

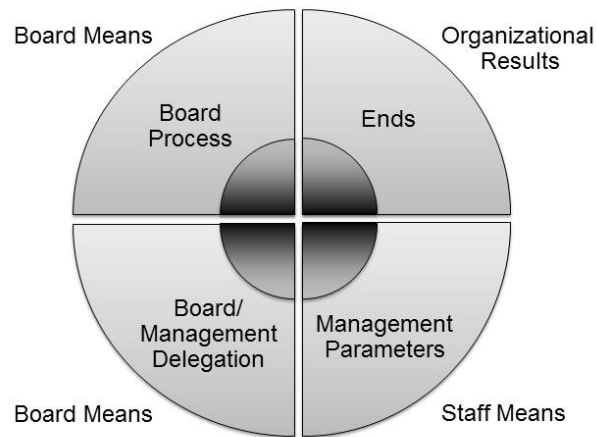


**Catalina Island Chamber of Commerce & Visitors Bureau**

**DBA: Catalina Island Tourism Authority (“CITA”)**

Love Catalina Island <sup>TM</sup>

## **Board of Directors Governing Policies Manual**



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## Introduction

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This Governing Policies Manual (“Manual”) contains the current standing (ongoing) performance standards, values and expectations of the Board of Directors (the “Board”) of the Catalina Island Chamber of Commerce & Visitors Bureau, Inc., DBA Catalina Island Tourism Authority (“CITA”), Love Catalina Island™, a California nonprofit mutual benefit corporation.

1. **Purpose:** This Manual is designed to help the Board approach decisions from the perspective of its own, previously established standards, values and expectations by:
  - A. Elevating efficiency by having all ongoing Board policies in one place.
  - B. Quickly orienting new Board members to current policies.
  - C. Eliminating redundant or conflicting policies.
  - D. Having greater ease of reviewing current policy(ies) when considering new issues.
  - E. Providing clear, proactive policies to guide the CEO and staff, as well as Board officers, members and committees.
2. **Consistency:** The Board will ensure that each policy in this document is consistent with applicable law, the Articles of Incorporation, and the Bylaws, all of which have precedence over these Board policies. Except for time-limited or procedural-only Board decisions (approving minutes, electing officers, etc.), which are recorded in Board meeting minutes, all standing Board policies shall be included or referred to in this document. The CEO is responsible for developing operational and administrative policies and procedures that are consistent with the standards set forth in this Manual.
3. **Transition:** Unless a prior Board resolution or contract obligates the organization regarding a specific matter, these updated standards supersede previous Board resolutions. If an actual or apparent conflict arises between this Manual and other policies or Board resolutions, the matter shall be brought to the Board’s attention for resolution.
4. **Changes:** The Board will periodically review these policies and, as appropriate, refine them. Proposed revisions may be submitted for Board consideration by any Board member or by the CEO. Whenever changes are adopted, the updated document should be dated and promptly disseminated to the Board and CEO.
5. **Specificity:** Each new policy will be drafted to fit into the appropriate section of the Manual. For consistency, policies should be drafted starting with the broadest policy statement, then adding specificity to the level of detail at which the Board will afford discretion for implementation (allowing reasonable interpretation) when delegating further decisions relevant to that policy topic (i.e., to the Board Chair, Board Committees or the CEO).

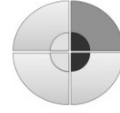
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## Policy 1.0 Ends/Priority Results

Date of adoption / Last revision: April 30, 2024

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### 1.0 Love Catalina's Mission:

**Businesses, Residents and Visitors Benefit from  
Catalina Island's Vitality as a Year-Round Tourism Destination**  
(with results optimizing use of available resources)

#### 1.1 Tourism growth brings year-round economic benefit to Catalina Island.

- A. Growth Priorities:
  - i. Overnight stays
  - ii. Off-season and weekday visits
  - iii. Sustainable cruise ship traffic
  - iv. A variety of events that attract repeat and ongoing visitation
  - v. Catalina Island benefits from major SoCal tourism events (e.g., World Cup, Olympics, etc.)

#### 1.2 There is positive awareness of Catalina Island as a destination.

- A. Catalina Island is welcoming to inclusive audiences.
- B. Catalina is recognized for its natural resources and sustainability.
- C. Visitors have information and resources that enhance their Catalina Island travel experiences.

#### 1.3 Public Policy, Legislation and Infrastructure are favorable to tourism.

- A. Infrastructure Priorities:
  - i. Amenities for positive visitor experiences (e.g., restrooms, accessibility, internet, ferry terminal, etc.)
  - ii. There is an increase in available and affordable workforce housing.
  - iii. There is a medical facility that meets the needs of visitors, residents and workforce.

#### 1.4 Catalina Island residents value the role and benefits of tourism.

#### 1.5 Local businesses have resources for success.

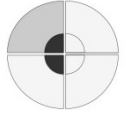
- A. Businesses have a vehicle for collaborative promotion.
  - i. There is increased coordination to ensure consistent amenity availability.
- B. Businesses have resources to attract and retain staff.
- C. Businesses have resources and services to sustain a hospitality culture.
- D. Love Catalina member businesses receive exclusive discounts on all fee-for-service programs and products.

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## Policy 2.0 Governance Purpose

Date of adoption / Last revision: April 30, 2024

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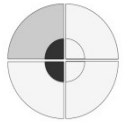


Board Process

Acting on behalf of Members and the business community, the purpose of the Board is to ensure that CITA:

1. Achieves appropriate results for or on behalf of Members and the business community (as specified in Board Ends/Priority Results policies) at an optimal cost; and
2. Avoids unacceptable actions and situations.

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## Policy 2.1 Governing Philosophy and Values

Date of Adoption / Last Revision: April 30, 2024

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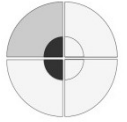
The Board will govern lawfully, using Policy Governance® principles<sup>1</sup> (see Appendix A), with an emphasis on: (a) integrity and truthfulness in all its activities and practices, (b) outward vision, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of Board and staff roles, (f) collective decisions, and (g) a focus on the future.

Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board will lead CITA by proactively setting performance expectations for its own work and for that of the operating organization.
2. The Board will use the expertise of its members to enhance its understanding of issues, but will not simply defer to that expertise as the judgment of the board.
3. The Board will set performance standards and expectations for CITA through the careful articulation of written policies. The Board's primary focus will be on the achievement of intended long-term outcomes for and on behalf of Members and the business community, not on the administrative/operational means of attaining those outcomes.
4. The Board will establish and adhere to its own performance expectations pertaining to matters such as attendance, meeting preparation and participation, policymaking, respect of roles, speaking to management and the public with one voice, and continuing education to build the Board's governance capability and reputation.
  - A. Continual Board development will include periodic discussion of its own performance and orienting new Board members upon their election, in the Board's governance process and these policies.
  - B. Orientation for new Board members include three primary components:
    - i. Governance process: The Governance Committee will ensure provision of training including the governance principles underlying this Manual, and review of CITA's Bylaws and these policies, with particular emphasis on the Board Members' Code of Conduct policy.
    - ii. Current strategic issues: The Board Chair and the CEO will provide overview and background information on CITA's Strategic Plan, the tourism sector, and significant issues being addressed and likely to be decided upon early in the new Board member's tenure.
    - iii. Operational overview: The CEO will help new Board members achieve a general understanding of CITA's operating organization (financials, key personnel, key programs/services, FAQs, etc.).
5. Although the Board may change these governing policies at any time, it will diligently observe those currently in effect.
6. All on-going policies of the Board are contained in this document, and they remain in effect, unless amended or deleted by Board action.
7. The Board will be accountable to Members and the business community for competent, conscientious and effective fulfillment of its governance obligations. The Board will not allow any officer, individual, or Board Committee to be an obstacle to this commitment.
8. The Board will regularly evaluate and strive to improve its performance. Self-assessment will compare Board activity and discipline to the standards set forth in these *Board Process and Board-Management Delegation* policies.

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<sup>1</sup> Policy Governance® is a registered service mark of Dr. John Carver, representing an integrated set of governance principles that provide for systematic role clarity and organizational accountability. Authoritative website: [www.policygovernance.com](http://www.policygovernance.com)



Board Process

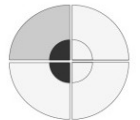
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## **Policy 2.1 Governing Philosophy and Values (continued)**

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9. The Board's activities will be open and accessible to reasonable scrutiny by Members and the business community (and to the extent required by applicable law, the public), with the exception of personnel or other matters of a sensitive nature.
10. The Board will not allow the CITA organization, in its hiring and other activities, to discriminate on the basis of race, creed, ancestry, marital status, parental status, gender, sexual orientation, age, physical disability, veteran's status, political service or affiliation, color, religion, or national origin.

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## Policy 2.2 Board Job Products

Date of adoption / Last revision: April 30, 2024

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On behalf of Members and the business community the Board's role is to define and ensure appropriate organizational performance. To accomplish this, the Board takes direct responsibility for three primary job "products" unique to its trusteeship role and necessary for proper governance:

1. **Linkage:** The Board will connect the interests of Members and the business community with operational performance.
  - A. **Needs Assessment:** The Board will assess needs and trends affecting Members and the business community as they relate to CITA's activities and scope of influence and will develop and maintain Ends policies identifying and prioritizing intended organizational outcomes to address those needs.
  - B. **Advocacy:** The Board will ensure Members and the business community are informed of CITA's achievements on their behalf and of its expected future results.
2. **Performance Standards:** The Board will maintain written performance standards, as set forth in these governing policies, addressing the broadest, and as appropriate, more defined levels of all organizational decisions and situations.
  - A. **Ends:** Strategic results priorities describing intended organizational impacts, benefits, outcomes, recipients, and their relative worth (what results, for which recipients, at what cost/priority).
  - B. **Management Parameters: Constraints** on executive authority defining the boundaries of prudence and ethics within which all management activity and decisions must take place.
  - C. **Board Process:** Specification of how the Board defines, carries out and assesses its own work.
  - D. **Board/Management Delegation: How** the Board delegates authority to management, and ensures its proper use: the CEO role, authority and accountability.
3. **Assurance of Organizational Performance:** The Board will ensure Ends fulfillment, financial solvency and organizational integrity by holding itself accountable for effective governance as defined in these policies, and by holding the CEO accountable for successful achievement of Ends and adherence to Management Parameters.

In addition, the Board maintains responsibility for:

4. Determinations regarding changes to membership dues.
5. Election of new members.
6. Determinations regarding CITA's positions on/endorsements of referenda, public policy and legislative issues as appropriate in serving the interests of Members.
7. Decisions outside the boundaries of authority delegated to the CEO (as proscribed in Management Parameters policies).

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## Policy 2.3 Board Work Plan and Agenda Preparation

Date of adoption / Last reviewed with no change: April 23, 2026

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To fulfill its role, the Board will prepare and follow an annual work plan that: (1) re-explores Ends policies and (2) continually improve Board performance through Board education, and interactions with staff, outside experts, and other representatives of the public.

Accordingly:

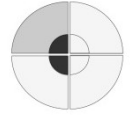
1. **Annual Board Planning Cycle:** The Board's annual planning cycle will conclude each year at its March meeting, so that administrative planning and budgeting for the next fiscal year can be focused on addressing both long and short-term Ends.
2. **Work Plan Development:** The cycle will start in April when the Board begins development of its own work plan for the next year. At that time, the Chair and Chair-Elect will prepare and present for the Board's consideration and approval a suggested Board work plan for the following year's meetings. Considerations should include:
  - A. **Board Education:** Identification of topics that will elevate the Board's competencies, primarily of external issues and trends that impact CITA's Ends, and to a lesser extent, key areas of operations and governance training.
  - B. **Orientation/Training for New Board Members:** Per policy 2.1.4.B, to include review of CITA's governance system and documents, overview of key strategic issues to be addressed early in new Board members' tenure, and operational overview. Hold conversations with new Board Members to engage them from initiation.
  - C. **Membership/Business Community Linkage:** How the Board will connect with Members and the business community (e.g., through surveys, focus groups, meetings with Council "town halls," and other methods of gaining relevant input). Meet bi-annually with Mayor, one Council Member, City Manager, CEO Board Chair and Chair Elect for informal "check-in."
  - D. **Policy Review:** How the Board will systematically review its governing policies, with emphasis on Ends, over the course of the year (e.g., by priority, by topic, or by emphasis of the Board's choosing).
  - E. **Assessment/Evaluation of CEO Performance:** Reviewing the schedule of planned monitoring activities to assess performance on Ends and Management Parameters policies. Implement 360 reviews for Staff and Board.
  - F. **Self-Assessment:** Methods and timeline for periodic evaluation of how well the Board is fulfilling its role (i.e., in accordance with its Board Process and Board/Management Delegation policies) and open discussion of how the Board's performance can be improved. Use online form for collection of assessments.
  - G. **Meeting Schedule:** Confirmation of the meeting schedule for the coming year to maximize Board member attendance and participation.
  - H. **Social Engagement:** To build its effectiveness as a leadership team, the Board will include periodic team-building activities in conjunction with its meetings. In addition, the Board Chair will call upon specific Board Members to share important work they are doing outside of regular updates recurring on the agenda.
3. **Meeting Agendas:** The Chair, in consultation with the CEO, will determine the agenda for each Board meeting, although Board members and the CEO may request or recommend any appropriate matters for Board consideration.
  - A. A Board member may recommend or request a matter for Board discussion by submitting the item to the Chair and CEO at least ten (10) days prior to the regularly scheduled Board meeting.
  - B. To ensure Board member preparation and informed participation, meeting agendas and packets (background materials for decision items on the agenda, monitoring reports, etc.) are to be received by Board members at least three (3) days prior to the scheduled Board meeting.

## Policy 2.3 Board Work Plan and Agenda Preparation (continued)

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- C. Additional discussion matters may be added to the agenda of any regular Board meeting by the Board Chair and/or the CEO, or by affirmative vote of a majority of those present.
- 4. **CEO Monitoring:** The Board will act on the CEO's monitoring reports received prior to the meeting, determining by majority vote whether the report:
  - A. Conveys a reasonable interpretation of the respective policy's provision(s).
  - B. Provides reasonable substantiation of compliance with the policy provision(s), as interpreted.
- 5. **Consent Agenda:** "Required Approvals" will appear on a Consent Agenda, in which one motion can address those items delegated to the CEO yet required by law or third party to be Board-approved.
  - A. To use Board meeting time as efficiently as possible, the CEO is expected to provide substantiation that all Consent Agenda items comply with relevant Board policies.
  - B. Items may be removed from the Consent Agenda for discussion upon request of any Board member.
- 6. **CEO Annual Compensation Review:** Each year at the November meeting, the Board will summarize and review its judgments of monitoring activities (monitoring reports, audits, etc.) received during the last year and will delegate to the Governance Committee to determine any adjustments to the CEO's base compensation and benefits, in accordance with any Employment Agreement, to be effective as of January 1<sup>st</sup>. Also, in accordance with any such Employment Agreement, the Governance Committee will determine any performance Bonus for the year based on a plan to be mutually agreed upon by the Governance Committee and CEO.

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## Policy 2.4 Board Chair's Role and Authority

Date of adoption / Last revision: April 30, 2024

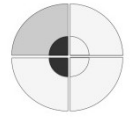
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Serving as CITA's chief governance officer, the Chair's primary role is to ensure the integrity of the Board's process, and secondarily to represent the Board to outside parties.

Accordingly:

1. The Chair's job is to ensure that the Board acts in a manner consistent with its policies and any requirements legitimately imposed upon it from outside the organization.
  - A. Agenda content will include only those issues that clearly (according to Board policy) belong to the Board to decide, consider, or monitor, or to otherwise inform/educate the Board so it can best fulfill its responsibilities.
  - B. Meetings shall be conducted in such a manner as to ensure deliberations are fair, open, thorough, timely, orderly, and kept to the point.
2. The Chair is authorized to make decisions consistent with the Board Process and Board/Management Delegation policies, except for (a) employment/termination of the CEO, or (b) decisions pertaining to matters about which the Board has specifically delegated portions of its authority to others. The Chair may use any reasonable interpretation of these policies.
  - A. The Chair is empowered to preside at Board meetings with the commonly accepted power of that position, such as ruling and recognizing.
  - B. The Chair has no authority to make decisions within the Board's Ends and Management Parameters policy areas. Therefore, as the CEO is accountable to the Board as a whole, the Chair does not have authority to supervise or direct the CEO.
  - C. The Chair may represent the Board to outside parties in announcing Board-stated positions and in stating decisions and interpretations within the policy areas delegated to the Chair.
    - i. The Chair may delegate this authority but remains accountable for its use.
  - D. Except where specified otherwise in Bylaws or Board Policies, the Chair may appoint Board members or others, as appropriate, to serve on Board Committees.
3. The Chair will lead and participate in the Board's assessment of its own performance.
  - A. Criteria for assessment will be the Board's adherence to its Board Process and Board-Management Delegation policies.
  - B. The Board will self-assess its overall performance at least once per year.
  - C. The Board will ensure that there is at least a brief assessment of each face-to-face meeting prior to adjournment, identifying factors that enhanced its productivity, as well as those that would have made the meeting more successful.

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## Policy 2.5 Board Members' Code of Conduct

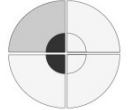
Date of adoption / Last revision: April 30, 2024

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The Board expects of itself and its members ethical, professional and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly:

1. **Duty of Care:** Board members are to discharge their duties honestly and in good faith. Board members shall discharge their duties with the care that a person in a like position would reasonably believe appropriate under similar circumstances.
2. **Duty of Obedience:** Board members must abide by CITA's governing documents (i.e., Articles of Incorporation, Bylaws and this Manual). While vigorous debate is expected and encouraged, Board members are obliged to support the legitimacy and authority of the final determination of the Board on any matter, irrespective of the member's personal position on the issue.
3. **Duty of Loyalty:** Board members must demonstrate loyalty to the interests of CITA superseding any conflicting loyalties such as that to segments of the business community, family members, advocacy or interest groups, affiliated entities, employees, other organizations or any personal interests as a consumer of CITA's services.
4. **Conflict of Interest: Board** members must adhere to CITA's *Conflicts of Interest Policy*. (Appendix B)
5. Board members must not attempt to exercise individual authority over the organization.
  - A. Board members must not exert undue influence to obtain staff employment for themselves, family members or other individuals. Should a Board member apply for staff employment, they must first resign from the Board.
  - B. Board members' interactions with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly stipulated by the Board.
  - C. Board members' interaction with the media, public or other entities must recognize that Board members are not to speak for the CEO, the Board, or the organization, except to repeat explicitly stated Board decisions.
  - D. Board members will not publicly express individual judgments of the performance of the CEO or of other employees, other than when participating in the Board's monitoring functions.
6. Board members will treat one another and staff members with respect, courtesy, and honesty.
7. Board members must respect the confidentiality appropriate to issues of a sensitive nature. These include, but are not limited to, all issues discussed in Closed Session.
8. A Board member aware of credible information that suggests that a Board policy has been violated, by the Board, a Board member, or the CEO, has an affirmative obligation to bring the concern to the Board Chair. If the Chair is the subject of the concern, it should be brought to the Chair-Elect. If the CEO or a staff member is the subject of the concern, the Board will refer to its process for *Monitoring CEO Performance* (policy 4.4).
9. If a Board member is alleged to have violated the Board's Governing Policies:
  - A. The Chair (or Chair-Elect, if the Chair is the subject of the concern) will have an informal discussion with the individual whose action(s) is questioned. If this is not successful in resolving the concern, then:
  - B. The Chair will put the issue on the agenda for closed sessions. The respondent Board member will be allowed to present their views prior to the Board determining whether or not the action violated this Code of Conduct.
  - C. A Board member found by the Board (by majority vote) to have violated these Governing Policies may be subject to subsequent censure or other Board action, as long as consistent with California statutes and the Bylaws.
10. Board members shall not allow gifts or other incentives to improperly influence business relationships or arrangements. (See *Gift Policy and Disclosure Form – Appendix D*)

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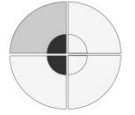
## Policy 2.6 Board Members' Individual Responsibilities

Date of adoption / Last revision: April 30, 2024

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Board member engagement and participation is integral to the Board's leadership success. Therefore, each Board member is expected to fulfill the following responsibilities:

1. **Commitment:** Board members are expected to, upon election to the Board and annually (*in July*) sign a Letter of Commitment indicating that they have reviewed and commit to abide by CITA's Bylaws and this Manual, as may be amended from time to time. They shall also complete an annual Conflict of Interest Disclosure form and a Gift Policy and Disclosure Form.
2. **Attendance:** Board members are expected to attend Board meetings on a regular and punctual basis. Absence from more than three of the Board's regularly scheduled meetings in any elective year will constitute that member's resignation from the Board.
  - A. In case of extenuating circumstances, a Board member may request a waiver to this provision. Waivers may be granted only by vote of the Board.
3. **Preparation and Participation:** Board members are expected to review agenda materials in advance of Board and committee meetings and to participate productively in discussions.
4. **Ambassadorship:** Board members are expected to be alert to Member and business community concerns that can be addressed through CITA's mission and Ends, to help communicate and promote CITA to the Members and business community.
5. **Responsiveness:** Board members will be attentive to Board communications and respond promptly to staff and Board member requests for feedback.
6. **Members as Individuals:** The CEO is accountable to the Board as a whole and not to individual Board members. Therefore, the relationship between the CEO and individual members of the Board, including the Chair, is collegial and not hierarchical.
7. **Volunteerism:** Board members may individually volunteer in operational capacities. In such situations, they are subject to the direct supervision of the CEO or responsible staff person.
8. **Members in Good Standing:** As Board members are recognized representatives of CITA, they are expected to remain in good standing as Members.
9. **Participation in Organizational Activities:**
  - A. In addition to attending Board meetings, Board members are expected to attend:
    - i. Board planning retreats/workshops, as may be scheduled
  - B. Board members are also encouraged to attend:
    - i. Monthly mixers following Board meetings.
    - ii. Organizational fundraising events.



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## Policy 2.7 Board Committee Principles

Date of adoption / Last revision: April 30, 2024

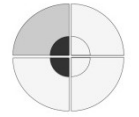
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Board Committees may be established to help the Board be more effective and/or efficient in its work. Board Committees are not to interfere with the Board's delegation of authority to the CEO, or the CEO's to other staff.

Accordingly:

1. Board Committees are to help the Board do its job, not to help, advise, or exercise authority over staff.
2. Board Committees will ordinarily undertake activities not delegated to the CEO such as by preparing policy alternatives and implications for Board consideration or performing specific monitoring functions.
3. Board Committees may only speak or act for the Board when formally given such authority for specific and/or time-limited purposes. Expectations and authority will be carefully stated in the Board Committee Structure policy in order not to conflict with authority delegated to the CEO.
4. As the CEO works for the full Board, they will not be required to seek approval of a Board Committee before taking action.
5. This policy applies to any group formed by Board action, whether or not it is called a committee and regardless of whether it includes Board members. This policy does not apply to work groups or task forces formed under the authority of the CEO.
6. Unless specifically authorized by the Board, a Board Committee may not make any commitment of organizational resources or funds.
7. The composition of each Board Committee as well as the number and purpose of committees is to be evaluated no less than bi-annually to assure continuity and relevance.

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## Policy 2.8 Board Committee Structure

Date of adoption / Last revision: October 15, 2025

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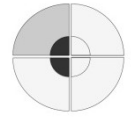
Board committees are those established by and with authority emanating from the Board regardless of whether composition includes non-Board members. The only Board committees are those set forth below. Unless otherwise specified, the CEO, or their staff designee, will serve as a resource (non-voting member/liaison) for each Board committee.

### 1. Audit/Financial Oversight Committee

- A. **Deliverable #1:** Confirmation of auditor's independence and recommendation to Board for engagement of auditor by no later than March each year.
- Deliverable #2:** - Annual specification of audit scope, consistent with Board monitoring schedule (see policy 4.4), including approval of any permitted non-audit services to be provided by the independent auditor.
- Deliverable #3:** Assurance that the auditor has unfettered access to organizational management and records.
- Deliverable #4:** Review with the independent auditor any problems encountered performing the audit, the audited financial statements, and any management letter provided by the auditor.
- Deliverable #5:** Recommendations for Board consideration regarding revisions to the Board's fiscal policies.
- Deliverable #6:** Review of annual Form 990 prior to distribution to Board of Directors and subsequent submission to IRS.
- Deliverable #7:** "Direct Inspection" (internal audit) monitoring of compliance with the Board's fiscal policies (Financial Condition, Asset Protection, Budget, Compensation and Benefits), as directed/scheduled by the Board per policy 4.4 Monitoring CEO Performance.
- Deliverable #8:** Review of draft budget with CEO prior to presentation to Board of Directors.
- B. **Authority:** To direct work of outside auditors, to use management time as needed for administrative support, and to incur costs as budgeted for all matters related to the audit
- C. **Composition:** At least three members of the Board, including the Treasurer, who shall serve as committee chair. Based on recommendation of the Chair Elect, the Board shall appoint the members in June.

### 2. Governance Committee

- A. The Governance Committee exists to support the highest functioning of the Board, with deliverables including:
- Deliverable #1:** As directed by the Board or requested by the Chair, preparation and/or review of proposed policy/Bylaws revisions and implications for Board consideration.
- Deliverable #2:** Upon election of new Board members, arrangement of orientation in the Board's governing process, an operational overview, and strategic issues of the Board's choosing.
- Deliverable #3:** Recommendations for Board consideration regarding additional Board education opportunities to enhance the Board's governance skills and capabilities.
- Deliverable #4:** Recommendations to the Board regarding compensation and benefits for the President/Chief Executive Officer, consistent with the CEO Compensation Policy (4.5). With regard to such actions/ recommendations, provide data as to comparable compensation for similarly qualified persons in comparable positions, and ensure contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding CEO compensation.
- B. **Authority:** To incur costs as budgeted and management time as needed.
- C. **Composition:** At least three members of the Board, including the Chair-Elect who shall be the committee chairperson, appointed by the Board upon recommendation of the Chair-Elect each year in June.



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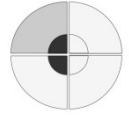
## Policy 2.8 Board Committee Structure (continued)

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### 3. Membership/Business Community Linkage Committee

- A. **Deliverable #1:** Development of mechanisms and plans for Board approval and implementation to ensure active communications between the Board and the membership/business community ensuring the Board is well informed about member/business community perspectives and values, and that they are informed of the Board's work on their behalf.  
**Deliverable #2:** Recommendations to the Board regarding complaints about member businesses' adherence to the Member Code of Conduct.
- B. **Authority:** To incur costs as budgeted and management time as needed.
- C. **Composition:** Three or four Board members, including a chairperson, recommended by the Chair-Elect and appointed by the Board in May each year.

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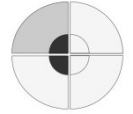
## Policy 2.9 Board and Officer Nominations and Elections

Date of adoption / Last revision: October 15, 2025, Proposed Edits: May 5, 2026

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The Board of Directors shall ensure that the nominations and elections process is administered in accordance with the Bylaws and the following policies.

1. No later than its February meeting each year, the Board will consider its needs for certain competencies and will identify and provide a “charge” that specifies experience, skills and attributes that would constitute “ideal candidates” to complement and augment the composition of the incumbent Board in the upcoming nominations/election cycle. Primary criteria may include:
  - Past demonstration of commitment to Love Catalina, or a demonstrable connection to its mission/purpose.
  - Governance experience, e.g., knowledge and skills in policy-making, legal and fiduciary responsibilities.
  - High-level (board or management) experience in setting standards for and/or overseeing a business entity.
  - Financial literacy.
  - Demonstrated ability to participate productively in group processes.
  - Professional relationships/associations that may be beneficial to Love Catalina.
  - Commitment to support and adhere to the Board’s governing documents (Bylaws, Governing Policies, etc.).
  - Ensuring diversity within the Board’s composition (gender, ethnic, age, geographic representation, etc.).
  - For incumbent or past Board members seeking re-nomination, fulfillment of individual Board members’ responsibilities.
2. Recruitment: In March, the Board Chair will solicit suggestions from the Board, membership and other key constituents to suggest individuals for consideration. The CEO will reach out to these prospects to identify their potential interest. For those who would like to learn more and be considered, the CEO will send an application form and background information about Love Catalina including the Bylaws, this Board Policy Manual, and the Board charge for that nominating cycle.
3. Candidate Screening: Nominees/applicants must be members in good standing of Love Catalina prior to review by the Board, throughout the nomination and election process, and during their entire service on the Board, if elected.
  - A. Each candidate shall be given this Governing Policies Manual, an application form, along with adequate briefings on the role of the Board, officers, and staff and an overview of programs, plans and finances.



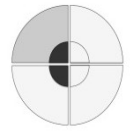
Board Process

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## Policy 2.9 Board and Officer Nominations and Elections (continued)

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- B. Re-nomination/nomination of Board members may be based upon such factors as the Board deems appropriate, including a prospective Board member's personal knowledge, skills, demonstrated leadership and commitment to the organization, professional relationships, professional associations, commitment to support and participate in the Board's established governing structure, and, for existing Board members, fulfillment of individual Board members' responsibilities. Any Board member may nominate a business member representative as a Board candidate and ask the CEO to supply them with an application form. All candidates who have applied expressing an interest in serving, and who are in good standing, will be placed on a ballot for a vote at the June meeting of the Board. Accordingly, no member should expect to be re-elected to a consecutive term.
  - C. Applications submitted for Board service will be included in the June Board binder for review in advance of the meeting and vote. Applicants in attendance at the June Board meeting will be offered an opportunity to present a brief statement to the Board before the item is discussed. Applicants, including those seeking a second term, will then be asked to step out of the meeting, allowing Board discussion of all the applicants. Following discussion, they will be invited back into the meeting.
  - D. Voting will take place using paper ballots, with each Board member in attendance casting one ballot. The Board Chair and Office Administrator will tally the votes and share the results with the Chair Elect for verification. Upon verification, the Chair will read the results aloud for recording in the meeting minutes.
  - E. Incumbents who have declared their willingness to serve a second term will be placed as a slate on a single ballot. If the slate fails to obtain a majority vote in favor all names will be placed on one ticket to fill all seats with open terms. If the slate passes, a second ballot will have only new nominees vying for any empty seat(s).
4. In May, the Governance Committee shall solicit from the Board candidates for officer positions (Chair, Chair-Elect, Treasurer, and, if the office is not delegated to the President/CEO, Secretary). Only Directors who have served at least one (1) year on the Board are eligible to be elected as an officer.
- A. The Chair-Elect shall be serving on the Board of Directors at the time of their election to that office. All other officers shall have at least one year remaining in their term on the Board at the time of their election. It is anticipated that the Chair and Chair-Elect may serve in those offices for a period of two (2) years, provided that the Board of Directors votes to approve a second year of service at the completion of the first year of service.
5. At the June Board meeting, the Board shall vote for Officers to serve for the coming fiscal year.
- A. Should there be any positions for which no one has previously stated an interest in serving nominations for the respective positions will be opened to the floor of that Board meeting.
  - B. The Chair will invite candidates to make a brief statement regarding their qualifications and desire to serve in the position they seek.
  - C. The Chair will then announce the names and associated offices up for election, before calling for a vote of the slate. In the event there are more parties interested in serving in one of the officer positions, a paper ballot will be circulated with the CEO and Office Administrator counting the ballots. The CEO will then announce the voting results including the number of votes cast for each person for recording in the minutes.
6. Elections materials including ballots will be made available to any individual member for review after the close of the meeting and held on file for future reference



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## Policy 2.10 Budgeting for Board Prerogatives

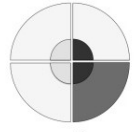
Date of adoption / Last revision: April 30, 2024

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The Board will consciously invest in its ability to govern effectively.

Accordingly:

1. The Board will allocate resources to ensure that it has sufficient skills, methods and supports to assure excellence in its leadership.
  - A. Training will be used appropriately to orient new Board members and to increase existing Board members' skills and knowledge.
  - B. Outside monitoring, including fiscal audit, will be arranged as needed to help the Board have confidence that organizational performance meets expectations, as stated in these policies. This includes, but is not limited to, audits, reviews or opinions on fiscal, legal or governance matters.
  - C. Outreach mechanisms will be used as needed to ensure the Board understands Members' and the business community's viewpoints and values.
2. Costs will be prudently incurred, but sufficient to ensure the development and provision of superior governance. Annual governance prerogatives to be considered include costs for:
  - A. Board meetings/retreat, etc.
  - B. Board members' authorized attendance at conferences, workshops, etc.
  - C. Board training (governance consulting, publications, etc.).
  - D. Fiscal audit and other third-party monitoring of organizational performance.
  - E. Opinion surveys, focus groups and other Member/business community linkage activities.
  - F. Board committee functions (other than Audit, as itemized in D above).
  - G. Board Meeting technology/software platform.
3. The Board will establish its budget for these prerogatives in the next fiscal year each year at its March meeting.



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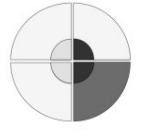
## **Policy 3.0 General Management Constraint**

Date of adoption / Last revision: April 30, 2024

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The CEO will not cause or allow any practice, activity, decision or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices.

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## Policy 3.1 Treatment of Members and the Public

Date of adoption / Last revision: April 30, 2024

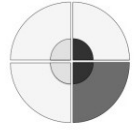
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With respect to interactions with Members and the public, the CEO will not cause or allow conditions or procedures which are unfair, inequitable, unsafe, untimely, unresponsive, undignified or which fail to provide appropriate confidentiality.

Further, the CEO will not:

1. Collect, review, transmit, store or destroy Member/customer data without protecting against improper access to that information.
2. Operate without clearly conveying to Members/customers what may be expected from the programs and services offered.
3. Operate without having in place a complaint/response process to address concerns raised by Members, customers or the public.

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## Policy 3.2 Treatment of Employees and Volunteers

Date of adoption / Last revision: April 30, 2024

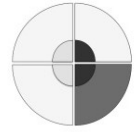
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With respect to the treatment of employees and volunteers, the CEO will not cause or allow conditions that are unfair, unsafe or undignified.

Pertaining to employees, the CEO will not:

1. Operate without ensuring employees are provided with written personnel policies, reviewed by qualified legal counsel, which clarify personnel rules for employees and provide for effective handling of complaints/grievances.
2. Allow employees to be unaware of the Board's governing policies including but not limited to this Treatment of Employees and Volunteers policy, along with the CEO's interpretations of staff's protections under this policy.
3. Retaliate or allow retaliation against an employee for non-disruptive, internal expression of dissent, or for reporting to management or to the Board (per the process for handling of grievances in the Employee Handbook) acts or omissions by CITA personnel, management or the Board that the employee believes, in good faith and based on credible information, constitutes a violation of state or federal law or a governing policy of the Board.
  - A. Employees may not be prevented from grieving to the Board when (i) internal grievance procedures outlined in the Employee Handbook have been exhausted and (ii) the employee alleges that Board policy has been violated.
4. Allow employees to be unprepared to deal with reasonably foreseeable emergency situations.

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## Policy 3.3 Financial Condition and Activities

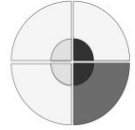
Date of adoption / Last revision: April 30, 2024

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With respect to financial condition and activities, the CEO will not cause or allow the development of fiscal jeopardy, or a material deviation of actual expenditures from the Board's Ends priorities.

Further, the CEO will not:

1. Conduct financial matters without adherence to applicable Generally Accepted Accounting Principles (GAAP) as promulgated by the Financial Accounting Standards Board (FASB).
2. Expend more funds than have been received in the fiscal year to-date, unless the liquidity and reserve requirements below are met:
  - A. The CEO will not utilize non-designated accumulated excess revenues in an amount greater than can be replenished by certain and otherwise unencumbered revenues within 180 days.
  - B. The CEO will not allow cash and cash equivalents to drop below that amount necessary to meet operating expenditures over a 60-day period.
3. Borrow funds (with exception of credit /purchase cards used for normal business purposes paid in full each month).
4. Use Board-designated Reserve funds.
5. Allow loans to be made to employees.
6. Operate without settling payroll obligations and payables in a timely manner.
7. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
8. Execute a purchase commitment, check or electronic funds transfer for greater than \$10,000, unless such purchase was explicitly itemized in budget monitoring data previously disclosed to the Board. Splitting orders to avoid this limit is not acceptable.
9. Execute a check or electronic funds transfer for greater than \$5,000 without two Board-authorized signatures.
10. Operate without ensuring capital items purchased for a value of \$5,000 or more, and having a useful life of more than two years, are capitalized and depreciated over the estimated useful life of the asset.
11. Operate without tracking in-kind donations. Recognition of in-kind donations, including but not limited to trade accounts, shall be limited to budget relief value.
12. Acquire, encumber, lease or dispose of real property.
13. Operate without aggressively pursuing material receivables after a reasonable grace period.
14. Operate without adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.
  - A. CEO credit card statements and/or expense reimbursements must be reviewed and authorized for payment by Board Chair or Treasurer. CEO credit card statements must be reviewed and approved within 30 days of payment.
  - B. CEO may not operate without clearly delineated procedures and limitations for payment/reimbursement of authorized expenses incurred by Board members and committee members, and others who are entitled to reimbursement from CITA.



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## Policy 3.4 Asset Protection

Date of adoption / Last revision: April 30, 2024

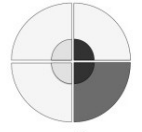
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The CEO will not cause or allow CITA 's assets to be unprotected, inadequately maintained, or unnecessarily risked.

Further, the CEO will not:

1. Allow CITA to be without sufficient insurance coverage, including:
  - A. Casualty losses and property losses to at least replacement value.
  - B. Liability losses to Board members, staff and the organization itself in an amount equal to or greater than the average for comparable organizations.
  - C. Employee theft and dishonesty.
  - D. Cyber-security.
2. Subject CITA 's facilities and equipment to improper wear and tear or insufficient maintenance.
3. Operate without risk management practices to minimize exposure of the organization, the Board, staff or their agents to claims of liability.
4. Allow procurements without reasonable protection against conflicts of interest.
5. Allow a purchase of \$10,000 or more without having compared prices and quality.
6. Allow CITA 's intellectual property, information, resources and files to be exposed to loss, improper access, misuse or significant damage.
7. Operate without adhering to a Records Retention Schedule, as recommended by qualified legal counsel, for the maintenance of documents and records.
8. Operate without internal controls over receipts and disbursements, and to prevent dissipation of assets, sufficient to meet the Board-appointed auditor's recommendations (as set forth in the auditor's Management Letter and/or other communications).
9. Compromise the independence and transparency of the Board's relationships with auditors or other providers of governance support. Such entities may not be engaged by the CEO unless explicitly Board authorized.
10. Invest or hold operating capital in insecure instruments or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.
11. Endanger CITA 's public image or credibility.
12. Substantially alter CITA's corporate identity.

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## Policy 3.5 Financial Planning and Budgeting

Date of adoption / Last revision: April 30, 2024

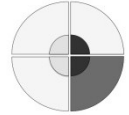
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Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's Ends priorities, risk financial jeopardy or fail to address multi-year planning needs and considerations.

Accordingly, the CEO will not allow budgeting that:

1. Risks incurring those liquidity situations or conditions described as unacceptable in the Financial Conditions and Activities policy.
2. Omits credible projection of revenues and expenses, separation of capital and operational items, and disclosure of planning assumptions.
  - A. Investment income from investment reserve funds may be conservatively projected as operating revenue.
3. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received.
4. Allocates less than twenty percent (20%) of gross Member dues revenues to investment reserves, until reserves maintain a threshold of fifty percent (50%) of the annual operating budget.
5. Omits allocation for Board activities per the *Budgeting for Board Prerogatives* policy (in Board Process).

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## **Policy 3.6 Compensation and Benefits**

Date of adoption / Last revision: April 30, 2024

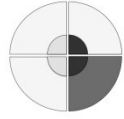
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With respect to employment, compensation and benefits for employees, consultants and contractors, the CEO will not cause or allow jeopardy to CITA 's fiscal integrity or public image.

The CEO will not:

1. Establish salaries and benefits that deviate materially from the geographic and/or professional market value for the skills employed.
2. Change his or her own compensation.
3. Change his or her own benefits, except as consistent with the package for all other employees.
4. Promise or imply anything other than "at-will" employment.
5. Create obligations to consultants or contract vendors for longer than three years.
6. Establish or change retirement benefits that would cause situations unpredictable for the organization or inequitable for employees.

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Management Parameters

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## **Policy 3.7: Emergency Management Succession**

Date of adoption / Last revision: April 30, 2024

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The CEO will not operate without management succession planning processes to facilitate smooth and competent operation of the organization during key personnel transitions.

Further, the CEO will not:

1. Operate without at least one (1) other member of the management team being sufficiently familiar with Board and CEO issues and processes to take over with reasonable proficiency as an interim successor.

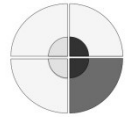
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## Policy 3.8 Board Awareness and Support

Date of adoption / Last revision: April 30, 2024

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Management Parameters

The CEO will not cause or allow the Board to be uninformed or unsupported in its work.

The CEO will not:

1. Withhold, impede or confound information necessary for the Board's informed accomplishment of its job. The CEO will not:
  - A. Neglect to submit monitoring reports (including the CEO's policy interpretations, as well as compliance data) required by the Board (see *Monitoring CEO Performance* policy in Board-Management Delegation) in a timely, accurate and understandable fashion.
  - B. Let the Board be unaware of any actual or anticipated noncompliance with any Ends or Management Parameters policy, regardless of the monitoring schedule set forth by the Board.
  - C. Let the Board be without objective background/decision information it periodically requests, or unaware of relevant trends or incidental information (e.g., anticipated adverse media coverage, threatened or pending lawsuits, or material external and internal/organizational changes). Notification of planned internal changes is to be provided in advance, when feasible.
  - D. Let the Board be unaware of any Board or Board member actions that, in the CEO's opinion, are not consistent with the Board's own policies on Board Process and Board-Management Delegation, particularly in the case of Board or Board member behavior that is detrimental to the working relationship between the Board and the CEO. (See *provision 2.5.9 in Board Members' Code of Conduct*).
  - E. Present information in unnecessarily complex or lengthy form or without differentiating among three types of written communications: 1) monitoring, 2) decision preparation or "action item"; and 3) incidental/FYI.
2. Allow the Board to be without logistical and administrative support for official Board, officer or committee communications and functions.
3. Deal with the Board in a way that favors or privileges certain Board members over others except when:
  - A. Fulfilling individual requests for information, or
  - B. Responding to officers or committees duly charged by the Board.
4. Neglect to submit for the Board's Consent Agenda those items delegated to the CEO yet required by law, contract or third-party to be Board-approved.

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## **Policy 4.0 Board/Management Connection**

Date of adoption | Last revision: April 30, 2024

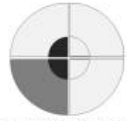
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Board/Management Delegation

The Board's official connection to the operating organization, its achievements and conduct is through its Chief Executive Officer ("CEO"), titled "President and CEO."

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## Policy 4.1 Unity of Control

Date of adoption / Last revision: April 30, 2024

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The Board acts with one voice in establishing expectations of the CEO.

Accordingly:

1. No Board member, officer or committee has authority over the CEO, or any member of the CEO's staff, except in rare instances when the person or committee has been explicitly authorized to direct or use staff resources for a specific issue.
2. Board members or committees may request information, but if such request--in the CEO's judgment--requires a material amount of staff time or funds or is disruptive, it may be declined. The committee or Board member may then refer the request to the full Board for consideration.

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## Policy 4.2 Accountability of the CEO

Date of adoption / Last revision: April 30, 2024

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Board/Management Delegation

All Board authority delegated to management is delegated through the CEO. Therefore, the authority and accountability of staff, as far as the Board is concerned, is the authority and accountability of the CEO.

Accordingly:

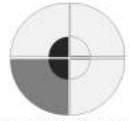
1. The Board will not give instructions to any staff other than the CEO (without consent of the CEO).
2. The Board will not evaluate, either formally or informally, any staff other than the CEO.
3. The Board will consider and evaluate CEO performance as synonymous with organizational achievement of Ends and compliance with Management Parameters. No performance measure established by the Board or a subset of the Board shall conflict with or modify this measure of performance.
4. Consequently, the CEO's accountability and evaluation will be based on performance in two areas:
  - A. Organizational achievement of the Board's Ends policies, and
  - B. Organizational operations within the parameters of legality, prudence and ethics established in the Board's Management Parameters policies.

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## Policy 4.3 Delegation to the CEO

Date of adoption / Last revision: April 30, 2024

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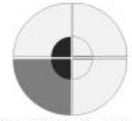
Board/Management Delegation

The Board will direct the CEO through written policies setting forth the organizational Ends to be achieved and organizational situations/actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly:

1. Ends policies direct the CEO to achieve certain results, for certain recipients at a specified worth or priority. These policies will be systematically developed from the broadest, most general level, to more defined levels.
2. Management Parameters policies define the boundaries of legality, prudence and ethics within which the CEO is free to operate. These policies describe the practices, activities, decisions and circumstances that would be unacceptable to the Board, even if effective in producing the desired results. Management Parameters will also be systematically developed from the broadest, most general level to more defined levels. To ensure accountability for performance, the Board will not prescribe organizational means delegated to the CEO.
3. An Ends or Management Parameters policy at a given level does not limit the scope of any preceding level.
4. The CEO is authorized to establish further policies, make decisions, take actions, establish practices and develop activities as long as they are consistent with any reasonable interpretation of these Ends and Management Parameters policies.
5. The Board may change its Ends and Management Parameters policies, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice and authority given to the CEO. However, as long as any particular policy delegation is in place, the Board will respect and support decisions made by the CEO that are consistent with Board policy, as reasonably interpreted.

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## Policy 4.4 Monitoring CEO Performance

Date of adoption / Last revision: April 30, 2024/January 16, 2025

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The Board will systematically monitor CEO job performance, determining the extent to which Ends are being achieved and whether operational activities fall within boundaries established in Management Parameters policies.

Accordingly:

1. Monitoring is simply to determine the degree to which Board policies are being met. Information that does not address accomplishment of Ends and compliance with Management Parameters will not be considered in the Board's evaluation of CEO performance.
2. Ends and Management Parameters policies may be monitored by one or more of three methods:
  - A. Internal Reports: The CEO discloses in writing policy interpretations, along with data supporting the CEO's assessment of accomplishment of, or compliance with, the policy under review. As appropriate in a given context, the CEO may present information supporting the "reasonableness" of their interpretation.
  - B. External Reports: An external, disinterested third party selected by and reporting to the Board assesses accomplishment of, or compliance with, Board policies, as reasonably interpreted by the CEO.
  - C. Direct Board Inspections: A designated Board member(s) or committee assesses CEO compliance with a given policy, as reasonably interpreted by the CEO.
3. In every case, the Board is committed to accepting any reasonable CEO interpretation of the Board policy being monitored. The Board is the judge of reasonableness and will always use the "reasonable person" test (whether what the CEO did was what a reasonably prudent executive would do in that context), even if those choices differ from those the Board or any of its members may have made.
4. In every case, the Board will judge whether:
  - A. The CEO's interpretation is reasonable, and
  - B. Data demonstrate reasonable accomplishment of, or compliance with, the CEO's interpretation.
5. Interpretations determined by the Board not to be reasonable, or data determined not to demonstrate reasonable accomplishment of, or compliance with, a Board policy as interpreted, will be subject to a remedial process agreed to by the Board.
6. All policies instructing the CEO will be monitored at a frequency and by a method chosen by the Board. The Board may monitor any policy at any time by any method, but will ordinarily depend on the following routine schedule:

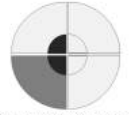
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**Policy 4.4 Monitoring CEO Performance (continued)**

<b>CEO MONITORING SCHEDULE</b>			
<b>POLICY</b>	<b>METHOD</b>	<b>FREQUENCY</b>	<b>SCHEDULE</b> (BY END OF MONTH, OR BOARD PACKET)
<b>Ends/Priority Results</b>			
1.0 Broadest End / Mission	Internal	Annually	September
1.1 Tourism Growth	Internal	Annually	November
1.2 Positive Awareness of Catalina Island	Internal	Annually	January
1.3 Public Policy, Legislation and Infrastructure	Internal	Annually	March
1.4 Residents Value the Role of Tourism	Internal	Annually	May
1.5 Local Businesses Have Resources	Internal	Annually	July
<b>Management Parameters</b>			
3.0 General Management Constraint	Internal	Annually	October
3.1 Treatment of Members and the Public	Internal	Annually	July
3.2 Treatment of Employees and Volunteers	Internal	Annually	January
3.3 Financial Condition and Activities	Internal	Quarterly	Feb/May/Sep/Nov
	External	Annually	October
3.4 Asset Protection	Internal	Annually	March
3.5 Financial Planning and Budgeting	Internal	Annually	June
3.6 Compensation and Benefits	Internal	Annually	February
3.7 Emergency Management Succession	Internal	Annually	September
3.8 Board Awareness and Support	Internal	Annually	September

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## Policy 4.5 CEO Compensation

Date of adoption / Last revision: April 30, 2024

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In determining compensation and benefits for the Chief Executive Officer, the Board's primary objective is to provide a reasonable and competitive total compensation opportunity, consistent with market-based compensation practices for individuals possessing the experience and demonstrated capability to improve the overall performance of CITA.

1. **OBJECTIVE:** The objective of this policy is to establish a consistent process for the Board to determine the annual compensation of the CITA Chief Executive Officer.
2. **ANNUAL BASE COMPENSATION:** The Board will make determinations regarding the CEO's base compensation and benefits no later than January each year, or as stipulated in the CEO's Employment Agreement, to be effective retroactively to January 1<sup>st</sup>.
  - A. The Board's Governance Committee will conduct necessary research and data collection, and bring forth recommendations for the Board's decision-making or on a frequency dictated by the CEO's Employment Agreement, subject to review and action by the full Board.
  - B. The Governance Committee's recommendations should be designed to:
    - i. Attract and retain a high-caliber CEO.
    - ii. Provide a competitive total compensation package, including benefits.
    - iii. Strongly support a "pay for performance" culture through the use of incentives.
    - iv. Ensure that the total CEO compensation package is easy to explain, understand and administer.
    - v. Ensure compliance with all applicable state and federal legislation, including provision of data as to comparable compensation for similarly qualified persons in functionally comparable positions at similar organizations, and maintaining contemporaneous documentation and recordkeeping with respect to Board deliberations and decisions regarding CEO compensation.
  - C. Board determinations as to a change in the CEO's base salary are to be based on the data showing appropriate compensation ranges and the Board's evaluation of CEO/organization performance (based on monitoring reports and other monitoring activities, e.g., external audits and/or direct inspections). Evaluation criteria will be the extent to which the Board's Ends are being achieved, and Management Parameters being complied with.
    - i. The Board will also consider: Poor or exceptional performance (particularly in unusually difficult or exigent circumstances), financial difficulty or hardship of CITA, or a voluntary request by the CEO for no increase or a decrease.
3. **INCENTIVE/BONUS COMPENSATION:** In addition to any adjustments to base compensation, the Board may award to the CEO, by the December meeting of each year an annual incentive compensation "bonus" for the CEO's performance in the immediately preceding calendar year.
  - A. **Maximum Incentive Compensation:** The Board, in its sole discretion, may award the CEO with annual incentive compensation up to a maximum of fifteen percent (15%) of the CEO's base salary. Such incentive compensation, if awarded, will be paid to the CEO in one lump sum, subject to deductions and withholding, in December of the calendar year to which the bonus relates. The amount awarded will be considered in the context of aggregate compensation (salary, bonus, benefits, etc.) and, as per the criteria for base salary in provision 2.B.v above, shall be individually seen as reasonable.
  - B. The Governance Committee will, between the December and February Board meetings, collaborate with the CEO to develop proposed specific metrics, or "success indicators," that will be used to determine bonus/incentive goals for the coming calendar year.
  - C. No later than the February meeting each year, the Board will, based on recommendations from the Governance Committee, approve specific measurable goals for incentive compensation, each of which will be derived from the Board's Ends and/or Management Parameters policies. The determinations shall belong solely to the Board.



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## Policy 4.5 CEO Compensation (continued)

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- i. The Board may establish, any weighting of the goal areas, and its judgments of their level of achievement (in light of any agreed upon success metrics) as the Board, in its sole opinion, deems appropriate. *(Example – the Board may establish a number of target areas, each of which may be weighted for a given \_\_\_% of the total incentive compensation in a given year).*
- D. By the November Board meeting each year, the CEO will submit to the Board a written report with self-assessment specifically addressing the “success indicators” agreed upon for the previous calendar year and will provide data substantiating the CEO’s self-assessment.
- E. The Board does not allow any compensation payments to be “grossed-up” for the purpose of providing the CEO a realized bonus net of income taxes.

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## Appendix A. Policy Governance Principles Summary

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To ensure a design of its work that provides for systematic role clarity and accountability for both the Board and the operating organization, the Board acts and makes its governing decisions based on the following Policy Governance principles:

1. **Ownership:** The Board's authority is derived from, and its accountability is connected to Members and the business community, standing in a position corresponding to shareholders in an equity corporation.
2. **Governance Purpose:** With the Members and the business community above it and CITA's operations below it, the Board's governance role is to exercise its authority and properly empower others rather than to be management's consultant, substitute, or adversary.
3. **"One Voice":** The Board makes authoritative decisions directed toward management and toward itself, its individual members and its committees, only as a total group, and it speaks to the public with one voice. The Board's authority, therefore, is group authority rather than a summation of individual authorities.
4. **Ends Policies:** The Board defines in writing the strategic results priorities describing intended organizational impacts, benefits, outcomes, recipients and their relative worth (what results, for which recipients, at what cost/priority). These are not all the possible "side benefits" that may occur, but those that form the purpose of CITA the achievement of which constitutes organizational success.
5. **Board Means Policies:** The Board defines in writing those values-added behaviors, practices, disciplines and conduct of the Board itself, and of its delegation/accountability relationship with the CEO. These decisions are categorized as Board Process and Board-Management Delegation policies.
6. **Management Parameters Policies:** The Board makes decisions with respect to management decisions and actions only in a proscriptive way in order to simultaneously (a) avoid prescribing means (how can it hold staff accountable for results if the Board has mandated the processes by which they're to be achieved?) and (b) put off limits those decisions or circumstances that would be unacceptable even if they work.
7. **Policy "Sizes":** The Board's policy decisions are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time.
8. **Delegation to Management:** The Board honors the exclusive authority/accountability of the CEO's role as the sole official connection between governance and management.
9. **Any Reasonable Interpretation:** In delegating further decisions – beyond those recorded in Board policies – the Board grants the CEO the right to use any reasonable interpretation of the Ends and Management Parameters policies. With regard to Board Process and Board-Management Delegation policies, the Board Chair is granted such authority, except when the Board has explicitly designated another Board member or party (e.g. committee or task force)
10. **Monitoring:** The Board monitors organizational performance through fair but systematic assessment of whether a reasonable interpretation of its Ends policies is being achieved and a reasonable interpretation of its Management Parameters policies is being complied with. This constitutes the basis of the CEO's evaluation.

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## **Appendix B. Conflict of Interest Policy**

Date of Adoption/Last Revision: 2022

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### CONFLICT OF INTEREST POLICY

#### SECTION 1. PURPOSE:

The Catalina Island Chamber of Commerce & Visitors Bureau dba Catalina Island Tourism Authority (CITA) is a 501(c) 6 nonprofit organization. Maintenance of its nonprofit status is important both for its continued financial stability and for public support. Therefore, as required by the IRS as well as state regulatory and tax officials CITA operations are subject to scrutiny by and accountable to such governmental authorities.

Consequently, the board, officers, and management employees have the responsibility of administering the affairs of the Organization honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Organization. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Organization or knowledge gained therefrom, for their personal benefit. The interests of CITA must be the first priority in all decisions and actions.

#### SECTION 2. PERSONS CONCERNED:

This statement is directed not only to directors and officers, but to all employees who can influence the actions of CITA. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning the Organization.

#### SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to CITA.
2. Persons and firms from whom CITA leases property and equipment.
3. Persons and firms with whom CITA is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting CITA.
6. Agencies, organizations and associations which affect the operations of CITA.
7. Family members, friends, and other employees.

#### SECTION 4. NATURE OF CONFLICTING INTEREST:

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with CITA.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with CITA.

3. Receiving remuneration for services with respect to individual transactions involving CITA.
4. Using CITA's time, personnel, equipment, supplies, or goodwill for other than the Organization-approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with CITA. Receipt of any gift is disapproved except gifts of a value less than \$100, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

#### SECTION 5. ADDRESSING AN ACTUAL OR PERCEIVED CONFLICT OF INTEREST:

- A. When the Board is to decide an issue about which a member has an actual or potential conflict of interest, that member shall disclose the conflict to the Board and recuse themselves without comment from not only the vote, but also from the deliberation.
  - i. A conflicting interest exists when a Board member or a related party has a beneficial financial interest in the transaction of sufficient significance that it would reasonably be expected to exert an influence on that Board member's judgment if they were called upon to vote on the matter. Related parties include the Board member's spouse, domestic partner, parents, children, siblings, siblings of any parent or spouse, and all other persons or entities in which the Board member has an interest, including as a partner, agent, or employee, or over which the Board member exerts control or influence, either directly or indirectly.
  - ii. In case of a dispute regarding the existence of a real or perceived conflict of interest, the Board shall vote as to whether a conflict is present, and the vote of the Board shall be final. The individual with such real or perceived conflict of interest shall not vote.
  - iii. Board members will, upon election and annually thereafter, complete and submit to the Secretary of the corporation a written statement affirming they have received, reviewed and understand this *Conflict of Interest* policy, and disclosing their involvements and interests that could give rise to a conflict of interest including, but not limited to their involvement or that of family members, as directors or officers of other organizations, with vendors or other affiliations with other entities that might reasonably be perceived as a conflict. Board members will promptly update their disclosures if, during the year, a material change in circumstances should occur.

#### SECTION 6. DISCLOSURE POLICY AND PROCEDURE:

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The board or a duly constituted committee thereof has determined that the transaction is in the best interest of the Organization.

Disclosure in the Organization should be made to the chief executive officer (or if she or he is the one with the conflict, then to the board chair), who shall bring the matter to the attention of the board or a duly constituted committee thereof. Disclosure involving directors should be made to the board chair, (or if she or he is the one with the conflict, then to the board chair-elect) who shall bring these matters to the board or a duly constituted committee thereof.

The board or a duly constituted committee thereof shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Organization. The decision of the board or a duly constituted committee thereof on these matters will rest in their sole discretion, and their concern must be the welfare of the Organization and the advancement of its purpose.

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## Appendix C. Conflict of Interest Disclosure Statement

Last Revision: 2022

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Preliminary note: In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed “affiliated persons” and include the following:

- a. your spouse, domestic partner, child, mother, father, brother or sister;
- b. any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
- c. any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. PRINT NAME BELOW:

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2. BOARD CAPACITY: \_\_\_\_\_ board of directors                      \_\_\_\_\_ governance committee  
   \_\_\_\_\_ officer    \_\_\_\_\_ committee member  
   \_\_\_\_\_ staff (position): \_\_\_\_\_

3. Have you or any of your affiliated persons provided services or property to the Catalina Island Chamber of Commerce & Visitors Bureau dba CITA in the past year?

\_\_\_\_\_ YES    \_\_\_\_\_ NO

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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4. Have you or any of your affiliated persons purchased services or property from CITA in the past year?

\_\_\_\_\_ YES    \_\_\_\_\_ NO

If yes, please describe the purchased services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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5. Please indicate whether you or any of your affiliated persons had any direct or indirect interest in any business transaction(s) in the past year to which CITA was or is a party?

\_\_\_\_\_ YES    \_\_\_\_\_ NO

If yes, describe the transaction(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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6. Were you or any of your affiliated persons indebted to pay money to CITA at any time in the past year (other than dues, travel expenses or the like)?

\_\_\_\_\_ YES \_\_\_\_\_ NO

If yes, please describe the indebtedness and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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7. In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from CITA or as a result of your relationship with the Organization, that in the aggregate could be valued in excess of \$1,000, that were not or will not be compensation directly related to your duties to the Organization?

\_\_\_\_\_ YES \_\_\_\_\_ NO

If yes, please describe the benefit(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving CITA?

\_\_\_\_\_ YES \_\_\_\_\_ NO

If yes, please describe the proceeding(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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9. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by CITA's Board or a duly constituted committee thereof in accordance with the terms and intent of the Organization's conflict of interest policy?

\_\_\_\_\_ YES \_\_\_\_\_ NO

If yes, please describe the situation(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

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I HERBY CONFIRM that I have read and understand the Organization's conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the Board Chair or CEO immediately.

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Signature

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Date

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## Appendix D. Gift Policy and Disclosure Form

Date of Last Revision: 2022

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As part of its conflict-of-interest policy, Catalina Island Chamber of Commerce & Visitors Bureau dba Catalina Island Tourism Authority (CITA) requires that directors, officers and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with CITA or are a competitor of it. This policy and disclosure form is intended to implement that prohibition on gifts.

**Section 1.** “Responsible Person” is any person serving as an officer, employee or a member of the board of directors of CITA.

**Section 2.** “Family Member” is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister, or spouse of a brother or sister, of a Responsible Person.

**Section 3.** “Contract or Transaction” is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to CITA is not a “contract” or “transaction.”

**Section 4.** Prohibited gifts, gratuities and entertainment. Except as approved by the board chair or their designee or for gifts of a value less than \$100 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, entertainment or other favors from any person or entity which:

1. Does or seeks to do business with CITA or,
2. Does or seeks to compete with CITA or,
3. Has received, is receiving, or is seeking to receive a Contract or Transaction with CITA.

### GIFT STATEMENT

I certify that I have read the above policy concerning gifts, and I agree that I will not accept gifts, entertainment or other favors from any individual or entity, which would be prohibited by the above policy. Following my initial statement, I agree to provide a signed statement at the end of each fiscal year certifying that I have not received any such gifts, entertainment or other favors during the preceding year.

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Signature

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Date