

## **IRP Board Member Position Description/Checklist**

### **Board Member Responsibility**

Individual IRP Board Members, have a fiduciary, legal and ethical responsibility to act in a way which ensures that IRP operates in the best interests of the membership. This requires that each member act in good faith and exercise reasonable care in carrying out his or her legal, ethical, and fiduciary duties.

### **Legal Obligations of Board Members:**

The IRP Board is both responsible and liable for IRP. IRP, Inc. requires that every Board Member follow the rule of the reasonably prudent person and the principle of good faith in carrying out their Board responsibilities.

This means that the Board will not:

- Mismanage IRP by deviating from fundamental management principles, such as planning carefully for the future of IRP, regularly reviewing the financial status of IRP, and monitoring compliance with Board policies.
- Fail to govern by utilizing reasonable control systems to govern IRP.
- Be involved in activities that provide personal gain to Board Members.

### **Operating in good faith by Board Members:**

- Read and understand IRP Policies and Procedures and Bylaws.
- Attend all Board and Committee meetings, either in person or through conference calls or electronic communication, to be a part of Board actions.
- Pay attention to corporate affairs and keep informed about organization activities.
- Ensure that IRP is in compliance with legal requirements.
- Ensure the perpetuation of the organization.
- Govern the organization's resources.
- Maintain, develop, and expand programs and service for the membership.

- Make decisions based not on personal interests, the interests of the member's jurisdiction, or other special interests, but always on what is best for the majority of the membership.
- Act in good faith and in the best interests of the organization.
- Ensure the safety and protection of IRP's assets and resources.
- Act as visionaries for the organization.
- Insure that the organization has sufficient resources and staff to carry out Board policies.
- Delegate to IRP's President and Chief Executive Officer (CEO) the responsibility for carrying out the Board's policies and procedures.

**Authority of Board Members:**

IRP Board members have authority only when acting as a body in regular or special meetings of IRP. IRP will not be bound in any way by any statement or action by any individual IRP Board member except when such statement or action is in pursuance of an adopted IRP resolution or special instructions by IRP, or under specified delegation of responsibility. Each member of the IRP Board, together with other members of the Board, is legally and morally responsible for all activities of IRP. All members of the Board share in a joint and collective authority, which exists and can only, be exercised when the group is in session and vote when a quorum is present.

**Board Member Commitment:**

Serving as a Board member of IRP involves a very special commitment. To meet that commitment, Board members are expected to:

- Promote and communicate IRP's strategic plan.
- Attend and actively participate in all of the Board's meetings, including conference calls and electronic communications, and notify the Chair or Vice Chair of anticipated absence. Section 1340 of the Plan speaks to IRP Board absences as noted in the following:
  - (b) When a Board member shall have been absent for two or more consecutive Board meetings, the Board may, through majority action, declare the position vacant.
- When absent from a meeting, review minutes, other handouts and results of the missed meeting.

- Do their homework to be prepared to participate fully in Board and committee meetings. Access the IRP SharePoint Team Board Site for board materials in sufficient time prior to attendance of the board meetings to ensure review of materials and preparation for the meeting.
- Act only with the full Board, not individually unless authorized to do so by the full Board.
- Speak for the full Board only when the full Board sanctions their doing so.

**Board Member Rights:**

Members of the IRP Board are granted certain specific rights. All Board members have the right to:

- Receive notice of Board meetings and the agenda.
- Attend and participate in Board meetings.
- Examine IRP's books, records, meeting minutes and financial statements.
- Place items on the Board meeting agenda at the appropriate time.

**Board Member Conflict of Interest:**

- See **Appendix A** for IRP Conflict of Interest Policy and annual affirmation of compliance.

**Ethical Obligations of Board Members:**

Board members are required to act in an ethical manner. This means that Board members will:

- Recognize that the Board member's job is to ensure that IRP is well managed, not to manage IRP.
- Listen carefully to my fellow Board members, and those served by IRP.
- Respect the opinion of other Board members.
- Respect and support the majority decisions of the Board.
- Recognize that all authority is vested in the Board when it meets in legal session and not with individual Board members.
- Keep well informed of developments that are relevant to issues that may come before the Board.

- Participate actively in Board meetings, conference calls or other electronic meetings and actions.
- Call to the attention of the Board any issues that the Board or members believe will have an adverse effect on IRP or its members.
- Attempt to interpret the needs of IRP constituents and properly and fairly interpret the actions of its constituents.
- Represent all constituents of IRP and not a particular segment or special interest group.
- Consider themselves to be “trustees” of IRP and do their best to ensure that IRP is well maintained, financially secure, growing and always operating in the best interests of the membership and the profession.
- Treat all employees, consultants, and others working with IRP, with respect and in compliance with IRP policies.
- Always work to learn more about the Board member’s job and how to do it better.
- Declare any conflict of interests between their personal and individual business life and their position on the IRP Board, and avoid voting on issues that appear to be a conflict of interests.
- Support IRP’s President and CEO. If serving as part of the executive committee of the Board, conduct a timely yearly performance evaluation of the President/CEO. Provide positive feedback on accomplishments and provide clarification on the Board’s expectations of the CEO. Ensure and support alignment of the CEO’s priorities with the goals of the IRP. See **Appendix B** for additional information.
- Recognize that the Board member’s job is to be responsible for their own succession planning. Identify others in your own jurisdiction or region who can succeed you for a position to serve on the Board. Nurture along other Board candidates for these positions on the Board.
- Offer your talent and time to run (or recognize and support others for their abilities to run) for the executive committee capacities (Chair, Vice- Chair, Secretary, Treasurer) of the Board. See **Appendix C** for additional information.

**Members of the IRP Board will not:**

- Be critical, in or outside of the Board meeting, of other Board members or their opinions.

- Use IRP or any part of IRP for their personal advantage or the personal advantage of friends or business associates.
- Discuss executive or closed session proceedings of the Board outside the Board meeting.
- Promise prior to a meeting how the Board will vote on any issue in the meeting.
- Interfere with the duties of the President or undermine the President's authority with Board or staff.
- Indulge in personal relationships in interaction with the staff that would be deemed inappropriate in physical, emotional, or sexual behavior.

## **APPENDIX A, Conflict of Interest Policy**

### **CONFLICT OF INTEREST POLICY**

#### **Policy and Purpose**

IRP, Inc. is a non-profit, tax-exempt organization. Maintenance of its tax exempt status is important for both its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of IRP, Inc. as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public. Consequently, there exists between IRP, Inc. and its board, volunteer committee members, officers and employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The board, volunteer committee members, officers, employees and independent contractors working for IRP, Inc. have the responsibility of administering the affairs of IRP, Inc. honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of IRP, Inc.

Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with IRP, Inc. or knowledge gained there from for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

This policy is intended to supplement but not replace any applicable laws governing conflict of interest applicable to nonprofit organizations.

#### **Procedures and Guidelines**

##### **Definitions**

1. **Interested Person**

Any officer, director, member of a committee with powers delegated by the Association's Board of Directors ("Board"), any employee or independent contractor working for IRP, Inc. is an "Interested Person." An individual member of the Board is referred to as a "Director" and individual members are referred to collectively as "Directors".

2. **Conflict of Interest**

A Conflict of Interest exists when an individual covered by this policy has a relationship or engages in an activity that impairs or adversely influences his/her judgment with respect to policies promoting the best interest of IRP, Inc. or that impairs or adversely influences the performance of his/her duties to IRP, Inc.

Conflicts of interests may arise in the relations of Directors, volunteer committee members, officers, employees and independent contractors working for IRP, Inc. with any of the following third parties:

- \* Persons and firms supplying goods and services to IRP, Inc.
- \* Persons and firms from whom IRP, Inc. leases property and equipment.
- \* Persons and firms with whom IRP, Inc. is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
- \* Competing or affinity organizations
- \* Donors or others supporting IRP, Inc.
- \* Agencies, organizations, and associations which affect the operations of IRP, Inc.
- \* Family members, friends, and other employees.

Some members of the Board of Directors and other persons may be subject to conflict of interest and similar proscriptions that are more stringent than those established in this Policy. In such circumstances, the more stringent limitations would apply to these persons.

### 3. Nature of Conflicting Interests

There are a variety of situations, which raise the Conflict of Interest concerns, including but not limited to, the following:

#### Financial Interest

A Conflict of Interest may exist where a person has a Financial Interest in any transaction involving the Association. A Financial Interest may exist if the Interested Person has, directly or indirectly, through business, investment, or family:

- \* An ownership or investment interest in any entity which the Association has a financial transaction or arrangement;
- \* A compensation arrangement with the Association or with any entity or individual with which, or with whom, the Association has a financial transaction or arrangement; or
- \* A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a financial transaction or arrangement.
- \* Used IRP, Inc.'s time, personnel, equipment, supplies, or good will for other than IRP, Inc.-approved activities, programs, and purposes.
- \* Received a personal gifts or loans from third parties dealing or competing with IRP, Inc. Acceptance of gifts of nominal value (\$50 or less) or reasonable personal entertainment may be ethically acceptable if the gift would not influence, or reasonably appear to others to be capable of influencing, such person's business judgment in conducting IRP, Inc.'s affairs with the donor.

#### Other Interests

A Conflict of Interest may also exist where an Interested Person, or a relative or business associate of an Interested Person, obtains a non-financial benefit or advantage that she/he would not have obtained absent his/her relationship with the Association, or where his/her duty or responsibility owed to the Association conflicts with a duty or

responsibility owed to some other organization. A non-exhaustive list of examples includes the following:

- \* An Interested Person seeks to obtain preferential treatment by the Association for himself/herself, or a relative or business associate.
- \* An Interested Person seeks to make use of confidential information obtained from the Association for his/her own benefit, or for the benefit of a relative, business associate, or other organization without proper compensation to the Association.
- \* An Interested Person seeks to take advantage of an opportunity, or enable a relative, business associate or other organization to take advantage of an opportunity, which s/he has reason to believe is or would be of interest to the Association.

The areas of conflicting interest listed above and the relationships in those areas which may give rise to conflict are not exhaustive. Conflicts might arise in other areas or through other relationships. It is assumed that Directors, volunteer committee members, officers, employees and independent contractors working for IRP, Inc. will recognize such areas and relationships by analogy.

The fact that one of the interests described does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of IRP, Inc. However, it is the policy of the Board that the existence of any of the interests described above shall be disclosed before the transaction is consummated.

### **Procedures**

#### 1. **Duty to Disclose**

It shall be the continuing responsibility of the Board, volunteer members of committees, officers, employees and independent contractors working for IRP, Inc. to scrutinize their transactions and outside business interests and relationships for potential conflicts. An Interested Person is under a continuing obligation to disclose any actual or potential Conflict of Interest as soon as it is known, or reasonably should be known.

In connection with any actual or possible Conflict of Interest, an Interested Person must disclose the existence of a possible Conflict of Interest or a Financial Interest and be given the opportunity to disclose all material facts to the Board and members of committees with Board-delegated powers considering the Conflict of Interest or the proposed financial transaction or arrangement.

IRP, Inc. staff should discuss any questions or comments they may have regarding the Conflict of Interest policy with their supervisor, or the Chief Compliance Officer of AAMVA. AAMVA's Compliance Officer is the VP of Human Resources and Organizational Development.

If in fact an IRP, Inc. staff member believes he/she has a potential conflict of interest, he/she is required to notify the President & CEO of IRP, Inc. The President & CEO of IRP, Inc. is required to report any potential conflict of interest to AAMVA's Compliance Officer and the Executive Committee of the Board of Directors of IRP, Inc. The Executive Committee of the Board of Directors of IRP, Inc. will determine if the nature of the potential conflict of interest needs to be brought before the full Board. Potential Conflicts of Interest pertaining to the President & CEO of IRP, Inc. should be reported to AAMVA's Compliance Officer and the Executive Committee of IRP, Inc.

2. Determining Whether a Conflict of Interest Exists

After disclosure of a potential Conflict of Interest or a Financial Interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Directors shall determine if a Conflict of Interest exists or shall request additional information regarding the proposed financial transaction or arrangement.

3. Procedures for Addressing the Conflict of Interest

- a. An Interested Person may make a presentation at the Board meeting, but is not required to do so. If a presentation is made, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest.
- b. The Chair of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Procedures for Addressing Conflicts of Interest – Specific Transactions

Where an actual or potential conflict exists between the interests of the Association and an Interested Person with respect to a specific proposed action or transaction, the Association shall refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved by the disinterested members of the Board. The following procedures shall apply:

- a. An Interested Person who has an actual or potential Conflict of Interest with respect to a proposed action or transaction of the Association shall not, except as set forth in this policy, participate in any way in, or be present during, the deliberations and decision-making of the Association with respect to such action or transaction. The Interested Person may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.
- b. The disinterested members of the Board may approve the proposed action or transaction upon finding that it is in the best interests of the Association, and to avoid remitting payments in excess of the amount by which the value of the economic benefit provided by the Association directly or indirectly to or for the use of any Interested Person exceeds the value of the consideration (including the performance of services) received for providing such benefit. The Board shall consider whether the terms of the proposed transaction are fair and reasonable to the Association and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an Interested Person.
- c. Approval by the disinterested members of the Board shall be by vote of a majority of Directors in attendance at a meeting at which a quorum is present. An Interested Person shall not be counted for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of Directors in attendance.
- d. The minutes of the meeting shall reflect that the conflict disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the Interested Person.

5. Violations of the Conflicts of Interest Policy

- a. If the Board has reason to believe an Interested Person has failed to disclose actual or possible Conflicts of Interest or otherwise violated this policy, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board determines the Interested Person has failed to disclose an actual or possible Conflict of Interest (or otherwise), it may take appropriate disciplinary and corrective action as it deems appropriate up to and including termination of employment or removal from the Board of Directors.

## **Records of Proceedings**

### 1. Board meeting minutes shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a Conflict of Interest or a Financial Interest in connection with an actual or possible Conflict of Interest, the nature of the Conflict of Interest or the Financial Interest, any action taken to determine whether a Conflict of Interest was present, and the Board's decision as to whether a Conflict of Interest was present, and the Board's decision as to whether a Conflict of Interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### 2. Annual Statements

Each Director, volunteer committee member, officer, employee and independent contractor working for IRP, Inc. and any other person as may be requested by the Board shall sign a statement which affirms such person:

- a. Has received a copy of the Conflict of Interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and
- d. Understands the Association is tax-exempt under Internal Revenue Code Section 501(c)(3) and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

### 3. Periodic Reviews

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

- a. Whether compensation arrangements and benefits are reasonable, based on available and competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint venture, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further tax-exempt purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
- C. When conducting the periodic reviews, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

International Registration Plan, Inc.

Conflict of Interest Policy

Annual Affirmation of Compliance

I have received and carefully read the Conflict of Interest Policy for the International Registration Plan, Inc. (the "Association") and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy.

Except as I have otherwise previously advised the Association in writing, I hereby state that I do not, to the best of my knowledge, have any Conflict of Interest that may be seen as competing with the interests of the Association, nor to the best of my knowledge does any relative or business associate have such an actual or potential Conflict of Interest.

If any situation should arise in the future which I think may involve me in an actual or potential Conflict of Interest, I will promptly and fully disclose the circumstances to the Chairperson of the Board of Directors of the Association or his/her assignee(s).

I further certify that the information set forth in the Statement of Affirmation is true and correct to the best of my knowledge, information and belief.

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Name (Please Print)

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Signature

Date

## **APPENDIX B, CEO Evaluation Process**

Excerpted from the IRP Policy Manual:

### **1. CHIEF EXECUTIVE**

#### **3.1 Chief Executive Position Description**

Reference: Appendix III – CEO Position Description

#### **3.2 Chief Executive Performance Evaluation**

In addition to ongoing oversight of the performance of the chief executive of IRP, Inc., the Board will provide a specific opportunity for the Chief Executive to present a written self-evaluation and for Board members to organize their evaluation of the Chief Executive's performance in written format and have it presented in a face-to-face debriefing with the Chief Executive. At this time, the executive committee and the Chief Executive will agree on any specific, personal performance goals for the year ahead. The Chief Executive's compensation package will be reviewed during this process.

*Policy 3.2 Adopted: May 8, 2009*

#### **3.3 Executive Compensation**

The Board retains the authority to establish compensation guidelines for the Chief Executive. The Board shall determine the amount of annual increases to the compensation of the Chief Executive.

*Policy 3.3 Adopted: May 8, 2009*

#### **3.4 Executive Transition**

The Board has the responsibility to undertake a carefully planned search process when the position of Chief Executive is vacant.

The Board shall establish clear objectives and clarify expectations for at least the first year of the new Chief Executive's service, delineate Board functions as distinct from those of the Chief Executive and staff, and provide an adequate compensation package and other employment terms.

In order to provide for orderly and effective succession planning and transitions, the Board chair may at any time appoint a task force to anticipate and recommend any policies or actions. Whenever a vacancy is known or imminent, the Board Chair shall appoint a search committee and a committee chair to conduct the search for a new Chief Executive.

*Policy 3.4 Adopted: May 8, 2009*

## **APPENDIX C, Executive Committee Process**

1) Excerpted from the IRP Bylaws:

### **ARTICLE IV. OFFICERS**

4.01 Number. The officers of the corporation shall be the Chair, the Vice-Chair, the Secretary, the Treasurer and the President and Chief Executive Officer, and such other officers and assistant officers as may be deemed necessary and elected or appointed by the Board of Directors. Any number of offices may be held by the same person.

4.02 Election and Term of Office. The officers of the corporation, with the exception of the President and Chief Executive Officer, shall be elected annually by the Board of Directors at the fall meeting of the Board of Directors. The terms of officers so elected shall begin on January 1 of the following year. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his or her successors shall have been duly elected or until his or her death, resignation or removal. Any officer may resign at any time upon written notice to the corporation. Failure to elect officers shall not dissolve or otherwise affect the corporation.

2) Current Process:

- Approximately 30 days before the meeting where elections will be held, the Repository notifies all Board members of the upcoming election and asks for nominations.
- The Repository prepares a paper ballot for distribution at the meeting. The Past Chair announces the nominees and asks for nominations from the floor. The Past Chair and CEO collect and tally the ballots. The Past Chair announces the officers elected.
- Write-ins are accepted. There is no 'deadline' for getting a nomination in, as they can be taken from the floor just prior to the vote. As soon as nominations come in, they are public.