



# Handbook for Board Members

September 2009

## **Mission Statement**

*The North Lake Tahoe Resort Association is a 501(c)(4) non profit public benefit corporation that promotes tourism and benefits businesses through efforts that enhance the economic, environmental, recreational and cultural climate of the area.*

**Section 1**  
**General Overview**  
**Commitment and Responsibilities of a Board Member**

*Excerpts from the Special District Board Member/Trustee Handbook  
published by the California Special Districts Association*

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## **A. Introduction**

This Handbook for members of the North Lake Tahoe Resort Association Board of Directors has been formally adopted by the Board. Members are expected to comply with provisions of the Handbook while serving on the Board. The Handbook may be revised from time to time by the Board. Failure of any Board member to comply with the terms of the Handbook or conform their conduct to the standards set forth in the Handbook may be grounds for removal from the Board. Upon joining the Board, each member must sign the form provided acknowledging they have received a copy of the Handbook, read it, understand it, and agree to abide by its terms during the service on the Board.

### **Commitment and Responsibilities of a Board Member**

As the member of a board of directors, you have committed to serve the best interests of the organization, the constituency that elected you, and the community the organization serves. One of the most significant responsibilities as a director is to understand that the board is a team and that board members need to work together as such. Understanding the dynamics of the group as well as the individual perspectives and opinions of the other board members that you sit with is crucial to the success of the team and constituency you represent. This united approach will help to strengthen the organization and provide the basis for maintaining a focus on the organization's mission, a clear vision of the future, a unity of purpose and a cohesive, functional board of directors.

Overall, the role of a director is to:

- Make and approve organizational policy
- Set direction
- Establish strategic goals and objectives
- Make decisions
- Be an advocate for the organization
- Monitor the performance of the organization

## **B. Governance**

Governance is what boards do. Governance is taking the wishes, needs and desires of the organization's constituency and community and transforming them into policies and directions that govern the organization. Survival of an organization depends in large part on how well the board does its job. One of the quickest ways that an organization can self-destruct is for the public (members, community) to perceive that the organization is not responsive to the needs of those it serves or is not being governed effectively.

Over recent years, a great deal of work has been done on effective governance. One respected Governance Model developed by the California School Boards Association (CSBA) is currently being adapted by other board organizations, including the California Special Districts Association, League of California Cities, and the California State Association of Counties.

The CSBA Effective Governance Model provides an in-depth examination of the three critical dimensions that interact to determine how a board operates and its effectiveness as an organization. First, the model looks at the board as an organizational entity; second, the individuals who serve as effective board members and make up the board; and third, the specific jobs the board must perform. All three dimensions or elements of a board must be viewed as a whole in order to truly develop an effective governance operation.

### **C. Components of the Effective Governance Model**

#### **The Board as an Organization**

Any board, public or private, nonprofit or corporate, exists as an organizational entity, with its own unique organizational culture, norms, values and operating style. There are attributes or characteristics that are consistently present in boards that operated in a highly effective manner. Effective boards become known as effective because they operate in an organizational environment of trust, honesty and openness. These boards exhibit, as a team, the following characteristics:

- All board members are perceived to be equally legitimate - no matter how different or difficult an individual may be.
- The board strives to maintain a “no secrets, no surprises” operating norm.
- The board recognizes and accepts that conflicts and differences are inevitable, not necessarily “bad”, and must be faced and analyzed.
- The effective board tends to immediately turn to solutions rather than playing the “gotcha” game.
- The effective board treats all staff with dignity and respect.
- The effective board treats all community members with dignity and respect, even in the face of criticism and opposition.
- The effective board exhibits creative thinking, knows how to handle failure as well as success, encourages risk taking, and creates a climate for excellence.
- The effective board assumes collective responsibility for the conduct, behavior and effectiveness of the board.

While these attributes of effective boards may appear to be obvious, they are often difficult to achieve and sustain on a long-term basis.

#### **D. The Board Leader**

While boards develop unique organizational cultures, they are composed of individuals. Individual board members and their values, skills and knowledge shape how boards will collectively operate at any given time and whether the board will sustain effective behavior as a group role.

Not everyone who serves on a board becomes an effective board member or leader. Many never make the transition from individual to a member of the governance team. Those who do become effective board members, however, also become highly valued community leaders. When an entire board is composed of truly effective board members rather than individuals, the board becomes highly effective.

So, what are the characteristics of effective board members and how are they different than those who just serve on boards?

- Effective board members think about governance differently. They have distinctively different attitudes from non-effective board members. Effective board members understand the fundamental role of the citizen leader in the governance of organizations.

For example, effective board members understand certain fundamental principles of effective governance. They understand that the authority of any board member rests only with the board as a whole; that the board, not the individual board member, governs the organization. They tend to worry when individuals are attempting to impose their own agenda on the organization rather than working to build support for an institutional agenda.

- Effective board members know that how a board member governs is as important as what a board member does. They know that manner makes a huge difference.
- Effective board members work hard to make the team successful.
- Effective board members understand they need to establish trust. They treat everyone with respect and expect others to treat them the same way.
- Effective board members respect the diversity of perspectives and styles.
- Effective board members always keep confidential information confidential.

### **E. What Effective Boards Do: The Governing Board's Role in the Organization**

The third dimension of CBSA's Effective Governance Model addresses the specific responsibilities of the governing board. We know that effective boards have strong competency-based cultures and that individual effective board members have strong governance skills, but the third question is: To do what? What are the duties and responsibilities of boards in the organizational system? The answer is that boards have certain responsibilities that no one else in the system can perform.

The specific responsibilities of the board are clustered into four areas: 1) setting direction for the organization; 2) establishing and supporting the structure of the organization; 3) ensuring the organization is accountable to the community (members, others); and, 4) serving as community leaders.

These, then, are the essences of effective governance: a competency based, highly effective board organization and culture; individual citizens serving as effective board members, accomplishing the specific duties and responsibilities that only governing boards can do on behalf of the organizations and communities.

The real challenge to board members is how to learn and achieve as board members. There are governance skills required and to be learned in order to be effective. But first, a culture of participation must be established. Every board member must understand

that, just as staff is expected to be involved in their profession, to learn and develop new skills, so too must board members learn and hone their governance skills. The success and future of the organization being served depends on these skills.

#### **F. The Role of the Chief Executive Officer and Staff**

The roles of the chief executive officer (CEO) and staff are very different from that of the directors and it is important to understand what the responsibilities and reporting avenues are of each respective group.

The CEO and staff of the organization are encouraged to make recommendations and play an active role in moving the organization forward. Their main role is to maintain and advance the mission and operations of the organization and to implement those policies, strategies and directives approved by the board of directors.

The CEO is the executive staff officer of the organization and for the board of directors. He/she administers the organization and has exclusive management and control of the operations and functions of the organization, subject to approval by the board of directors, and provides day-to-day leadership for the organization. He/she delegates authority at his/her discretion and has authority over and directs all employees, including hiring, disciplinary action and termination. He/she seeks to carry into effect the expressed policies of the board of directors, including planning the short, medium and long term work program for the organization, facilitating constructive and harmonious board relations, overseeing preparation and management of the annual budget, and other functions in conjunction with members of his/her management team and staff.

## Section 2

# The Board of the North Lake Tahoe Resort Association

- A Purpose of the NLTRA  
Who We Are - What We Do
- B Board of Directors
- C Liability Protection
- D Guiding Documents
- E Roles and Responsibilities -
  - Board of Directors
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- F Standards of Conduct
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## **The North Lake Tahoe Resort Association**

### **A. Purpose - Who We Are**

The Purpose of the corporation (NLTRA) is to promote, enhance, invigorate, coordinate, and direct tourism for the economic betterment of the North Lake Tahoe region. The NLTRA was incorporated under the laws of California in 1996, and observes all local, state, and federal laws which apply to nonprofit corporations.

### **What We Do**

The NLTRA is an association of related and coordinated services and functions provided to our members, Placer County, and the community at large. These services and functions include the North Lake Tahoe Chamber of Commerce and the Tahoe North Visitors and Convention Bureau. The NLTRA also serves as a partner with Placer County and other local entities and agencies in the development and funding of infrastructure and transportation projects designed to enhance tourism and community quality of life for the benefit of all in the North Lake Tahoe region. To guide its work and investment strategies, the NLTRA uses an adopted Master Plan. The Association's current Master Plan is the 2004 *North Lake Tahoe Tourism and Community Investment Master Plan*, adopted by the NLTRA Board in June 2004, and by the Placer County Board of Supervisors in July 2004. Specific project recommendations are developed through the appropriate NLTRA committee(s) and Board of Directors. Infrastructure project recommendations are submitted to the Board of Supervisors for final approval.

### **Our Commitment**

The NLTRA strives to provide the highest standards of member and customer service and hospitality. We are committed to incorporating public input and participation in our decision-making, including the goals of public outreach and education. We are committed to the goals of environmental and economic stewardship as described in the *North Lake Tahoe Tourism and Community Investment Master Plan*.

### **Board and Committees**

There are a total of twelve NLTRA Board members, nine of whom are elected to specific seats by the NLTRA/North Lake Tahoe Chamber of Commerce membership, and three of whom are appointed by specific appointing entities, as set forth in the NLTRA's adopted Bylaws. The NLTRA has five standing committees, which include Board members as well as community members. These committees are: Marketing, Finance, Infrastructure, Transportation, and the Chamber of Commerce Advisory Committee.

### **B. Board of Directors**

General Powers: The corporation's activities and affairs and all corporate powers shall be exercised by or under the discretion of the Board of Directors, with the exception of those requiring approval by the membership. (Bylaws, Article IV, Section 1).

Term: Each elected director shall hold office for a term of three years. Any elected director is eligible for reelection, except that no elected director shall serve more than two full consecutive terms (Article IV, Section 4).

Each Board member is required to serve on at least two of the NLTRA's five standing committees.

### **Board Officers**

Officers: The officers of the corporation shall be a Chair, Vice Chair, Secretary and Treasurer, and such other officers as the Board shall deem proper.

Executive Committee: With the annual approval of the full Board of Directors, the officers of the corporation, as defined above, shall serve as members of the Board Executive Committee. The purpose of the Executive Committee is to conduct Board business and implement Board policies and direction, as may be more efficiently handled by a committee of the Board. The full Board may delegate specific duties to the Executive Committee, as the full Board deems appropriate, through formal Board action.

Responsibilities that may be assigned by the full Board to the Executive Committee may include, but not necessarily limited to, representing Board policy directives and guiding the CEO in annual contract negotiations with Placer County. Annually, consistent with the adopted NLTRA Whistleblower Policy, the Executive Committee shall appoint one of its members to serve as the Compliance Officer, as defined in that policy.

Attendance Policy: After consideration by the Board Chair of the reason or reasons given by a Board member who has been absent from three (3) consecutive Board meetings, the Chair shall make a recommendation to the full Board and the Board will decide whether or not to remove a Board member under Article IV, Section 9 of the Bylaws (Article V, Section 4).

Vacancy: Any elected director vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining directors at a meeting at which there is a quorum of directors present. A vacated seat must be filled by a member of the same membership class. A director elected in this manner to fill a vacancy shall serve until the next election of directors, at which time a director from the Membership class will be elected to fill the remainder of the unexpired term (Article IV, Section 7)

Resignation: Any director may resign at any time by mailing or delivering, or transmitting by facsimile or email, written notice of his/her resignation to the Chair or the Secretary of the corporation. Any such resignation shall be effective when the notice is given, unless it specifies a later time for the resignation to become effective (Article IV, Section 8).

Compensation: Directors shall not receive any salary or other compensation for services to the corporation as a director. (Article V, Section 9).

Proxy and Assignment: There shall be no voting by directors by proxy or assignment. Directors must be present at a meeting to place a vote (Article V, Section 7).

Conflict of Interest: In any public benefit corporation no more than 49 percent of the directors may be interested persons or their first level relatives. An interested person is anyone who has received compensation for services from the corporation (other than as a director) within the last 12 months. If a person is an interested director, he or she must disqualify themselves and not vote on any issues in which they have an interest. This includes voting at the Board and as a member of a committee. The compensation can be indirect, that is the NLTRA is acting as a funding partner from which another entity is paying the director for services.

President & Chief Executive Officer: The President and CEO shall be the chief paid executive employee of the corporation. The Board shall retain a President and CEO who shall be responsible to the Board for implementation of the policies and goals set by the Board. The President & CEO shall have the following authority and responsibilities, unless otherwise limited by a majority vote of the entire Board:

- Administration and supervision over all corporation employees;
- Administration and supervision over all corporation programs;
- The responsibility, unless otherwise directed by the Board, to attend all meetings of the Board and all corporation committees.

(Article V, Section 12)

**C. Liability of Directors, Officers, Employees and Members:** To the fullest extent permitted by law, the directors, officers, employees and members of the Association shall not be liable for any of the Association's obligations, or for any act, or failure to act, of the Association. The fullest extent permitted by law, the corporation shall indemnify its directors, officers, employees and other persons described in the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding", as that term is used in the California Corporations Code, and including an action by or in the right of the corporation, by reason that the person is or was a person described in that section (Article VI, Section 6).

Note: The NLTRA maintains Not for Profit Liability Insurance which provides the insurance coverage discussed above.

#### **D. Guiding Documents**

The mission, investment strategies and activities of the NLTRA are guided by several documents, each of which are approved by the Board of Directors.

#### **The Master Plan**

The North Lake Tahoe Resort Association was established in 1996 based on one of the recommendations in the 1995 ***North Lake Tahoe Tourism Development Master Plan***. The product of a partnership between the North Lake Tahoe community and Placer County, the 1995 Master Plan contained a series of recommendations designed to guide the Resort Association's infrastructure transportation and marketing investments

to improve the ability of North Lake Tahoe to complete successfully as a destination resort community.

Between July of 2003 and July of 2004, the NLTRA provided leadership and support for another partnership effort involving the community and Placer County, resulted in development and adoption of an updated Master Plan - the 2004 **North Lake Tahoe Tourism and Community Investment Master Plan**.

### **Master Plan Vision Statement**

*The natural environment of the North Lake Tahoe region is our greatest economic asset. Because of our community's unique sense of place and values, the North Lake Tahoe Tourism and Community Investment Master Plan has been developed as a guiding document and investment strategy for the cooperative efforts necessary to achieve economic and environmental sustainability and community improvement. Our goal is to ensure the long-term enhancement of our natural and human environment, and historical and cultural heritage. The result of our vision will be an improved visitor experience and quality of life for residents in the North Lake Tahoe area.*

### **Purpose**

The purpose of the Master Plan is to provide a practical roadmap for the tourism industry and the community of North Lake Tahoe, by defining a long-term vision and investment plan for the area which supports the vision and the specific goals and objectives set forth in the plan.

The plan provides recommendations based on a guiding vision and the principles of environmental stewardship and sustainable tourism by addressing situational and competitive analysis, environmental stewardship, marketing, transportation, visitor and community facilities and services, redevelopment, community housing and investment plan funding. Specific strategies and recommendations, including the appropriate role of the NLTRA, are identified in each plan chapter. There is a conclusion and summary of prioritized recommendations. A series of working papers and other background information is provided in an appendix to the plan.

### **Annual Agreement and Scope of Work for Services with Placer County**

The NLTRA enters into an annual Agreement with Placer County to provide a specific Scope of Services. The Placer County Board of Supervisors approves this Agreement each year, after it has been approved by the NLTRA Board. The Supervisors also approve a Transient Occupancy Tax (TOT) Budget to support the Agreement and Scope of Work. This funding represents a substantial portion of the NLTRA's annual budget for operations, programs and projects.

In general, the Scope of Work performed by the NLTRA for Placer County is defined as services *"to promote, enhance, invigorate, coordinate, and direct tourism for the economic betterment of the North Lake Tahoe, California region."*

### **Annual Budget**

Each year, the NLTRA staff prepares a NLTRA budget with input from the Association's standing committees and other interested parties. Following review and endorsement by the NLTRA Finance Committee, the Budget is submitted for final review and approval by the NLTRA Board. This budget incorporates the TOT budget approved by Placer County. The budget is continuously monitored through the course of the NLTRA's fiscal year (July 1 - June 30) and adjustments are made as appropriate by staff, in conjunction with Committee and Board input and direction. The Finance Committee plays a particularly important role in this process.

### **Strategic Business Plan**

For each fiscal year, the NLTRA Board adopts a "Strategic Business Plan". This plan provides a summary description of the specific major Goals and Objectives established by the Board for the year. To assist the NLTRA's members, partners and the public, the Plan also describes "Who We Are and What We Do," how the organization is structured and funded, and how the NLTRA invests its funds in support of the organization's adopted Mission Statement and Agreement for Services with Placer County. The Plan provides a summary of the organization's accomplishments for the prior year, as measured against the adopted Goals and Objectives for that year and contains information about the services and programs operated as part of the North Lake Tahoe Resort Association, including the North Lake Tahoe Chamber of Commerce and the Tahoe North Visitors and Convention Bureau.

### **Three Year Marketing Strategy - Annual Marketing Plan**

The specific mission of the NLTRA's Tourism Division is *"to promote North Lake Tahoe as a travel destination with the purpose of increasing travel spending within the region, including year-round occupancy and length of stay, generating additional Transient Occupancy Tax (TOT) revenues, sales tax revenues, and maximizing the exposure and promotion of North Lake Tahoe on a regional, national and international level."* Based on the foundation of recommendations in the Master Plan, the NLTRA adopts and updates two major marketing documents - a Three Year Marketing Strategy and an Annual Marketing Plan. The Marketing Strategy provides strategic direction and guidance for the development and implementation of the Annual Marketing Plan.

### **Annual Integrated Infrastructure and Transportation Work Plan**

The NLTRA's functions and activities in the area of infrastructure and transportation development are also guided by the foundation of recommendations in the Master Plan. Annual activities are based on Committee and Board direction and specific project approvals. To maintain focus, the Board adopts an Annual Integrated Infrastructure and Transportation Work Plan. With updates provided by the Director of Community Partnerships and Planning, the Work Plan tracks the progress and status of infrastructure, transportation and strategic planning projects for which the NLTRA is a planning and/or investment partner.

## **E. Roles and Responsibilities**

(developed at the Board Workshop, May 11, 2005)

### Board of Directors

- Set policy and strategic direction for the organization; adhere to adopted Bylaws.
- Approve annual budget and maintain fiduciary responsibility.
- Maintain focus of the organization based on adopted policies, strategic direction, Contract for Services with Placer County, and adopted Master Plan.
- Consider and act on committee and staff recommendations, as appropriate.
- Provide clear direction to staff through President & CEO and Senior Management Team.

### President & CEO/Management Team

- Responsible for management of the day-to-day operations of the organization based on Board direction, including adopted policies, strategic direction, adopted Bylaws, Contract for Services with Placer County, and adopted budget; at all times operate a professional, financially responsible organization.
- Provide staff support as required for all committee and Board meetings and/or workshops and other official NLTRA/Chamber of Commerce functions and events.
- Responsible for providing committees and Board with all appropriate information, presented in such a manner as to promote and facilitate informed decision-making and requests for direction; act on committee and Board direction, as appropriate.
- Develop all reports and submittals consistent with the approved annual Contract and Scope of Services with Placer County, including preparation and submittal of an annual TOT budget request and package.
- Develop and present for consideration and action by the NLTRA Finance Committee and Board of Directors an annual NLTRA Operating Budget; implement and track budget during the fiscal year.
- Develop and present for consideration and action any contract, as may be directed by the Board, or that otherwise require Board action. Administer all approved contracts, as appropriate.
- Inform Board members of staff or organizational needs, as appropriate. The President & CEO shall confer with the Board President to determine a course of action or decisions concerning matters that may require extraordinary sensitivity.
- Provide NLTRA/Chamber of Commerce members and the public with the information necessary to facilitate public input and participation in NLTRA decision-making; at all times support the goals of public outreach and education.
- Develop, foster, and successfully manage relations with all NLTRA community, County, and other partners.

### Committees

- Function within Board defined policy, strategic direction, goals and objectives, and fiscal accountability.

- Work to be informed and educated on the issues related to committee activities and responsibilities; assist with outreach to community on such issues; seek and consider community input, along with input from industry/lay experts; involve constituents, as appropriate.
- Assist in the development of ideas and plans related to areas of committee activity and responsibility.
- Help build consensus.
- Provide direction to staff, as appropriate.
- Define/refine recommendations for consideration and action by the Board of Directors, as appropriate.
- Set and actively review and refine committee goals and objectives.

#### **F. Standards of Conduct**

Each member of the NLTRA Board shall comply with the following standards of conduct:

- The Board shall conduct its business in a manner that supports the maintenance of a positive and constructive work place environment for staff, members, private citizens, businesses, and all others who have dealings with the Association.
- The Board shall make decisions based on the merits and substance of the issue and not on unrelated considerations.
- Directors shall prepare in advance of Board meetings and be familiar with issues on the agenda.
- Directors shall be responsible for the highest standards of respect, civility and honesty.

#### **Decorum and Protocol at Meetings**

- Consistent with the adopted NLTRA Bylaws (Article XI, Section 4), the Board Chair shall preside and serve as the leader of Board meetings; Board members shall be recognized by the Chair prior to speaking.
- Board Members shall, at all times, demonstrate respect, consideration, and courtesy to fellow members, staff and others participating in Board meetings and demonstrate civility in discussions and debate.
- Members shall be respectful of other people's time by staying focused and efficient.

#### **Conduct with Staff and the Public**

- Consistent with Sections 1.F and 2.C of this Handbook, the NLTRA President & CEO is charged with the responsibility for administration and supervision of all corporation employees. Board members shall not individually engage in efforts to direct staff, but shall at all times through the President & CEO.
- Board members shall treat staff with dignity respect and courtesy.
- Board members shall refrain from representing the Association in public or before other bodies unless specifically authorized by the Association to do so.
- No Board member shall use Association letterhead unless specifically authorized by the Association to do so.

The NLTRA is committed to compliance with all applicable state, federal, and local laws which apply to employers. These laws include, but are not limited to, those which prohibit unlawful discrimination, sexual harassment and/or harassment based on pregnancy, childbirth or related medical conditions, race, religious creed, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation or any other basis protected by federal state or local law, ordinance or regulation. **The NLTRA's anti-discrimination and harassment policies apply to all persons involved in the operation or functions of the NLTRA, including members of the Board of Directors.**

#### **G. NLTRA Employee Handbook**

The NLTRA Board has adopted and staff maintains an Employee Handbook. This handbook is intended to explain the terms and conditions of all full-time, part-time and seasonal employees of the Resort Association. Written employment contracts between the NLTRA and some individuals may supersede some of the provisions of the handbook, except the at-will provisions, which may only be superseded by the Board of Directors. The handbook summarizes the policies and practices in effect at the time of publication, and supersedes all previously issued handbooks and any policy or benefit statements or memoranda that are inconsistent with the policies described in the current handbook (January 2005). A copy of the Handbook is given to each new NLTRA employee. Each is required to sign a statement that they have read the handbook in its entirety.

For more information about the policies and practices of the NLTRA which apply to the Board of Directors and/or employees, please contact Sally Lyon, Chief Financial Officer and Director of Human Resources.

## ATTACHMENT A

### CONFLICT OF INTEREST POLICY

#### OF

### NORTH LAKE TAHOE RESORT ASSOCIATION

#### Section 1. Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's ("Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction, as defined in I.R.C. Section 4958. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations.

#### Section 2. Definitions

(a) Interested Person – Any director, principal officer, or member of a committee with governing board delegated powers, who has a material financial interest, as defined below, is an interested person. (See Cal. Corp. Code §5233(a)).

(b) Material Financial Interest – A person has a material financial interest if the person has, directly or indirectly, through business, investment, or a spouse:

- i. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- ii. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that may be considered substantial enough to influence a Board member's decision.

A material financial interest is not necessarily a disqualifying conflict of interest. Under Section 3.b, the Board may approve the transaction if it finds that the transaction is in the Organization's best interests.

### Section 3. Procedures

(a) Duty to Disclose – In connection with any actual or possible conflict of interest an interested person must disclose the existence of the material financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

(b) Determining Whether a Conflict of Interest Exists – After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### (c) Procedures for Addressing the Conflict of Interest

(i) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(ii) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(iii) After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(iv) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall make findings and determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### (d) Violations of the Conflicts of Interest Policy

(i) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(ii) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### Section 4. Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### Section 5. Compensation

(a) A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### Section 6. Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement that affirms such person:

(a) Has received a copy of the conflicts of interest policy;

(b) Has read and understand the policy;

(c) Has agreed to comply with the policy; and

(d) Understands the Organization is a nonprofit and in order to maintain its federal tax exemption it must primarily engage in activities that accomplish one or more of its tax exempt purposes.

#### Section 7. Periodic Reviews

To ensure the Organization operates in a manner consistent with nonprofit purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangement and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investments or payments for goods and services, further nonprofit purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### Section 8. Use of Outside Experts

When conducting the periodic reviews as provided for in Article 7, Section 7, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.



**NORTH LAKE TAHOE RESORT ASSOCIATION**

**CONFLICT OF INTEREST POLICY ANNUAL STATEMENT**

Pursuant to North Lake Tahoe Resort Association's ("NLTRA") Conflict of Interest Policy, Section 6, as a director, principal officer or member of a committee with governing board delegated powers, I affirm that I have:

- (a) Received a copy of the Conflicts of Interest Policy of NLTRA;
- (b) Read and understand the policy;
- (c) Agree to comply with the policy;
- (d) Understand that NLTRA is a nonprofit and in order to maintain its federal tax exemption it must primarily engage in activities that accomplish one or more of its tax exempt purposes; and
- (e) Completely and honestly disclosed all actual and potential material financial interests as defined in the Conflicts of Interest Policy on the attached Disclosure form.

\_\_\_\_\_  
***[Name, Title]***

\_\_\_\_\_  
Date



## MATERIAL FINANCIAL INTEREST DISCLOSURE

### **Purpose**

The purpose of the Conflict Of Interest Policy Material Financial Interests Disclosure is to protect NLTRA's best interests and tax-exempt status. Directors must disclose all material financial interests, as defined below, so that NLTRA knows when it is contemplating a transaction or arrangement that might benefit the private interest of an officer or director of the NLTRA or might result in a possible excess benefit transaction, as defined in I.R.C. Section 4958.<sup>1</sup>

The Disclosure is for NLTRA's internal use only and is not a public document available for public disclosure. Without prior, written consent from the disclosing party, it may only be disclosed as required by law.

### **Material Financial Interests**

As defined in NLTRA's Conflict of Interest Policy, a Director has a "material financial interest" if the person has, directly or indirectly, through business, investment, or a spouse<sup>2</sup>:

- a. An ownership or investment interest in any entity that the NLTRA has a transaction or arrangement with;
- b. A compensation arrangement with the NLTRA, or with any entity or individual that the NLTRA has a transaction or arrangement with; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual that the NLTRA is negotiating a transaction or arrangement with.

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<sup>1</sup> The term "NLTRA" includes its subsidiary.

<sup>2</sup> The term "Spouse" includes a registered domestic partner.

**Duty to Disclose Actual and Potential Material Financial Interests**

Under the Conflict of Interest Policy and state law, Directors have a duty to disclose any actual or possible conflict of interest and the existence of any material financial interest. Remember, only “material financial interests,” as defined above, must be reported under each of the following five (5) categories. *Please attach additional sheets as necessary.*

**1. An Ownership or investment interest (*greater than ten (10) percent*) in any entity that the NLTRA has a transaction or arrangement with.**

**A. Disclosures:**

- No, this section does not apply to me.
- Yes, this section applies to me. Please see information below.

a. Disclose the name of the business entity;

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b. Provide a general description of the business activity of the entity (for example, pharmaceuticals, computers, automobile manufacturing, or communications);

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c. State the highest percentage of your interest in the entity during the reporting period;

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d. Identify the nature of your investment (for example, stocks, warrants, options, or bonds);

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e. If you initially acquired or disposed of your entire investment interest during the reporting period, enter the date acquired or disposed.

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2. **Potential ownership or investment interest(s) (*greater than 10%*) in, or with, any entity or individual that the NLTRA is negotiating a transaction or arrangement with.**

**A. Disclosures**

- No, this section does not apply to me.
- Yes, this section applies to me. Please see information below.

- a. Disclose the name of the business entity;

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- b. Provide a general description of the business activity of the entity (for example, pharmaceuticals, computers, automobile manufacturing, or communications);

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- c. State the highest percentage of your potential interest in the entity during the reporting period;

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- d. Identify the nature of your potential investment (for example, stocks, warrants, options, or bonds);

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- e. If known, enter the expected date of acquisition of the potential interest.

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3. **Compensation arrangement(s) with the NLTRA.** A compensation arrangement with the NLTRA.

**A. Disclosures:**

- No, this section does not apply to me.
- Yes, this section applies to me. Please see information below.

- a. Report the compensation arrangement(s) with the NLTRA that you had during the reporting period;

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- b. Report your job title with each reportable business entity, even if you received no income during the reporting period;

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- c. Report the compensation arrangement(s) with the NLTRA that your spouse had during the reporting period.

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**4. Compensation arrangement(s) with any entity or individual that the NLTRA has a transaction or arrangement with.**

**A. Disclosures:**

- No, this section does not apply to me.
- Yes, this section applies to me. Please see information below.

- a. Report the compensation arrangement(s) with the entity or individual that you had during the reporting period;

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- b. Provide a general description of the business activity of the business entity or individual (for example, advertising agency);

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- c. Report your job title with each reportable business entity or individual, even if you received no income during the reporting period;

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- d. Report the compensation arrangement(s) with the entity or individual that your spouse had during the reporting period.

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5. **Potential compensation arrangement(s) with any entity or individual that the NLTRA is negotiating a transaction or arrangement with.**

**A. Disclosures:**

- No, this section does not apply to me.
- Yes, this section applies to me. Please see information below.
  - a. Report the potential compensation arrangement(s) with the entity or individual that existed during the reporting period;

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- b. Provide a general description of the business activity of the source or business entity (for example, advertising agency);

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- c. Report your potential job title with each reportable business entity or individual, even if you will receive no income under the potential compensation arrangement during the reporting period;

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- d. Report the potential compensation arrangement(s) with the entity or individual that your spouse had during the reporting period.

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## Appendix

### Instructions for Completing Material Financial Interest Disclosures

#### 1. Instructions for Disclosure Item #1:

Reportable “Investments” include investments that qualify as material, as defined in the Material Financial Interest Disclosure Form, and include:

- Stocks, bonds, warrants, and options, held in margin or brokerage accounts;
- Sole proprietorships;
- Your own business;
- Your spouse’s business;
- Your or your spouse’s investments that are legally separate property;
- Partnerships (for example, a law firm or family farm);
- Investments in reportable business entities held in a retirement account ;
- If you, your spouse, or dependent children had a 10% or greater ownership interest in a business entity or trust (including a living trust), you must disclose material financial interests held by the business entity or trust;
- Business trusts

You are not required to disclose reportable investments in:

- Diversified mutual funds registered with the Securities and Exchange Commission (SEC);
- Bank accounts, savings accounts, and money market accounts;
- Insurance policies;
- Annuities;
- Shares in a credit union;
- Government bonds (including municipal bonds);
- Retirement accounts invested in non-reportable interests (for example, insurance policies, diversified mutual funds, or government bonds);
- Defined benefit pension plans and profit sharing plans qualified under Internal Revenue Code section 401(a);
- Interests held in a “blind trust” (a trust managed by a disinterested trustee who has complete discretion to purchase and sell assets held by the trust).

Additionally, you have a reportable “trust interest” if the interest qualifies as a “material financial interest,” as defined in the Material Financial Interest Disclosure Form, and as a Trustor you:

- Can revoke or terminate the trust;
- Have retained or reserved any rights to the income or principal of the trust or retained any reversionary or remainder interest; or
- Have retained any power of appointment, including the power to change the trustee, or the beneficiaries.

Or the interest qualifies as a “material financial interest,” as defined in the Material Financial Interest Disclosure Form, and you are a trust Beneficiary and:

- Presently receive income; or
- Have an irrevocable future right to receive income or principal

**2. Instructions for Disclosure Item #2**

Disclose any potential, reportable ownership or investment interests. See Appendix section 1, above for definitions of “reportable investments.”

**3. Instructions for Disclosure Item #3:**

Reportable “compensation” includes direct and indirect remuneration as well as gifts or favors that may be considered substantial enough to influence a Board member’s decision. Commonly reportable “compensation arrangements” and “potential compensation arrangements” include:

- Salary/wages, per diem, reimbursement for expenses;
- Community property interest (50%) in your spouse’s income - report the employer’s name and all other required information;
- Income received from investment interests, such as partnerships.

You are not required to report:

- Income from any sale, including the sale of a house or car (report the total sale price);
- Rental income;
- Prizes or awards not disclosed as gifts;
- Payments received on loans you made to others;
- An honorarium received prior to becoming a Director;

- Incentive compensation;
- Salary, reimbursement for expenses or per diem, social security, disability, or other similar benefit payments received by you or your spouse from a federal, state, or local government agency;
- Payments received under an insurance policy;
- Interest, dividends, or premiums on a time or demand deposit in a financial institution, shares in a credit union, an insurance policy, or a bond or other debt instrument issued by a government agency.

**4. Instructions for Disclosure Item #4:**

See Appendix section 3, above for applicable definitions of “reportable compensation.”

**5. Instructions for Disclosure Item #5:**

See Appendix section 3, above for applicable definitions of “reportable compensation.”

**CONFIRMATION OF RECEIPT  
OF HANDBOOK FOR BOARD MEMBERS**

I have received my copy of the North Lake Tahoe Resort Association's (NLTRA) Handbook for Board Members. I understand and agree that it is my responsibility to read and familiarize myself with and abide by the policies and procedures as contained in the handbook.

Board Member's signature \_\_\_\_\_

Date \_\_\_\_\_