

## CONFIDENTIAL

### LCD BOARD OF DIRECTORS ROLES AND RESPONSIBILITIES

**The Board of Directors is the legal authority for Lenders for Community Development. As a member of the Board, a Director acts in a position of trust for the community and is responsible for the effective governance of the organization and ensuring that LCD carries out its mission.**

**Approximately two-thirds of Board members represent key LCD constituents, specifically member banks and clients (or nonprofit and governmental organizations that serve LCD's client population). In addition to representing these important constituencies within LCD, all board members are expected to represent LCD out to the community and fulfill the responsibilities described below.**

**Mission:** LCD invests in enterprising low-wage workers, providing them with capital and training to help them earn, save and invest in the future.

**Length of term:** The organization's member banks elect the board each year. The Board has established a rotation policy for individual members to ensure fresh perspectives and access to new diverse networks. Board members are expected to serve three consecutive one-year terms and may be considered for additional one-year terms up to a maximum of six years. Board members who have rotated off the board are eligible to be re-elected after a one-year period.

#### **The Responsibilities of the Board of Directors are:**

- 1) To evaluate on a regular basis:
  - The organization's effectiveness in accomplishing its mission;
  - The role and performance of the Executive Director on an annual basis;
  - The effectiveness of the allocation of resources;
  - The organization's responsiveness and accountability to the unique needs of low-income and moderate-income populations
  - The effectiveness of individual Board members and of the Board of Directors as a whole.
- 2) To establish and oversee:
  - Institutional policies including but not limited:
    - i) A policy of non-discrimination;
    - ii) Personnel policies;
    - iii) Conflict of interest policies for board and staff and informing the Board of all actual and potential conflicts of interest relating to the general purposes and activities of the organization and to specific issues before the board.

- Systems for fiscal accountability including but not limited to approval of the annual operating budget and audit, faithfully reading and understanding LCD's financial statement, and exercising prudence in the control and transfer of funds.
- 3) To take responsibility for planning by:
- Ensuring that there is a mission statement;
  - Ensuring that there is a strategic plan, which is updated periodically;
  - Overseeing the implementation of the strategic plan.
- 4) To ensure the organization has adequate resources by:
- Monitoring the management of investments;
  - Approving the organization's annual fundraising plan.
  - Contributing individually to LCD's fundraising by:
    - i) Giving an annual gift according to personal means; ideally, LCD should be the recipient of one of the five largest philanthropic gifts each board member gives each year;
    - ii) Playing a meaningful role in the fundraising activity, which may include but is not limited to: asking friends and associates to support LCD, selling tickets/tables to LCD special event, providing connections to potential donors;
- 5) To support the executive management team by:
- Providing general advice and assistance to the organization upon request;
  - Delegating the day-to-day management and program development to the Executive Director and his/her staff.
- 6) To participate in and support the work of the board individually by:
- Attending all board meetings by phone or in person. LCD's Board meets quarterly and members are expected to annually attend a minimum of 75% of meetings and at least one in person;
  - Attending annual board retreat;
  - Preparing for each board and committee meeting, including reading all advance materials;
  - Participating on at least one standing committee (board development, events, finance, audit and/or executive) or one loan committee or task force annually;
  - Representing LCD constituents

## **PROPOSED BOARD AND COMMITTEE STRUCTURE**

In order to comply with bylaws, CDFI requirements, and to best serve the interests of LCD, the following is recommended as the ideal architecture for the board:

- ❖ One-third of members will be people who, because of their professional or personal qualities, will be able to represent the needs and perspectives of low-income communities (LCD's customers), and will be expected to hold LCD accountable to those needs;
- ❖ One-third of members will be chosen from among LCD's member banks (with two seats reserved for Tier 1 banks); it is desirable that in addition to representing individual member banks, these members will also be able to assist LCD in expanding its networks and donor base;
- ❖ One-third of members will represent the community at large, with particular focus on those who can expand LCD's networks and donor base.

The following are proposed as Board standing committees; board members will be asked to serve on one of the following:

- ❖ Events
- ❖ Board Development and Governance
- ❖ Audit Committee
- ❖ Finance
- ❖ Executive Committee

In lieu of serving on one of the standing Board committee, board members may be asked to participate on one of LCD's loan committees