

## GOVERNANCE GUIDELINES

REVISED AS OF AUGUST 25, 2014

The Board of Directors (the “**Board**”) of Valor Collegiate Academies (the “**Corporation**”) has adopted the following guidelines to promote the effective governance of the Corporation.

### I. **Board Composition and Selection**

- A. **Board Size.** The Board presently has 10 directors. The Board will periodically review its size as appropriate with an intent of having between 5 and 15 directors. In accordance with Tennessee law, the Board will always have a director who is the parent of a current student of the Corporation.
- B. **Term Limits.** Under the Bylaws of the Corporation, no director may serve more than three (3) consecutive two (2) year terms. The Board may always vote to make exceptions to this general rule for particularly valuable and committed directors; however it is the general policy of the Corporation to limit such exceptions to this general rule in order to promote energy and new ideas among its directors.
- C. **Qualification and Selection of Directors.** In choosing directors, the Corporation seeks individuals who have very high integrity and a commitment to making the Metropolitan Nashville Public Schools one of the very best public school districts in the entire country. At all times, the Corporation desires to have the following skill areas represented on its Board: (i) academic achievement; (ii) facilities; (iii) finance; (iv) fundraising; (v) governance; (vi) human resources; and (vii) public relations. The Governance Committee is responsible for nominating directors for election or reelection. Any nominated director shall meet with at least one (1) director who is not a member of the Governance Committee prior to any meeting of the Board at which such nominated director is to be proposed for election. Upon election, the Governance Committee shall be responsible for new director orientation and training.
- D. **Director Responsibilities.** The basic responsibility of the directors is to exercise their judgment to act in what they reasonably believe to be in the best interests of the Corporation, and to conduct themselves in accordance with their duties of care and loyalty. At a minimum, directors are expected to do the following: (i) serve on at least one (1) committee; and (ii) attend Board meetings and meetings of the committees on which they serve, and in each case, are also expected to review in advance all materials related to such meetings. In addition to the foregoing, as a nonprofit public charter school, there will be multiple community outreach, development, and recruitment events that will take place over the course of a fiscal year. Though it is not expected that any director will attend all such events,

it is expected that each director will promote and support the Corporation in some public manner, through attendance of such events or otherwise, at least once each fiscal quarter.

- E. Change of Position.** A director whose primary job position, or professional affiliations and responsibilities, change from what they were at their most recent election to the Board must notify the Board of such change. The Governance Committee will determine what effect the change in job position has on the director's ability to fulfill his or her obligations to the Board prior to nominating the individual for a future term on the Board.
- F. Other Boards and Committees.** A director is expected to commit sufficient time to the performance of his or her duties to the Board. Without specific approval from the Board, no director may serve on more than four (4) nonprofit boards (including the Corporation's Board). In addition, directors who also serve as officers of the Corporation's Board should not serve on more than more than two (2) nonprofit boards (including the Corporation's Board).
- G. Orientation and Continuing Education.** All new directors shall receive orientation and training from the Governance Committee; provided that all directors are expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. This will include, but is not limited to, mandatory attendance of at least one board training session per year, which will be certified by the Tennessee Charter School Association, as required by Tennessee law. Such required board training session will be coordinated by the Governance Committee.
- H. Advisory Members.** The Board may elect advisory members from time to time, including without limitation employees of the Corporation, who may attend, without vote, all meetings of the Board. Advisory members shall serve at the pleasure of the Board and shall advise and counsel the Board on appropriate matters.

## **II. Board Meetings**

- A. Board Meetings.** The Board will conduct regularly scheduled meetings generally on a bi-monthly basis, but in any event at least four (4) times a year, such meetings not to run longer than two (2) hours. The Board will conduct an annual meeting, as one of its four minimum required meetings, typically in April or May of each year. At such annual meeting, the Board will set organizational and strategic direction for the upcoming fiscal year, which will include, among other items, election of officers, approval of budget, appointments to standing committees, creation of ad hoc committees, as necessary, setting of Board goals, and creation of a Board calendar. The annual meeting will typically last a full

business day and may include the required annual board training session, as described in Section I.G above, as part of its agenda. The Board may call special meetings from time to time in accordance with the requirements of its Bylaws.

- B. Agendas.** The President and the CEO are jointly responsible for establishing the agenda for each Board meeting. A draft of the agenda, along with all attachments, will be circulated to the directors and posted on the Corporation’s website not less than seven (7) days prior to any regular meeting and the annual meeting, and as soon as practicable for any special meeting. Each director is free to suggest items for inclusion on the agenda of any Board Meeting and to raise at any Board meeting subjects that are not on the agenda for that meeting.
- C. Minutes.** The Secretary is responsible for ensuring that accurate minutes are taken at each Board meeting. Drafts of such minutes shall be distributed along with the agenda for the next regularly scheduled Board meeting. After approval of the draft minutes, the Secretary shall be responsible for ensuring that such are posted on the Corporation’s website.
- D. Roles and Responsibilities.** The President presides at all Board meetings. The CEO will provide a CEO report at each regularly scheduled Board meeting, updating the Board on a “dashboard” of key performance evaluators, as determined from time to time by the Board. It is expected that at each regularly scheduled Board meeting that each committee chair will update the Board as to his or her committee’s progress since the last regularly scheduled Board meeting.
- E. Executive Sessions.** At the request of any director, at any Board meeting, the directors may meet in an executive session of directors only that excludes the CEO, any other employee of the Corporation, and/or any advisory members.
- F. Tennessee Open Meetings Law.** The Corporation intends to comply in all respects with the Tennessee Open Meetings Law, which requires (i) that all meetings of the Board be open to the public at all times, (ii) that adequate notice be provided to the public of any such meeting, and (iii) that minutes of any such meeting be made available to the public. Specifically, notice of all meetings of the Board will be posted on its website as far in advance as practicable, meetings will be held at such locations as will accommodate public attendance and comment, and minutes of any meeting of the Board will be posted on the Corporation’s website as soon as practicable after approval at the next regularly scheduled Board meeting. The Board will post public comment procedures on its website, which will include requests (i) that anyone wishing to speak at a Board meeting will provide written notice at least twenty four (24) hours in advance, (ii) that any such comment will be less than five (5) minutes, and (iii) that any such comment be made during a specifically designated public comment period. When appropriate, the President or CEO may respond directly to any public comments,

but when not appropriate, as determined by the President or CEO, a written response will be provided to the individual making such comment as soon as practicable.

### III. Officers.

- A. **President.** At all times the Board shall have a President. The President shall be the principal officer of the Corporation and shall serve as the principal liaison between the Board and the CEO. He or she shall preside at all meetings of the Board and shall work with the CEO to establish agendas for each such meeting, including without limitation the Board's annual meeting. The President shall be charged with the responsibility of appointing the chair of each standing or ad hoc committee of the Board (except where the chair is specifically designated herein), and the President shall be an ex-officio member of each standing or ad hoc committee of the Board. The President may sign, with the Secretary or any other proper officer thereunto authorized by the Board, deeds, mortgages, bonds, contracts, or other instruments, which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or its Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The President shall have such other powers and perform such other duties as may be assigned by the Board.
- B. **Treasurer.** At all times the Board shall have a Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the Bylaws; disburse the funds of the Corporation in accordance with the directives of the Board, taking proper vouchers for such disbursements, and render to the Board, at its annual meeting and at such other times as may be requested by the Board, an accounting of all the transactions of the Treasurer and of the financial condition of the Corporation; and in general perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him or her by the President or by the Board. The Treasurer shall serve as chair of the Finance Committee. The Treasurer reserves the right to delegate tasks described above to employees of the Corporation to the extent such delegation is more practicable and efficient, though oversight of such tasks shall always be the responsibility of the Treasurer.
- C. **Secretary.** At all times the Board shall have a Secretary. The Secretary shall ensure that accurate minutes are taken at each Board meeting and that such are posted on the Corporation's website after approval; see that all notices are duly given in accordance with the provisions of the Bylaws or as required by law; be

custodian of the corporate records of the Corporation; keep a register of contact information for each member of the Board; and in general perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned to him or her by the President or by the Board. The Secretary shall serve as chair of the Governance Committee.

- D. Chief Executive Officer or CEO.** In addition to the other officers described herein, the Corporation shall at all times have a CEO, who shall be an employee of the Corporation, shall serve at the pleasure of the Board, and shall report directly to the Board. The CEO shall be responsible for the day-to-day operations of the Corporation. The CEO shall perform such other duties as may from time to time be prescribed by the Board. The CEO shall be a non-voting, ex-officio member of the Board. The CEO shall work with the President to establish agendas for each Board meeting, including without limitation the Board's annual meeting, and will provide a CEO report at each such meeting, updating the Board on a "dashboard" of key performance evaluators, as determined from time to time by the Board.
- E. Annual Board Evaluation.** The Governance Committee establishes the evaluation process for reviewing the performance of the Board as a whole, along with individual directors. The annual evaluations shall include director self evaluations and CEO evaluations of the Board as a whole, along with individual directors (the CEO is encouraged to get input, as appropriate, from senior staff in regard to such evaluations). The Governance Committee shall compile the results of such evaluations and discuss the same with the Board as a whole, along with individual directors.
- F. Annual CEO Evaluation.** The Governance Committee establishes the evaluation process for reviewing the performance of the CEO. The annual CEO evaluation shall include a CEO self evaluation, individual director evaluations of the CEO, and senior staff evaluations of the CEO. The Governance Committee shall compile the results of such evaluations and discuss the same with the Board and the CEO.

#### **IV. Committees**

- A. Number and Type of Committees.** The Bylaws of the Corporation do not set forth any required standing committees; however it is anticipated that at all times the Board will maintain the following standing committees: (i) a Performance and Growth Committee; (ii) a Development Committee; (iii) a Facilities Committee; (iv) a Finance Committee; and (v) a Governance Committee. The anticipated duties and obligations of each committee are set forth below. The Board may add new committees or remove existing committees as it deems advisable in the fulfillment of its responsibilities.

- B. Composition of Committees.** The President of the Board is responsible for the appointment of committee chairs, who shall be directors, and committee chairs are responsible for the appointment of committee members. Committee members do not have to be directors, and such non directors may serve in the same capacity as any director, including without limitation the ability to vote on committee action.
- C. Performance and Growth Committee.** The main purpose of the Performance and Growth Committee is (a) to measure the academic results of the Corporation's school against the goals established in its charter and annually at the Board's annual meeting and (b) plan for future growth. Specifically, the Academic Achievement Committee should ensure that: (i) the Board and CEO have a clear and shared definition of "academic excellence"; (ii) the Board and CEO have a clear and shared sense of how well the school is currently performing in reaching that definition of excellence; (iii) the Board and CEO agree on the next steps the school will take in order to reach that goal of excellence; (iv) all directors understand what standardized assessments the school administers, what each one assesses, when each one is administered, and how the data from each is used to inform teaching and programmatic changes; (v) the Board and CEO have a clear and structured process for updating the Board on the school's performance on key academic outcomes on a regular basis (at least four times per year); (vi) when academic-outcome data is presented to the Board, it is presented in a comparative context (e.g., against comparables of how the school has performed in the past, how other schools in the area have performed, and how other high performing schools have performed) so that directors can assess the school's overall strength of performance meaningfully; and (vii) the Corporation has an established growth plan with certain requirements set in place as prerequisites to considering any expansion. The Academic Achievement Committee specifically should not be involved in the following, such tasks being the responsibility of the CEO: (i) evaluating teachers; (ii) selecting, designing, or reviewing the quality of curricula; (iii) planning professional development for teachers; (iv) interacting with teachers or other staff members on a regular basis (i.e., daily or weekly); (v) interacting with families or students on a regular basis (i.e., daily or weekly); or (vi) presenting themselves as an outlet for staff, family, or student complaints or concerns that are not first been formally addressed to the CEO.
- D. Development Committee.** The Development Committee shall assist the CEO with strategy and execution of a long-term and an annual fundraising plan.
- E. Facilities Committee.** The main purpose of the Facilities Committee is to build a long-term strategy around the acquisition and financing of cost-effective and high quality buildings for the school(s). The Facility Committee will meet regularly with the CEO and will be responsible for the management of a real estate

professional that is retained by the Board for the purpose of finding and evaluating facility options for the school. The Facilities Committee will make recommendations to the Board about facility options that normally will be included within the Finance Committee budget presentations. The Facilities Committee will also bring an annual long-term Facility strategy plan to the Board for approval.

- F. Finance Committee.** The Finance Committee shall be chaired by the Treasurer. The main purpose of the Finance Committee is to monitor the finances of the Corporation and ensure its financial health. Specifically, the Finance Committee shall undertake the following: (i) assist the CEO and President in preparing budget for approval at the Board's annual meeting; (ii) monitor budget monthly and make recommendations for revisions to the Board as needed; (iii) recommend format for financial and programmatic summary reports for Board approval; (iv) review monthly financial statements with CEO and CFO; (v) review accounting and control policies annually and make recommendations for changes and improvements to the Board as needed; (vi) review the audited financial statements with CEO and auditor; (vii) review investment policies annually and make recommendations for changes to the Board as needed; and (viii) act as a liaison between the Board and the CFO.
- G. Governance Committee.** The Governance Committee shall be chaired by the Secretary. Generally, the Governance Committee shall have primary responsibility for all matters pertaining to recruiting and retention of directors and the governance of the Corporation. Specifically, the Governance Committee shall undertake the following: (i) analyze the skills and experience needed on the Board; (ii) create a short and long-term Board recruitment strategy, including the development of a slate of prospects for consideration; (iii) work with President and CEO on a succession plan for Board officers; (iv) recruit directors; (v) develop an orientation and training plan for new directors; (vi) assist in the planning of the Board's annual meeting, including without limitation annually required board training program; (vi) develop and revise a director handbook outlining the responsibilities of the Board and directors, Board policies, and other relevant information; (vii) regularly evaluate the effectiveness of Board meetings, and make recommendations for improvement to the President and full Board as needed; (viii) annually coordinate an evaluation of the full Board and individual directors; (ix) annually coordinate an evaluation of the CEO; and (x) review and recommend to the Board amendments to these Governance Guidelines as it deems necessary or appropriate from time to time.
- H. Ad Hoc Committees.** The President, with the approval of the Board, may from time to time create such ad hoc committees as the President believes necessary or desirable to investigate matters or advise the Board. Ad hoc committees shall

limit their activities to the accomplishment of the tasks for which created and shall have no power to act except as specifically conferred by the Board. Such committees shall operate until their tasks have been accomplished or until earlier discharged by the Board.

- I. Tennessee Open Meetings Law.** Subject to certain exceptions, a meeting of any two (2) directors of a charter school who have “the authority to make decisions for or recommendations to” the school shall be subject to the provisions of the Tennessee Open Meetings Law. As such, most, if not all, committee meetings will be subject to such law. Consequently, the policies established herein for Board meetings related to the Tennessee Open Meetings Law shall also apply to committee meetings, including without limitation posting of agendas, notices of meetings, and minutes on the Corporation’s website for any committee meeting. The chair of each committee shall be charged with compliance thereof. Notwithstanding the foregoing, to the extent any committee meeting takes place that does not comply with the Tennessee Open Meetings Law, then any action taken at such meeting shall be deemed null and void, and such shall be reassessed in full at a subsequent compliant committee meeting or full Board meeting.

## **V. CONFLICTS OF INTEREST**

- A. Purpose.** The purpose of the conflict of interest provisions is to protect the Corporation’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. These provision are intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

### **B. Definitions.**

1. Interested Person. Any director, officer, or member of a committee with Board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
  - b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or



- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

**C. Procedures.**

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.
3. Procedures for Addressing the Conflict of Interest.
  - a. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - b. The Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. After exercising due diligence, the Board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. Manner of Approval. A transaction in which a director or officer of the Corporation has a conflict of interest may be approved if:
  - a. A more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the

disinterested directors whether the transaction or arrangement is in the Corporation'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; or

- b. Approval is obtained from the Attorney General of the State of Tennessee, or from a court of record having equity jurisdiction in an action in which the Attorney General is joined as a party.

5. Violations of the Conflicts of Interest Policy.

- a. If the Board or committee has reasonable cause to believe a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**D. Records of Proceedings.** The minutes of the Board meetings and all committees with Board delegated powers shall contain:

- 1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.
- 2. 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.

**E. Compensation.**

- 1. A voting member Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- 2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or

indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.