhance the organization's public standing. The board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community.
- 3.11 Fully comply with all Museum policies, especially MSM Policy No. 1, Member Conduct Code and Disciplinary Policy and MSM Policy 3, Conflict of Interest.

4.0 MSM Director's Individual Responsibilities.

- 4.1 Attend all board and committee meetings and functions, such as special events.
- 4.2 Be informed about the Museum's mission, services, policies, and programs.
- 4.3 Review agenda and supporting materials prior to board and committee meetings.
- 4.4 Serve on committees or task forces and offer to take on special assignments.
- 4.5 Make a personal financial contribution to the organization.
- 4.6 Inform others about our Museum.
- 4.7 Suggest possible nominees to the board who can make significant contributions to the work of the board and our Museum.
- 4.8 Keep up-to-date on developments in our Museum's field.
- 4.9 Comply fully with all conflict-of-interest and confidentiality policies.
- 4.10 Refrain from making special requests of the Museum's managers and other leaders.
- 4.11 Assist the board in carrying out its fiduciary responsibilities, such as reviewing our Museum's annual financial statements.
- 4.12 Personal characteristics of an MSM Director.
 - 4.12.1 Ability to listen, analyze, think clearly and creatively, work well with people individually and in a group.
 - 4.12.2 Willing to: prepare for and attend board and committee meetings, ask questions, take responsibility and follow through on a given assignment, contribute personal and financial resources in a generous way according to circumstances, open doors in the community, evaluate oneself.
 - 4.12.3 Develop certain skills if you do not already possess them, such as to: cultivate and solicit funds; cultivate and recruit board members and other volunteers; read and understand financial statements; and, learn more about the substantive projects and activities of our Museum.

- 4.12.4 Possess: honesty, sensitivity to and tolerance of differing views, a friendly, responsive, and patient approach, community-building skills, personal integrity, a developed sense of values, concern for your nonprofit's development, a sense of humor.


5.0 Scheduling of Board Meetings and Board Administration.

- 5.1 Regular Board of Director meetings will be scheduled four times a year, generally in February, May, August and November (approval of next FY budget). Selection of the specific dates for each meeting will be coordinated between the Board Chair and the Corporate Secretary.
- 5.2 The Corporate Secretary will immediately inform the Directors and other Museum officers and managers of the Board meeting date as soon as it is set.
- 5.3 When the meeting date is set and announced, Directors and officers/managers will immediately inform the Chair and Corporate Secretary if they are unable to attend the scheduled Board meeting.
- 5.4 Special meetings of the Board of Directors shall be scheduled and called in accordance with MSM's By-laws.
- 5.5 The Corporate Secretary shall send to each Director and Museum officer, usually by e-mail, a draft of the next scheduled Board meeting agenda approximately thirty (30) days prior to the date of the meeting.
- 5.6 The Corporate Secretary shall send to Directors and other Museum officers and managers draft minutes of any previous meetings not yet approved, seven (7) to ten (10) days prior to the meeting date.
- 5.7 Any member or non-member who wishes to discuss a specific issue(s) or make a proposal(s) to the Board during the scheduled meeting shall first obtain approval from the Board Chair for their matter(s) to be added to the draft meeting agenda. Once approved and added to the draft meeting agenda, the member or non-member shall send to the Corporate Secretary no later than seven (7) days prior to the meeting date, handouts or any other materials requiring distribution to the Directors.
- 5.8 The Corporate Secretary shall take sufficient detailed notes during the meeting so that an accurate record of the meeting can be made. The meeting minutes will include a list of Directors present, Directors absent, and any other persons attending the meeting.
- 5.9 Within ten (10) days following the date of the meeting, the Corporate Secretary will send to all Directors, and other Museum officers and managers, the draft meeting minutes for review and corrections.
- 5.10 The Corporate Secretary shall keep a record of all Board meetings in a suitable file as prescribed in MSM Policy No. 8, Membership, Personnel and Administration. Besides a copy of the meeting's minutes, each meeting's file will include any handouts and reports distributed before or during the meeting. These items will become a part of the permanent record of the meeting.

- 5.11 Director Orientation. Upon the election or appointment of a Class I or II Director to MSM's board, the Corporate Secretary will give the newly elected/appointed Director the following documents.
- 5.11.1 A copy of this policy.
 - 5.11.2 A copy of the Member Conduct Code and Disciplinary Policy.
 - 5.11.3 A copy of MSM's Conflict of Interest Policy. The new Director will be asked to sign the potential conflict report that is a requirement of this policy.
 - 5.11.4 A copy of MSM's whistleblower policy.
 - 5.11.5 A copy of MSM's by-laws.
 - 5.11.6 A copy of the MSM Organization Chart.
 - 5.11.7 Any other documents deemed appropriate by the Chair or Corporate Secretary.

Approved by the MSM Board of Directors at its meeting on June 23, 2012.

ATTEST:


James A. Vaitkunas
Corporate Secretary

Attachment A - Board Member Position Descriptions

Attachment B - Fiduciary Duties of Directors of Charitable Organizations

Attachment A

Board Member Position Descriptions

The following descriptions are taken largely from Kenneth N. Dayton's *Governance is Governance*, published by Independent Sector (1828 L Street NW, Washington DC, 20036, 2021223~B1 00).

Position Title: Chair of the Board

Function:

- As Chairperson of the Board, assure that the Board of Trustees fulfills its responsibilities for the governance of the Institution.
- Be a partner to the CEO, helping him/her to achieve the mission of the Institution.
- Optimize the relationship between the board and management.

Duties and Responsibilities:

- Chair meetings of the Board. See that it functions effectively, interacts with management optimally, and fulfills all of its duties. With the CEO develop agendas.
- With the CEO recommend composition of the Board Committees. Recommend committee chairperson with an eye to future succession.
- Assist the CEO in recruiting Board and other talents for whatever volunteer assignments are needed.
- Reflect any concerns management has in regard to the role of the Board of Trustees or individual trustees. Reflect to the CEO the concerns of the Board of Trustees and other constituencies.
- Present to the Board an evaluation of the pace, direction, and organizational strength of the Institution.
- Prepare a review of the CEO and recommend salary for consideration by the appropriate committee.
- Manually focus the Board's attention on matters of institutional governance that relate to its structure, role, and relationship to management. Be assured that the Board is satisfied it has fulfilled all of its responsibilities.
- Act as an additional set of eyes and ears.
- Serve as an alternate spokesperson.
- Fulfill such other assignments as the Chairman and CEO agree are appropriate and desirable for the Chairman to perform.

Position Title: Member, Board of Directors

Function: Provide governance to the organization, represent it to the community, and accept the ultimate legal authority for it.

Duties and responsibilities:

Planning

- Approve the Institution's philosophy and review management's performance in achieving it.

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- Manually assess the environment and approve the Institution's strategy in relation to it.
- Annually review and approve the Institution's plans for funding its strategy.
- Review and approve the Institution's five year financial goals.
- Annually review and approve the Institution's budget.
- Approve major policies.

Organization

- Elect, monitor, appraise, advise, support, reward, and, when necessary, change top management.
- Be assured that management succession is properly being provided.
- Be assured that the status of organizational strength and manpower planning is equal to the requirements of the long-range goals.
- Approve appropriate compensation and benefit policies and practices.
- Propose a slate of directors to members and fill vacancies as needed.
- Annually approve the Performance Review of the CEO and establish his/her compensation based on recommendations of the Personnel Committee and Chairman of the Board.
- Determine eligibility for and appoint Board Committees in response to recommendations of the Nominating Committee.
- Annually review the performance of the Board and take steps to improve its performance.

Operations

- Review the results achieved by management as compared with the Institution's philosophy, annual and long-range goals, and the performance of similar institutions.
- Be certain that the financial structure of the Institution is adequate for its current needs and its long-range strategy.
- Provide candid and constructive criticism, advice, and comments.
- Approve major actions of the Institution, such as capital expenditures and major program and service changes.

Audit

- Be assured that the Board and its committees are adequately and currently informed - through reports and other methods - of the condition of the Institution and its operations.
- Be assured that published reports properly reflect the operating results and financial condition of the Institution.
- Ascertain that management has established appropriate policies to define and identify conflicts of interest throughout the Institution, and is diligently administering and enforcing those policies.
- Appoint independent auditors subject to approval by members.
- Review compliance with relevant material laws affecting the Institution.

While Board position descriptions can and should be designed to meet the needs of specific organizations, Minnesota law requires that a nonprofit have one or more persons exercising the functions of president and treasurer. The law states that:

The President (Board Chair) shall:

1. Have general active management of the business of the corporation;
2. When present, preside at meetings of the board and of the members;
3. See that orders and resolutions of the board are carried into effect;
4. Sign and deliver in the name of the corporation deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the board to another officer or agent of the corporation;
5. Maintain records of and, when necessary, certify proceedings of the board and the members; and,
6. Perform other duties prescribed by the board.

The Treasurer shall:

1. Keep accurate financial records for the corporation;
2. Deposit money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositories designated by the board;
3. Endorse for deposit notes, checks, and drafts received by the corporation as ordered by the board, making proper vouchers for the deposit;
4. Disburse corporate funds and issue checks and drafts in the name of the corporation as ordered by the board;
5. Upon request, provide the president and the board an account of transactions by the treasurer and of the financial condition of the corporation; and,
6. Perform other duties prescribed by the board of by the president.

The Minnesota Council of Nonprofit's Bylaws include Board officer descriptions for a Chair, Vice-Chair, Secretary and Treasurer, as follows:

- The ***Chair*** shall convene regularly scheduled Board meetings, shall preside or arrange for other members of the executive committee to preside at each meeting in the following order: Vice-Chair, Secretary and Treasurer.
- The ***Vice-Chair*** shall chair committees on special subjects as designated by the board.
- The ***Secretary*** shall be responsible for keeping records of Board actions, including overseeing the taking of minutes at all board meetings, sending out meeting announcements, distributing copies of minutes and the agenda to each Board member, and assuring that corporate records are maintained.
- The ***Treasurer*** shall make a report at each Board meeting. Treasurer shall chair the Finance committee, assist in the preparation of the budget, help develop fundraising plans, and make financial information available to Board members and the public.

Attachment B**Fiduciary Duties of Directors of Charitable Organizations**

A Guide for Board Members from the Office of Minnesota Attorney General.

This Guide is provided by the Minnesota Attorney General's Office to assist board members with the important responsibilities assumed when they volunteer their time. It is only a guide and is not meant to prescribe the exact manner that board members must act in all situations. For more assistance, there are a number of resources in Minnesota that provide, at little or no cost, information, direct assistance and materials for charities, their officers and directors. A list of these resources can be obtained from the Charities Division, Minnesota Attorney General's Office, 1200 NCL Tower, 445 Minnesota Street, St. Paul, MN 55101-2130, telephone: (651) 297-4613. TDD: (651) 296-1410.

The Attorney General's Office has prepared this Guide for Board Members to help directors understand their responsibilities as stewards of their organizations. Under Minnesota law, directors of a Minnesota nonprofit corporation are responsible for the management of the business and affairs of the corporation. This does not mean that directors are required to manage the day to day activities of a corporation or to act in the role of an Executive Director. It does mean that directors must appoint officers and assign responsibilities to them so that the officers can effectively carry out the daily tasks of running the corporation. It also means that directors must supervise and direct the officers and govern the charity's efforts in carrying out its mission. In carrying out their responsibilities, the law imposes on directors the fiduciary duties of care, loyalty and obedience to the law. Minnesota courts have held that the law imposes the highest standard of integrity on the bearers of these duties.

This Guide is provided by the Minnesota Attorney General's Office to assist board members with the important responsibilities assumed when they volunteer their time. It is only a guide and is not meant to prescribe exactly how board members must act in all situations. Each organization possesses a distinct composition and experiences different circumstances and outcomes. This guide is merely provided as a reference tool and outline to assist directors in performing their duties. It does not contain all of the provisions, exceptions, limitations and requirements of the law. For the exact requirements of the law, please refer to the source of the law itself. Many of the guidelines in this guide are taken from the Minnesota Nonprofit Corporation Act, located in Minnesota Statutes Chapter 317A. For more assistance, there are a number of resources in Minnesota that provide, at little or no cost, information, direct assistance and materials for charities, their officers and directors. A list of these resources can be obtained from the Minnesota Attorney General's Office, 1200 NCL Tower, 445 Minnesota Street, St. Paul, MN 55101, telephone: (651) 296-3353 or 1-800-657-3787. TTY: (651) 297-7206 or 1-800-366-4812. Upon request this material can be made available in alternative formats.

Overall Responsibilities

Directors of Minnesota nonprofit corporations must discharge their duties in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

To Exercise the Proper Duty of Care:

1. Active Participation. A director must actively participate in the management of the organization including attending meetings of the board, evaluating reports, reading minutes, reviewing the performance and compensation of the Executive Director and so on. Persons who do not have the time to participate as required should not agree to be on the board.
2. Committees. Directors may establish committees having the authority of the board and may rely on information, opinions or reports of these committees. Committees operate subject to the direction and control of the board. As a result, directors are still responsible for the committees and should periodically scrutinize their work.
3. Board Actions. A director who is present at a meeting when an action is approved by the entire board is presumed to have agreed to the action unless the director objects to the meeting because it was not lawfully called or convened and doesn't participate in the meeting, or unless the director votes against the action or the director is prohibited from voting on the action because of a conflict of interest.
4. Minutes of Meetings. Written minutes should be taken at every board meeting. The minutes should accurately reflect board discussions as well as actions taken at meetings.
5. Books and Records. A director should have general knowledge of the books and records of the organization as well as its general operation. The organization's articles, bylaws, accounting records, voting agreements and minutes must be made available to members and directors who wish to inspect them for a proper purpose.
6. Accurate Record Keeping. A director should not only be familiar with the content of the books and records, but should also assure that the organization's records and accounts are accurate. This may mean the director must take steps to require regular audits by an independent certified public accountant. At the very least, the director should be aware of what the financial records disclose and take appropriate action to make sure there are proper internal controls.
7. Trust Property. A director has the duty to protect, preserve, invest and manage the corporation's property and to do so consistent with donor restrictions and legal requirements. Instituting proper internal controls will aid in the protection of assets.
8. Resources. A director must assist the organization in obtaining adequate resources to enable it to further its charitable mission.
9. Charitable Trusts. A trustee of a charitable trust has a higher standard of care than a director of a nonprofit corporation. A trustee has the duty to exercise the care an ordinary person would employ in dealing with that person's own property. A trustee with a greater level of skill must use that higher skill in carrying out the trustee's duties.

10. Investigations. A director has a duty to investigate warnings or reports of officer or employee theft or mismanagement. In some situations a director may have to report misconduct to the appropriate authorities, such as the police or the Attorney General. Where appropriate, a director should consult an attorney or other professional for assistance.

Traditionally, directors have an absolute duty of complete, undivided loyalty to the organization. This means that directors should avoid using their position or the organization's assets in a way which would result in pecuniary or monetary gain for them or for any member of their family. A director should put the good of the organization first and avoid engaging in transactions with the organization from which the director will benefit.

To Exercise the Duty of Loyalty:

1. Conflicts of Interest. Under certain circumstances, a contract or transaction between a nonprofit corporation and its director or an organization in which the director has a material financial interest is acceptable. However, if the transaction is challenged, the director will have the burden of establishing that the contract or transaction was fair and reasonable, that there was full disclosure of the conflict and that the contract or transaction was approved by members or other directors in good faith.
2. Written Policy. Boards should establish a written policy on avoiding conflicts of interest.
3. Loans. A nonprofit corporation may not lend money to a director or the director's family members unless the loan or guarantee may reasonably be expected, in the judgment of the entire board, to benefit the corporation.
4. Charitable Trust. In charitable trusts, transactions which otherwise might constitute a conflict of interest are permissible if the conflict was clearly contemplated and allowed by the original settlor of the trust.
5. Corporate Opportunity. Directors of business organizations are under a fiduciary obligation not to divert a corporate business opportunity for their personal gain. A director of a nonprofit corporation is also subject to this duty. This duty means that a director may not engage in or benefit from a business opportunity that is available to and suitable for the corporation unless the corporation decides not to engage in the business opportunity and conflicts of interest procedures are followed.
6. Internal Revenue Code. Other prohibitions relating to the duty of loyalty are specified in the rules of the Internal Revenue Code regarding self-dealing. These rules apply to private foundations. Directors have a duty to follow the organization's governing documents (articles of incorporation and bylaws), to carry out the organization's mission and to assure that funds are used for lawful purposes. Also, directors must comply with state and federal laws that relate to the organization and the way in which it conducts its business.

To Exercise The Duty of Obedience:

1. State and Federal Statutes. Directors should be familiar with state and federal statutes and laws relating to nonprofit corporations, charitable solicitations, sales and use taxes, FICA and income tax withholding, and unemployment and workers' compensation obligations. They should also be familiar with the requirements of the Internal

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- Revenue Service. Directors should see to it that their organization's status with state and federal agencies is protected.
2. Filing Requirements. Directors must comply with deadlines for tax and financial reporting, for registering with the Attorney General, for making social security payments, for income tax withholding, and so on. Additionally, if an organization is incorporated under the Minnesota Nonprofit Corporation Act, its directors have a duty to maintain its corporate status by submitting timely filings to the Secretary of State's Office.
 3. Governing Documents. Directors should be familiar with their organization's governing documents and should follow the provisions of those documents. Directors should be sure proper notice is given for meetings, that regular meetings are held, that directors are properly appointed and that the organization's mission is being accomplished.
 4. Outside Help. Where appropriate, directors should obtain opinions of legal counsel or accountants.

The above information was taken from the Minnesota Attorney General's Website

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Charities Information

Search the Charities Database

Download Charity Forms

Charity Laws

New Resources For Nonprofits: Sample Conflicts of Interest and Travel and Entertainment Policies for Nonprofits.