

POLICY GOVERNANCE POLICY HANDBOOK

6/7/2017

Mater Dolorosa Passionist Retreat Center – Board Approved Version

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ENDS.1: Umbrella Policy

Mater Dolorosa Passionist Retreat Center, founded in the Catholic tradition, exists for people to encounter the peace and love of Christ, as reflected in His Passion, and experience a spiritual transformation in a naturally beautiful and sacred space, at a cost enabling access for all.

ENDS.1a: People Seeking Spiritual Transformation

The retreat center strives to serve all people seeking spiritual transformation. Those served include (a) participants in a Passionist-preached, Passionist-sponsored or hosted program, (b) other friends of Mater Dolorosa who volunteer or donate their services to the Retreat Center, and (c) visitors.

ENDS.1b: Responsive to the Signs of the Times

Retreat center programming will be responsive to the signs of the times as evidenced by cycles of continuous growth and renewal. The retreat center's primary ministry is Passionist-preached retreats. Additional ministries include Passionist-sponsored groups, special programs, ministries serving youth and adults, Hispanic retreat ministry, and hosted groups in keeping with Mater Dolorosa Passionist Retreat Center's Mission Statement.

ENDS.1c: Appropriate Environment

The retreat center's environment shall be imbued with the Passionist charism and hospitality, naturally beautiful, and offered as a peaceful place of reflection and prayer. The chapel shall be maintained in accordance with Roman Catholic requirements for a place of worship.

ENDS.1d: Costs of Passionist Programming

Costs of Passionist programming will be offered at a level that sustains the retreat center and yet is available to all retreatants, regardless of ability to pay. At least 55 percent of retreat center resources shall be allocated toward Passionist programming.

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Note: *The term CEO is used throughout this document to indicate the Chief Executive Officer of the Retreat Center.*

EL.1: Global Executive Constraint

The Chief Executive Officer (the "CEO") of Mater Dolorosa Passionist Retreat Center (the "Retreat Center") shall not cause or allow any policy, practice, activity, retreat, event, decision, conditions or organizational circumstance which is counter to the spirit, traditions and mission of the Congregation of the Passion of Holy Cross Province. The CEO will not allow any activity which is opposed to the Magisterium of the Church, in accord with the principles in the Code of Canon Law which govern the relationship between the Local Ordinary and the Congregation of the Passion, Holy Cross Province; or is either unlawful, negligent or in violation of commonly accepted Catholic, business or professional ethics.

EL.2: Relationships with the Congregation of the Passion, Holy Cross Province and the Archdiocese of Los Angeles

The CEO shall not cause or allow any policy, practice, activity, retreat, event, decision, conditions or organizational circumstance that jeopardizes or adversely affects the Retreat Center's identity and character as a Passionist Retreat Center, or its relationship to the Congregation of the Passion of Holy Cross Province, other Passionist Retreat Centers, or the Archdiocese of Los Angeles and local parishes.

Accordingly, the CEO shall not fail to:

- a) Execute the Mission of the Retreat Center consistent with (i) the teachings of the Roman Catholic Church and (ii) the teachings of St. Paul of the Cross and (iii) dedicated to preaching the Passion of Jesus Christ;
- b) abide by the rules and direction of the Congregation of the Passion of Holy Cross Province, the Articles of Incorporation, the Bylaws, and all applicable laws;
- c) maintain the presence of priests and brothers of the Congregation of the Passion of Holy Cross

Province, or those Roman Catholic priests, brothers, sisters and deacons who are sanctioned by the Congregation of the Passion to minister at the Retreat Center;

- d) maintain a positive relationship with the Archdiocese of Los Angeles, local parishes, local communities and all constituent groups which utilize the Retreat Center;
- e) lead the Retreat Center in regular assessment processes, in consultation with the Congregation of the Passion of HCP, to ensure the Retreat Center maintains its Roman Catholic and Passionist character;
- f) immediately inform the Chairman of the Board of Directors of the Retreat Center if the CEO becomes aware that an employee, volunteer, or any other person connected with or involved in the operation of the Retreat Center has engaged in conduct that has caused or may cause legal, financial, social, or religious scandal to the Retreat Center.

EL.3: Public Relations

The CEO shall not cause or allow conditions, activities, or decisions that endanger or adversely affect the Retreat Center's public image or credibility, particularly in ways that would hinder the accomplishment of its mission and the achievement of its ENDS policies.

Accordingly, the CEO shall not fail to:

- a) Develop an effective public relations and communications program that enhances mutual understanding and respect among the staff, board, and friends of the Retreat Center;
- b) Strengthen the bond between the Retreat Center and the public, including the Archdiocese, local parishes, retreatants, friends, benefactors, the City of Sierra Madre, residents living within the Retreat Center's neighborhood, other Passionist Retreat Centers, and the Passionists of Holy Cross Province.

EL.4: Personnel Policies

The CEO may not operate the Retreat Center without written personnel policies, contained in a handbook, which provide an environment within the retreat center community that is free from illegal labor practices. With respect to the treatment of paid and volunteer staff, the CEO shall not cause or allow conditions which are unfair, undignified, disorganized or unclear.

In addition, the CEO shall not fail to:

- a) develop and implement a specific written policy and procedure that (1) provides a procedure for making complaints of illegal labor practices, (2) ensures that complainants will be free from retaliation, (3) ensures a prompt and reasonable investigation of all complaints of harassment, and (4) provides an effective correction of any incidents of harassment;
- b) inform and educate all staff of all personnel policies;
- c) provide harassment and safe environment training for all employees of the Retreat Center as required by law;
- d) have all personnel and policy handbooks reviewed by outside counsel at least every two years or as revisions necessitate.

EL.5: Hiring and Termination of Staff

With respect to the hiring and termination of staff, the CEO shall not cause or allow conditions, actions, procedures, policies or decisions which discriminate against any employee or applicant for employment based on race, color, national origin, sex, age, or disability or which compromise the Catholic and Passionist character of the Retreat Center.

Accordingly, the CEO shall not fail to:

- a) ensure that all employment is "at-will";
- b) give preference to persons who are qualified, practicing Roman Catholics (or another Christian in the

absence of a qualified Roman Catholic applicant), and are willing to support the Passionist mission of the Retreat Center;

- c) invite all personnel to support the formation of the Christian faith community in the Retreat Center; and
- d) treat all employees and staff as ministers with varying degrees of responsibility to represent and carry out the Catholic and Passionist mission of the Retreat Center

EL.6: Compensation and Benefits

With respect to employment, compensation, and employee benefits, the CEO shall not fail to make good faith efforts to provide compensation and benefit programs for staff taking into consideration the following factors:

- a) the social teachings of the Church on fair wages and benefits;
- b) approximate salary and benefits as measured by local market benchmarks for comparable positions; and
- c) the financial condition of the Retreat Center.

In addition, the CEO shall not:

- a) change his or her own compensation and benefits;
- b) promise or imply permanent or guaranteed employment; and,
- c) establish or change pension or other benefits which cause unpredictable or inequitable situations, including those that incur unfunded liabilities or treat the CEO differently from other employees.

EL.7: Financial Planning/Budgeting

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's ENDS policies, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

Accordingly, the CEO shall not allow budgeting which:

- a) fails to include a credible projection of revenues and expenses; separation of capital, restricted, and operational items; cash flow; and disclosure of planning assumptions;
- b) plans the expenditure in any fiscal year of more funds than are reasonably projected to be received in or set aside for that period;
- c) provides less for board prerogatives during the fiscal year than is set forth in the Cost of Governance policy;
- d) fails to provide for a contingency fund of at least 5% of budgeted revenues.

EL.8: Financial Conditions and Activities

With respect to the actual, ongoing financial condition and activities, the CEO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from the budget.

Accordingly, the CEO shall not:

- a) expend more funds than have been received in the fiscal year to date unless board authorized guidelines are met;
- b) use any long-term reserves for current operations, special projects or debt retirement without obtaining prior board approval;
- c) acquire, encumber or dispose of real property without prior authorization of the board;
- d) dispose of religious art or icons without prior authorization of the board;
- e) use any restricted funds for any other purpose than that designated by the donor(s);
- f) fail to provide for the Board of Directors an annual external Audited Financial Statement by a board approved CPA firm;
- g) fail to provide appropriate internal financial controls.

EL.9: Asset Protection

The CEO shall not allow corporate assets to be unprotected, inadequately maintained or exposed to unnecessary risk.

Accordingly, the CEO shall not:

- a) fail to insure against theft and property losses up to 100% replacement value (if commercially reasonably available) and against liability losses of the board members, staff, and the organization from normal Retreat Center activities, up to the maximum available offered by the Christian Brothers Risk Pooling Trust or other Board approved insurance company;
- b) fail to maintain the Retreat Center's physical facilities, grounds, and equipment in a safe, functional and aesthetically pleasing condition;
- c) fail to maintain a Reserve Study detailing the service life and replacement cost of all facilities and equipment;
- d) unnecessarily expose the organization, the board or staff to claims of liability;
- e) fail to protect intellectual property, records, files or computer based information systems from loss or significant damage;
- f) hold local operating cash funds in insecure instruments, including uninsured checking, savings or certificate accounts at any time, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions;
- g) fail to handle investments in accordance with Holy Cross Province's Retreat Center Investing Policy;
- h) fail to make reasonable efforts to assure that the terms of the lease of property from The Congregation of the Passion Mater Dolorosa Community be secured and in the long-term interest of the Retreat Center.

EL.10: Fund Raising and Development Policy

With respect to the acquisition and allocation of funds received through fund raising activities or the development program, the CEO shall not cause or allow conditions, actions, procedures, or decisions that are imprudent, illegal, or violate professional standards, ethical values or relevant stewardship responsibilities.

In addition, the CEO shall not fail to:

- a) develop a fund raising and development program for the Retreat Center's current fiscal year and long term capital needs;
- b) achieve or exceed the fund raising and development goals, as established in the current year's operational and capital budget and in the Retreat Center's long-term fund raising and development plan.

EL.11: Communication and Support to the Board

The CEO shall not permit the board to be uninformed or unsupported in its work.

Accordingly, the CEO shall not:

- a) neglect to submit monitoring data required by the board (see policy on Monitoring CEO Performance) in a timely, accurate and understandable fashion;
- b) let the board be uninformed of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which board policy has previously been established;
- c) fail to advise the board if the board is not in compliance with its own policies on Governance Process and Board-CEO Linkage, particularly as it relates to board behavior which is detrimental to the work

- relationship between the board and the CEO;
- d) fail to provide the board with staff views, other external points of view, issues and options as needed for fully informed board choices;
 - e) present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among monitoring, decision preparation, and miscellaneous information;
 - f) fail to provide clerical support for official board, officer or committee communications; and,
 - g) fail to report in a timely manner an actual or anticipated noncompliance with any policy of the board.

EL.12: Emergency CEO Succession

To protect the board from sudden loss of CEO services, the CEO shall not fail to have an emergency CEO succession plan which identifies two other administrators who are familiar with board and CEO issues and processes to enable either of them to take over with reasonable proficiency as an interim successor.

EL.13: Long Range Planning

The CEO shall not fail to consider the elements of the Ends Policies when developing a plan for the long-term viability of Retreat Center. Furthermore, the CEO shall not fail to report to the Board on the work conducted in this regard. Reporting shall occur no less than annually.

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BCL.2: Unity of Control

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BCL.5: Monitoring CEO Performance

Note: The term CEO is used throughout this document to indicate the Chief Executive Officer of the Retreat Center

BCL.1: Global Governance Management Connection

The board's sole connection to the operation of the retreat center, its achievements and conduct will be through a Chief Executive Officer.

BCL.2: Unity of Control

Only officially passed motions of the board are binding on the CEO.

Accordingly, decisions or instructions of individual board members, officers, or committees are not binding on the CEO except in rare instances when the board has specifically authorized such exercise of authority.

BCL.3: Accountability of the CEO

The CEO is the board's only link to operational achievement and conduct of the Retreat Center, and the CEO has full control and authority over the staff.

Accordingly, the board will:

- a) never give instructions to persons who report directly or indirectly to the CEO;
- b) refrain from evaluating, either formally or informally, any staff other than the CEO;
- c) view CEO performance as identical to organizational accomplishment of board stated ENDS policies and adherence to its EXECUTIVE LIMITATIONS Policies.

BCL.4: Delegation to the CEO

The board will provide the following written policies to the CEO:

- a) ENDS policies to be achieved;
- b) EXECUTIVE LIMITATION policies describing organizational situations and actions to be avoided.

The CEO may use any reasonable interpretation of these policies.

Accordingly, the board will:

- a) develop policies instructing the CEO to achieve certain results for certain recipients at a specified cost or relative worth. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called ENDS policies.
- b) develop policies which limit the latitude the CEO may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called EXECUTIVE LIMITATIONS policies;
- c) authorize the CEO to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities, using any reasonable interpretation of the board's ENDS and EXECUTIVE LIMITATIONS policies;
- d) reserve to itself the right to change its ENDS and EXECUTIVE LIMITATIONS policies, thereby shifting the boundary between board and CEO domains. By doing so, the board changes the latitude of choice given to the CEO. But as long as any particular delegation is in place, the board will respect and support the CEO's reasonable interpretation of these policies.

BCL.5: Monitoring CEO Performance

Systematic and rigorous monitoring of CEO performance will be measured against only expected CEO job results: organizational accomplishment of board policies on ENDS and organizational operation within the boundaries established in board policies on EXECUTIVE LIMITATIONS.

Accordingly:

- a) monitoring is simply to determine the degree to which board policies are being met. Only data which does this will be monitoring data;
- b) the board will acquire monitoring data by one or more of three methods:
 - 1) by internal report, in which the CEO discloses compliance information to the board,
 - 2) by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies,
 - i. for example, the board will require an annual audit in accordance with Holy Cross Province policy, and
 - 3) by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria;
- c) in every case, the standard for compliance shall be any reasonable interpretation of the board policy by the CEO;
- d) all policies which instruct the CEO will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule;
- e) the board will conduct a summative CEO performance evaluation each year.

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GP.9: Cost of Governance

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GP.1: Global Governance Commitment

The purpose of the board, on behalf of the Congregation of the Passion of Holy Cross Province, is to see to it that Mater Dolorosa Passionist Retreat Center, Inc.:

- a) achieves the corporation's ENDS policies;
- b) avoids unacceptable actions and situations as defined by the EXECUTIVE LIMITATIONS policies;
- c) operates according to the Articles of Incorporation and the Bylaws of the corporation.

GP.2: Governing Style

The board will govern with an emphasis on:

- a) outward vision rather than an internal preoccupation;
- b) encouragement of diversity in viewpoints;
- c) strategic leadership more than administrative detail;
- d) clear distinction of board and chief executive roles;
- e) collective rather than individual decisions;
- f) the future rather than the past or present; and
- g) proactivity rather than reactivity.

Accordingly, the board will:

- a) cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will use the expertise of individual members to enhance the ability of the board as a body, rather than to substitute individual judgments for the board's values;
- b) direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects;
- c) enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability;

- d) provide for the orientation and formation in the Passionist Charism and Spirituality of new board members;
- e) provide its members with on-going education opportunities to understand the basic economics, demographics and politics of retreat centers;
- f) create opportunities to evaluate the board's governance process and periodic board discussion of process improvement;
- g) allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling its commitments;
- h) monitor and discuss its process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-CEO Linkage categories;
- i) ensure that its board chair and the CEO participate in the meetings of the Passionist Retreat Center Board.

GP.3: Board Job Description

Specific job outputs of the board, as an agent of the Owner, are those that ensure appropriate organizational performance.

Accordingly, the board will:

- a) produce written governing policies which, at the broadest levels, address each category of organizational decision:
 - 1) ENDS: What results for which recipients at what relative cost;
 - 2) EXECUTIVE LIMITATIONS: Constraints on executive authority which establish the prudent and ethical boundaries within which all executive activity and decisions must take place;
 - 3) GOVERNANCE PROCESS: Specification of how the board conceives, carries out and monitors its work;
 - 4) BOARD-CEO LINKAGE: How power is delegated and its proper use monitored; the CEO role, authority and accountability;
- b) assure CEO performance against policies in (a.1 - ENDS) and (a.2 – EXECUTIVE LIMITATIONS);
- c) evaluate its own performance against policies in (a.3) and (a.4);
- d) determine the terms and conditions of the CEO's contract, including remuneration,
 - 1) following the negotiation phase in the case of the initial hiring of the CEO; or
 - 2) by December 31st of the last year of the CEO's current contract in the case of his/her re-appointment;
- e) provide regular required communication with the Board of Trustees and the Province Office of Mission Effectiveness.

GP.4: Agenda Planning

In planning its annual agenda, the Board will make provision for the following:

- a) ongoing Board formation in the Passionist charism;
- b) a review of its ENDS Policies either in part through-out the year or in its entirety at least once per year;
- c) input with respect to the further development of ENDS Policies (e.g., presentations by individuals with educational, economic, social, cultural, and formational expertise);
- d) some method and schedule of reviewing existing policies;
- e) the scheduling of CEO monitoring reports commensurate with the schedule as contained in the policy on Monitoring CEO Performance;
- f) identification of new directors for nomination at its annual meeting in June;
- g) the election at the annual meeting of corporate officers – Chairman, Vice-Chairman, Secretary, and Treasurer, as well as the President (the Retreat Center Director, also called the CEO);
- h) an explicit consideration of the Retreat Center's work in incorporating the Congregation of the Passion

of Holy Cross Province in long range planning and the setting of operational priorities.

GP.5: Chairperson's Role

The chairperson assures the integrity of the board's process and represents the board to outside parties.

Accordingly:

- a) the task of the chairperson is to ensure that the board complies with its own policies, the bylaws of the Corporation, the tenets of the Passionist charism, and all applicable laws;
 - 1) meeting discussion content will be only those issues which, according to board policy, clearly belong to the board to decide, not the CEO;
 - 2) deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point;
- b) the authority of the chairperson consists in making decisions that fall within topics covered by board policies on Governance Process and Board-CEO Linkage, except where the board specifically delegates portions of this authority to others. The chairperson is authorized to use any reasonable interpretation of the provisions in these policies;
 - 1) the chairperson shall represent the board in all communications and discussions between the board and the Board of Trustees, or it's designee;
 - 2) the chairperson is empowered to conduct board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing);
 - 3) the chairperson has no authority to make decisions about policies created by the board within ENDS or EXECUTIVE LIMITATIONS policy areas.
 - 4) the chairperson has no authority to supervise or direct the CEO;
 - 5) the chairperson may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him;
 - 6) the chairperson may delegate this authority, but remains accountable for its use;
- c) the chairperson shall immediately notify the chair of the Board of Trustees following consultation with the CEO regarding information that any employee, volunteer, or any other person connected with or involved in the operation of the retreat center might have caused or may cause legal, financial, or religious scandal to the Passionist community if it jeopardizes the retreat center's mission.

GP.6: Board Member's Code of Conduct

The board commits itself and its members to religiously appropriate, ethical, lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly, members of the board:

- a) must represent un-conflicted loyalty to the interests of the owner - the Congregation of the Passion of Holy Cross Province. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups within or outside of the retreat center and membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a beneficiary of the Mater Dolorosa Passionist Retreat Center's services;
- b) must avoid all conflicts of interest as follows:
 - 1) there must be no self-dealing or any conduct of private business or personal services between any board member and the retreat center except as procedurally controlled to assure openness, competitive opportunity and equal access to 'inside' information;
 - 2) when the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation;
 - 3) board members must not use their positions to obtain employment for themselves, family members or close associates. Should a member desire employment, he or she must begin a "leave of absence" status until such time as the hiring decision is made. In the event the director is

- hired by the retreat center in any capacity, the director must resign his/her seat on the board; and,
- 4) must reveal any potential conflict of interest when it may bear on an issue at hand, and disclose their involvement with other organizations, vendors, or any other association that represents a conflict of interest;
 - c) may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies;
 - d) do not have any power or individual authority over the CEO or staff, unless explicitly authorized by the board;
 - e) in their interaction with the public, press or other entities, must not speak for the board except to repeat explicitly stated board decisions;
 - f) will not express individual judgments of CEO or staff performance outside the “Boardroom”;
 - g) will strictly maintain confidentiality appropriate to issues of a sensitive nature;
 - h) will be properly prepared for board deliberation; and
 - i) will actively participate in formation programs sponsored by the retreat center or Holy Cross Province.

GP.7: Board Committee Principles

A committee is a board committee only if its existence and charge come from the board, regardless whether board members sit on the committee.

Accordingly:

- a) board committees are to help the board do its job, not to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's broader focus, board committees will normally not have direct dealings with current staff operations;
- b) board committees may not speak or act for the board except when formally given such authority for specific and time limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO;
- c) board committees cannot exercise authority over staff. The CEO works for the full board;
- d) board committees are to avoid over-identification with organizational components within the retreat center. Therefore, a board committee which has helped the board create policy on some topic will not be used to monitor performance on that same subject;
- e) board committees will be used sparingly, and ordinarily in an ad hoc capacity;
- f) this policy applies to any group which is formed by board action, whether or not it is called a committee and regardless whether the group includes board members. It does not apply to committees formed under the authority of the CEO.

GP.8: Board Committee Structure

A committee is a board committee only if its existence and charge come from the board, regardless whether board members sit on the committee. The only board committees are those which are set forth in this policy.

The following are the board committees:

- a) Board Affairs Committee
- b) Charism Committee
- c) Finance Committee
- d) Audit Committee
- e) Ends Policy Committee (Ad Hoc)
- f) Policy Governance Committee (Ad Hoc)
- g) Endowment Committee (Ad Hoc)
- h) Retreat center Director Search Committee (Ad Hoc)

GP.9: Cost of Governance

The board will invest in its governance capacity.

Accordingly:

- a) board skills, methods, and supports will be sufficient to assure governing with excellence;
 - 1) training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings;
 - 2) outside monitoring assistance will be arranged as needed so that the board can exercise confident control over organizational performance;
 - 3) various means will be used as needed to ensure the board's ability to reflect the Passionist charism;
- b) costs, including administrative services and insurance for directors and officer's liability, will be prudently incurred and will be included in the retreat center's annual budget.