

**AIR FORCE VILLAGES, INC.
with Supported Corporations**

**BOARD
OF
DIRECTORS**

**Governance Manual
Duties, Responsibilities & Goals**



AIR FORCE VILLAGE MISSION

**The Air Force Villages
are dedicated to quality retirement living
with emphasis on individual wellbeing.**

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1: Leadership Succession Planning and Compensation (Revised by Board, 8-20-09)	
2: Board CEO/President Job Description (Revised by Board, 8-20-09)	
3: Board Policies for Board Composition and Operation (Revised by Board, 8-20-09)	

MAJOR DUTIES & RESPONSIBILITIES OF BOARDS OF DIRECTORS

Duties of Care and Loyalty

1. Provide continuity for Air Force Village by establishing the corporate or legal existence, and represent Air Force Villages' (AFV) point of view through interpretation of its programs and services, and advocacy for them. Perform in accordance with applicable statutes and provisions of the Articles of Incorporation and Bylaws.
2. Determine AFV's Mission and Purpose by creating the mission statement and reviewing it annually for accuracy and validity. Each individual Board member should fully understand and support the mission statement.
3. Select and appoint a chief executive (see attachment 1 & 2) to whom responsibility for the administration of AFV is delegated, including:
 - review and evaluate his/her performance annually on the basis of a specific job description, including meeting established objectives, executive relations with the Board, leadership in the organization, program planning and implementation, and management of AFV and its personnel
 - establish a compensation policy and set annual compensation
 - offer guidance and determine whether to retain or dismiss the executive
4. Ensure Effective Organizational Planning by actively participating with the staff in an overall planning process and assisting or supporting implementation of the strategic plan and:
 - reviewing progress at least annually
 - reviewing and updating plan annually for currency
5. Govern the organization by establishing broad policies and objectives, formulated and agreed upon by the chief executive, including assignment of priorities and ensuring AFV's capacity to carry out programs.
6. Account to the constituents for the products and services of AFV and expenditures of its funds. The Board will:
 - provide for fiscal accountability, approve the budget, and formulate policies

- related to contracts with public or private resources;
 - accept responsibility for all conditions and policies attached to new, innovative, or experimental programs
 - determine which programs are the most consistent with AFV's mission, and monitor their effectiveness
 - clearly articulate AFV's mission, accomplishments, and goals to constituents: garner support from key constituents
 - interface with residents
7. Ensure that internal control and risk management systems are in place.
 8. Assess its own performance by evaluating its performance in fulfilling its responsibilities. The Board should recognize its achievements and reach consensus on which areas need to be improved.
 9. Ensure that the Strategic Plan is current; at least annually conduct a review of staff implementation of the plan.

Board Member Fundraising Responsibilities

Each Board Member is truly a window to the world for AFV and in this strategic position is able to facilitate the networking that is essential for effective fundraising.

Contributions of time, talent and energy in the performance of Board duties are expected, but are not sufficient to accommodate the requirements of true stewardship. Stewardship is to give of our time, give our talents and give of our financial resources.

As a Board Director you are asked to:

1. Espouse the cause of AFV by assisting it in securing the resources that are necessary to support the programs required by the mission statement.
2. Serve as an ambassador to our circle of influence (family, vocation, recreation, religious, education, social and political contacts) and to the Air Force community to educate others and promote AFV.
3. Make a personal donation: Air Force Villages Charitable Foundation (AFVCF) will be one of the top five charities you support each year that we serve on the Board.
4. Meet individually with the VP of Development to learn about specific opportunities to help sustain AFVCF-supported charitable programs.
5. Identify and encourage individuals in the community to volunteer their services in support of fundraising on behalf of AFV.
6. Support fundraising campaigns to help ensure AFV has the resources it needs to meet its mission.

AFV, Inc. Board Chair Job Description

1. Is a member of the Board
2. Serves as the Chief Volunteer of AFV
3. Is a partner with the President & CEO in achieving AFV's mission
4. Provides leadership to the Board of Directors, which sets policy and to whom the President is accountable
5. Chairs meetings of the Board after developing the agenda with the President
6. Encourages Board's role in strategic planning
7. Appoints the chairpersons of committees, in consultation with other Board members
8. Serves ex officio as a member of committees
9. Discusses issues confronting AFV with the President
10. Helps guide and mediate Board actions with respect to AFV priorities and governance concerns
11. Reviews with the President any issues of concern to the Board
12. Monitors financial planning and financial reports
13. Plays a leading role in fundraising activities
14. Formally directs the evaluation of the performance of the President and of Board members
15. Evaluates annually the performance of AFV in achieving its mission
16. Performs other responsibilities assigned by the Board

Vice Chair Job Description

1. Is a member of the Board
2. Performs Chair responsibilities when the Chair cannot be available (see Chair Job Description)
3. Reports to the Board's Chair
4. Works closely with the Chair and other staff
5. Participates closely with the Chair to develop and implement officer transition plans
6. Chairs Nominating Committee
7. Performs other responsibilities as assigned by the Board

Committee Chair Job Description

1. Is a member of the Board
2. Sets tone for the committee work
3. Ensures that members have the information needed to do their jobs
4. Oversees the logistics of committee's operations
5. Reports to the Board's Chair
6. Reports to the full Board on committee's decisions/recommendations
7. Works closely with the President and other staff as agreed to by the President
8. Assigns work to the committee members, sets the agenda and runs the meetings, and ensures distribution of meeting minutes
9. Initiates and leads the committee's annual evaluation

Board Member Job Description

1. Regularly attends Board meetings and important related meetings
2. Makes serious commitment to participate actively in committee work
3. Volunteers for and willingly accepts assignments and completes them thoroughly and on time
4. Stays informed about committee matters, prepares themselves well for meetings, and reviews and comments on minutes and reports
5. Gets to know other committee members and builds a collegial working relationship that contributes to consensus.
6. Participates in fund raising for AFV through personal contributions and representation in the community

Board Secretary Job Description

1. Is a member of the Board
2. Works with the Executive Secretary to the President to fulfill the following responsibilities:

Maintain records of the Board and ensures effective management of AFV's records

- Manage minutes of Board meetings
 - Ensure minutes are distributed to members shortly after each meeting
 - Is sufficiently familiar with legal documents (articles, by-laws, IRS letters, etc.) to note applicability during meetings
3. Review and sign Board minutes

Treasurer Responsibilities

Treasurer responsibilities are assigned to the Chief Financial Officer who in coordination with the CEO, will meet with the Finance Committee of the Board as well as the Board to discuss and review for Board, or Board designated committee, approval:

- financial management of AFV
- administration of fiscal matters of AFV
- annual operating and capital budget(s), as well as any longer-term financial plans that may from time to time be developed
- development of financial policies and procedures

Specific Supported Board Responsibilities

1. Conduct an annual meeting
2. Annually review execution of the operating and capital budgets related to the specific supported corporation; receive report comparisons of actual results versus budget results
3. Review and approve the specific supported corporation's annual operating and capital budget for recommendation to AFV, Inc., the Member; including a review of any longer-term operating or capital projections
4. Recommend to the Member, through the annual budget process, suggested usage of unrestricted contributions to be used that year, indicating whether such needed monies come from
 - totally unrestricted funds (donor did not designate any AFV corporation or specific within an AFV corporation), or
 - funds restricted by the donor to this supported corporation but not otherwise restricted within the corporation

If gray areas arise regarding whether the supported or AFV, Inc. Board is responsible for a particular issue or area, and it is not clear within the bylaws, then both Board Chairs with the President will discuss to determine the appropriate process needed; and may include legal counsel as needed if further input needed for resolution, the matter may be taken to the full Board of the Member, AFV, Inc.

6. Resident Directors will be appointed to the following standing committees: Finance, Facilities and Admissions.

Board Committees

AFV, Inc. has established certain standing committees for conducting specific functions on behalf of all of the corporations. These committees shall be composed as outlined in the articles of the bylaws, or in the absence of specifics in the bylaws, as determined by the Board of Directors.

Additionally, major committees will include representatives from each supported corporation. Its activities and authority shall be in accordance with such bylaws, or in the absence of such, as agreed and delegated by the Board of Directors.

Unless specifically delegated herein, final approval of committee deliberations rests with AFV, Inc.

Executive Committee Responsibilities

Preface: The Executive Committee shall be composed and have the powers as outlined in Article VI of the Air Force Villages, Inc. Bylaws.

1. Review and approve plans for CEO succession
2. Rate President's performance and provide input to the Chairman relative to performance and annual adjustments, if any, to his or her compensation (and bonuses)
3. Review and approve plans for Board Chairman succession
4. Evaluate Board and committee performance
5. Insure that the governance of the Villages supports the Mission and Vision of the Villages
6. Support the Nominating Committee by identifying candidates for Board membership
7. Take such action on matters that may be delegated to it from time to time by the Board of Directors

Finance Committee Responsibilities

Chairperson

Desired qualifications: Past experience and knowledge of Financial Operations; Financial Reporting Standards and Measurement Ratios; Investment Controls; and Generally Accepted Practices.

Committee

1. Assist President in reviewing plans for the Chief Financial Officer selection, development, and succession.
2. Investigate and recommend to the respective Board, financial policies and procedures pertaining to long-term financing, investments, receipts and disbursements.
3. Review the annual (fiscal year) operating and capital budget as submitted by the corporations and make recommendations to the respective Board for approval, insuring consistency with the Strategic Plan and consolidated Financial Plan.
4. Review and make recommendations to the respective Board in all matters affecting major personnel management policy to include a bi-annual review of the salary and wage structure for AFV.
5. Recommend to AFV, Inc., an Investment Policy: review investment performance semiannually to ensure it reflects the level of investment risk agreed to by the total committee; report overall performance to the Board at least annually.
6. Validate operational performance targets annually, including applicable comparisons to the long-range plan objectives and bond/debt financial covenants; monitor performance of supported corporations to ensure long term performance of the consolidated and obligated groups on behalf of the Member, AFV, Inc.
7. Review performance of operating and capital budget quarterly.

Facilities Committee Responsibilities

Chairperson

Desired qualifications: Past experience in management of large facilities to include construction, modification and maintenance. Assignments such as Installation Engineer/Commander, Senior Engineering Staff or Operations Planner, are considered desirable.

Committee

1. Review, formulate and recommend to the respective Board, policies applicable to projects for improvement or modification of existing facilities or to provide focal points for coordination of development of new facilities
2. Study facility requirements for the efficient and economical operation and future development of the communities operated by the corporations and recommend appropriate action to the respective Board
3. Develop and present to the respective Board a facilities long-range utilization plan which sets forth:
 - Basic policy guidance
 - Planning assumptions
 - Specific objectives
 - Action programs to achieve objectives
4. Monitor progress against planned facilities utilization objectives and make periodic reports to the respective Board.
5. Oversee property acquisition, disposition and management. Insure the Board is apprised of environmental issues, to include water supply, wastewater and solid waste disposal, national, state and local rules and regulations.
6. Approve concept designs of capital projects exceeding \$500K (note: Board members will also be invited to participate in providing input and/or reviewing the selection of the project team.

7. Cost variations of individual projects in the Capital Improvement Program whose individual project cost exceeds \$100K may be approved by:

President/CEO if the cost increase does not exceed 25% of the budgeted amount for the given item **and** the total capital budget is not exceeded by more than 10%.

- Otherwise, the Committee must review projects and make appropriate recommendation to AFV, Inc for approval.

Projects individually less than \$100K will cumulatively be treated as one package for approval.

The Committee will be notified when individual projects in excess of \$100K are deferred.

- Executive Directors, with approval of the President/CEO, may substitute otherwise needed capital projects less than \$500K each as substitution for deferred projects during the year when circumstances warrant. Project substitutions will be reported to the Board at the next Board meeting.

Cost variations of all capital projects combined in a fiscal year that exceed an amount 10% greater than the budgeted total require approval by the Member, AFV, Inc. upon recommendation from the Committee.

8. When the President is required to respond to an emergency situation where the cost exceeds \$500K, the Board Executive Committee will be notified the next business day.

Nominating Committee Responsibilities

Chairperson

The chairperson of the Nominating Committee will be the Vice-Chairman of the Board..

Committee

The goal is to select a group who can balance margin and mission.

1. A Nominating Committee, of not less than three persons, shall be appointed by the Chairman to serve throughout the year.
 - The membership shall include, one resident from Village I, one resident from Village II and one member who is a non-resident of the Villages.
2. The Committee shall have as its purpose the nomination of persons for appointment or election as Directors in accordance with the Bylaws, and such other functions and duties as the Chairman may direct.

Nomination & Selection Procedures

1. The nominee in each instance must be and continue to be a non-resident of the AFV I or AFV II at the time of nomination and possible election unless nominated and elected to fill a director position then held by a resident of AFV I or AFV II. A biographical resume of not more than 200 words will be submitted by July 1st with the nominating petition.
2. Each recommendation will be considered by the Nominating Committee and may be accepted or rejected by the Committee at its sole discretion.

Nominations to Fill Positions Held by Resident Directors

1. The Executive Directors will announce via their newsletters, AFV I (Friday Flyer) or the AFV II (Roadrunner) that any resident interested in being considered for nomination will submit a signed application indicating a willingness to serve and a biographical resume to the respective Residents Council (RC). The RC will forward one name to the Nominating Committee through the Executive Director (for subsequent forwarding to the Nominating Committee) to be received by July 1.
2. Should a resident director resign during the year, the Chairman may appoint as authorized by the bylaws, a replacement in consultation with the RC Chair.

Admissions Committee Responsibilities

Chairperson

The chairperson shall normally be a member of the AFV, Inc. Board of Directors.

Committee

This Committee will review, evaluate and recommend to the AFV, Inc., on behalf of the respective supported Board, any unresolved issues that pertain to admissions or terminations of residents to or from independent living apartments. The purpose of the Committee is to review and approve, as appropriate:

1. Exceptions to Independent Living (Health Care Committee has responsibility in Health Care areas) admission policies or procedures that pertain to age, marital status, financial assistance, eligibility requirements, etc.
2. Possible Independent Living contract termination for non-medical reasons such as anti-social behavior, and non-compliance with residency contract or other operating policy.

Risk Management Committee Responsibilities

Chairperson

It is in the best interest of AFV that the Chair meets the definition of an audit committee financial expert, which was created by the Securities and Exchange Commission (SEC) as a requirement of “For Profit” businesses governed by the SEC. The Chair should:

1. Understand financial statements and generally accepted accounting principles.
2. Have experience “preparing, auditing, analyzing or evaluating financial statements” that are comparable in scope and complexity to those of AFV
3. Be familiar with internal controls and financial reporting procedures
4. Understand Risk Management Committee functions.

Committee

1. The Risk Management Committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Air Force Villages on behalf of the Member, AFV, Inc. In that regard, the Committee will have the authority to approve the retention of external professionals to render advice and counsel. All employees will be directed to cooperate with requests by members of the Committee.
2. The primary function of the Risk Management Committee is to assist the Board in fulfilling its oversight responsibility with respect to (i) the annual financial information that will be published in the audited financial statements; (ii) the system of internal controls established by management; and (iii) the internal and external audit process.
3. In addition, the Committee provides an avenue for communication between the internal audit group, the independent auditor, financial management and the Board. The auditor’s communication with those charged with governance is based on the American Institute of Certified Public Accountants auditing standard 114. The Committee will make timely reports to the Board concerning its activities.
4. While the Risk Management Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Air Force Village financial statements are complete, accurate, and in accordance with Generally Accepted Accounting Principles (GAAP). These responsibilities are those of management, internal audit, and the independent auditor.

Health Care Committee Responsibilities

Chairperson

Required:

1. Board certification in either Family Practice or Internal Medicine
2. At least 5 years active clinical experience in primary care.
3. Active Texas Medical License in good standing.
4. Ability to attend at least 75% of meetings

Preferred:

1. Subspecialty of Gerontology
2. Clinical medical research experience

Committee

The responsibilities of this Committee are to review, evaluate and recommend issues pertaining to admission, termination, discharge and care within the Village Health Care Service areas, to include AFV Health Services Corp and also Freedom House. Specific responsibilities include:

1. Review special cases regarding healthcare admissions/discharges and temporary/permanent status of residents, to include involuntary admissions.
2. Determine appropriate action when a health care resident's contract is violated for reasons such as drug abuse, alcohol abuse, and mental instability.
3. Determine whether the AFV Health Care Facilities are capable of providing necessary care. If the level or type of care to be provided is not within the professional capabilities of the staff, the committee may recommend transfer of the resident to an appropriate facility.
4. Review legal, ethical, or moral issues within the communities operated by the corporations, which might impact medical care. Issues to be considered include "Living Wills," withdrawal of feeding tubes, etc. Certain issues may also be referred to the Ethics Committee for consultation.
5. Review medical research projects including giving approval for research entities to present to the community the opportunity for residents to participate on their own accord. In doing so, the committee insures potential researchers have approval of governing agencies, such as the IRB or appropriate Medical Safety Boards.
 - requests submitted at least 30 days prior to anticipated start date of study
 - include a one page Executive Summary in layman's terms
 - submission of a liability indemnity statement

- no Phase I or Phase II drug studies will be considered for posting within the AFV Community.
6. Reviews/recommends funding of research projects within the scope of the budget and/or available contributed funds donated for such restrictive use.
 7. Provide guidance to management and review information from management regarding the quality of health care provided by the various Village health care operations.
 8. Other health care related activities as deemed or determined appropriate to be reviewed by the Health Care Committee.