

## ATTACHMENT 5

**Policy Title:**

**Board of Trustees' Duties**

In accordance with standards of trust law applicable to the trustees of perpetual, charitable trusts, and the Will, the Trustees collectively shall perform and fulfill the following acts and duties in view of the manner in which persons of ordinary prudence, diligence, discretion, and judgment would act in the management of their own affairs. The Trustees shall:

- A. Establish the policies, goals, and objectives of KSBE consistent with the mission. The policies shall be established to ensure that the Trustees' fiduciary obligations are met. Board established policies shall include, but not be limited to, the following:
  - strategic plan policy that addresses KSBE's primary educational objectives and financial objectives in support thereof.
  - spending policy
  - investment policy
  - exempt organization policy
  - inter-KSBE subsidiary transactions policy
  - conflicts of interest policy
  - accounting policy
  - internal audit policy
- B. Oversee the implementation of KSBE's policies and procedures and take all steps necessary to ensure that KSBE is being managed in a manner consistent with its mission, and that its assets are being managed prudently and only for KSBE's exclusively charitable purposes. All functions and decisions shall be measured against the mission.
- C. Make substantive strategic policies affecting the administration of KSBE such as its educational and financial objectives and other major plans and actions.
- D. Oversee the management of KSBE's finances, including reviewing and approving annual budgets, periodically reviewing financial projections, and establishing and implementing fiscal controls sufficient to assure that KSBE's resources are expended only for KSBE's purposes. The Board collectively and each Trustee individually is accountable for the financial well-being of KSBE.

- E. Select, regularly evaluate, fix the compensation of, and where appropriate, hire or replace the CEO of KSBE. The specific organization of Principal Executives is a matter that will be addressed by the CEO for approval, as applicable, to the Board, subject to applicable provisions of law. Principal Executives shall currently consist of persons serving in the capacities of a Chief Executive Officer (CEO), the President of the Schools, and a Chief Operating Officer (COO). See Appendix A for KSBE organizational chart. The titles and numbers of the Principal Executive positions may vary but their roles and responsibilities shall be consistent with standards of delegation of authority and responsibility incumbent upon the Board as the prudent fiduciaries of an institution requiring a diversity of demonstrated professional and managerial expertise that the Trustees themselves are not expected to exercise. In so delegating, the Trustees must exercise reasonable care, skill, and caution in selecting the CEO; establishing the scope and terms of CEO's duties; and periodically reviewing CEO's actions in order to monitor his/her performance and compliance with Board directives.
- F. Set limits on the means with which the CEO and KSBE staff operate by establishing principles of prudence and ethics, forming the parameters for all management and staff practices, activities, circumstances, and methods.
- G. Monitor Board directives to the CEO and professional consultants retained by the Board to ensure implementation in accordance with such directives.
- H. Hold the CEO accountable for ensuring compliance with applicable federal and state laws and regulations and court orders regarding the administration of the Trust, and for minimizing exposure to legal action.
- I. Preserve the tax-exempt status of the Trust Estate by ensuring that the CEO at all times is cognizant of and demonstrates continuing sensitivity to the requirements that the conduct of KSBE's tax-exempt entities and organizations must always be consistent with their IRC 501(c)(3) status and that all activities of all taxable subsidiaries and affiliates of KSBE must not jeopardize the tax-exempt status of the exempt entities.
- J. Represent the persons intended to benefit from the purposes expressed in the Will of KSBE in determining and demanding appropriate organizational performance. To distinguish the Board's own unique job from the jobs of its staff, the Board will concentrate its efforts on written governing policies which, at the broadest levels, address:
  - 1. Governance Process: Specification of how the Board conceives, carries out and monitors its own task.
  - 2. Executive Boundaries: Constraints on executive authority which establish the prudence and ethical boundaries within which all executive activity and decisions must take place.
  - 3. Board-CEO Relationship: How responsibilities are delegated and its proper use monitored; the Chief Executive Officer's role, authority and accountability.

4. Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth.
  5. Internal Audit: Guidance for independent appraisal and examination of all control functions within KSBE, including functions of the Board of Trustees.
- K. In accordance with the Will, the Trustees will provide relevant information concerning the governance and administration of KSBE in a timely manner to the Attorney General as *parens patriae*.
- L. The Trustees will not have day-to-day responsibility for the management of KSBE.

**Policy Title:**

**Chairperson's Role**

The Chairperson will be selected by the Board of Trustees by majority vote. The Chairperson's primary role is the integrity of the Board's process and, secondarily, occasional representation of the Board to outside parties. The Chairperson is generally the Trustee authorized to speak for the Board (beyond simply reporting Board decisions).

The job of the Chairperson is to ensure the Board behaves consistently with its own policies and rules.

1. Board discussions will only be those issues which, according to Board policy, clearly belong to the Board to decide. The CEO will develop the agenda for each Board meeting.
2. Deliberation will be fair, open, and thorough, but also efficient, timely, orderly and kept to the point.
3. The Board will offer the opportunity for input from individual employees or staff groups, including subsidiaries and affiliated organizations, which have expertise and interests specifically related to Board decisions and Board policies.
4. The authority of the Chairperson consists of making decisions that fall within the topics covered by Board policies on Governance Process and Board-CEO Relationship, except where the Board specifically delegates portions of this authority to others. The Chairperson is authorized to use any reasonable interpretation of the provisions in these policies.
5. The Chairperson is empowered to chair Board meetings with the commonly accepted power of that position (e.g., ruling, recognizing).
6. The Chairperson, being an individual Trustee, has no authority to make decisions about policies. The Chairperson may meet individually with the CEO to discuss progress or issues of interest to the Board. The CEO will keep other Trustees informed of significant issues discussed during these meetings.

7. The Chairperson may represent the Board to outside parties in announcing Board-stated positions and in stating Chair decisions and interpretations within the area delegated to him or her.