



TREE FUND
Cultivating Innovation

TRUSTEE HANDBOOK SECTION TWO: GOVERNANCE AND MANAGEMENT

INTRODUCTION

Tree Research and Education Endowment Fund (TREE Fund) was founded in 1976 as the International Society of Arboriculture (ISA) Research Trust. In 2002, the ISA Research Trust and the National Arborist Foundation merged, reincorporating as a standalone 501(c)3 nonprofit under a new Declaration of Trust; the most recently restated version of this Declaration (December 5, 2016) is included as an integral component of this handbook.

Governed by a national board of Trustees, TREE Fund now empowers work globally from our office in Naperville, Illinois. TREE Fund awards grants for research, scholarships and educational programs to enhance awareness and management of tree populations in urban settings, thereby improving community health, beauty, value and sustainability. TREE Fund empowers arborists, urban foresters, landscape architects, municipalities, businesses and citizens to work collaboratively, ensuring that healthy, mature trees will remain integral to our common future.

THE ROLE OF THE BOARD OF TRUSTEES

As a 501(c)3 nonprofit, TREE Fund is governed by a volunteer Board of Trustees, who collectively bear the ultimate responsibility for the activities and health of the organization. This responsibility is recognized by statute and case law in both Federal and State jurisdictions and it requires great care from those with whom it is entrusted. TREE Fund's Declaration of Trust states that the Board of Trustees will be comprised of the Chairman of the ISA Chapter Liaison Committee and eleven to fourteen other members. Trustees' terms will be for two years, and will generally begin on January 1, following election at the Annual Meeting of the Corporation. Trustees are limited to three full consecutive two year terms, except under special conditions as approved by the full Board of Trustees, and provided that after a one year absence from the Board of Trustees, an individual shall again be eligible to serve.

TREE Fund is an evolving, growing and dynamic organization, and its Trustees – individually and collectively as a Board – must respond and adapt to emergent challenges and opportunities. The organization's specific needs for subject matter experts will always be fluid, requiring discernment amongst the board as a whole, as part of an annual review process. TREE Fund will always endeavor to achieve board diversity, seeking a balance of membership that is not monochrome

in terms of age, gender, ethnicity, educational background, life experiences and career history. In addition to core expertise in the tree care industry and allied professions, TREE fund also requires and seeks expertise in not-for-profit administration, fund development, legal, finance, research and educational methods. Recruitment for trustees will target tree care industry and allied professions, academia, philanthropic organizations, arts, legal, corporations, environmental groups, and Fortune 500 or other large corporate organizations.

The Trustees collectively and individually act as fiduciaries on behalf of the organization's stakeholders, most especially the contributors and supporters who invest their time, treasures and talents in the TREE Fund's activities. At a minimum, the Trustees must make all good faith efforts to ensure that TREE Fund honors and respects its supporters' contributions by:

- Meeting all compliance requirements, obeying all laws, and adhering to all internal policies in pursuit of its mission;
- Enforcing rigorous ethical standards to serve as incontestable guidelines for the board and management;
- Ensuring that the resources entrusted to its care are not wasted and that the organization functions efficiently;
- Defining clear goals and expectations for both governance and management, and then evaluating performance against those goals and expectations; and
- Maintaining transparency by openly sharing the accomplishments of the organization and disclosing processes for decision making.

TRUSTEE RECRUITMENT PROCESS

Trustee recruitment is a year-round continual process. TREE Fund's Board of Trustees shall be comprised and inclusive of individuals with varied backgrounds and life skills as outlined in the preceding section. Trustees and TREE Fund's President and CEO are empowered to approach prospective board members. The initial conversation will be a high level discussion gauging the candidate's interest in a leadership position with TREE Fund. Names and contact information of interested individuals will be forwarded to the chair of the Executive and Governance Committee. A member of the Executive and Governance Committee shall make contact with the candidate to discuss duties, time, and resource commitments; the Committee member may pre-qualify the candidate by gauging talent and commitment to serve on the board. A Board of Trustees application will be forwarded to pre-qualified candidates. The completed application, along with curriculum vitae or resume, will be provided to the Executive and Governance Committee, and that Committee's chair will convene an *ad hoc* team (which will include the President and CEO) to interview the candidate. The Executive and Governance committee will vote on and recommend applicants for the Board of Trustees, and will forward names of recommended board members to the entire Board of Trustees for a vote at the annual meeting of the Corporation.

DUTIES OF INDIVIDUAL TRUSTEES

Individual Trustees accept their personal role in the board's collective responsibility. As part of a group structure, a Trustee "owns" the performance of the full Board and ensures that the team remains accountable as a body. A Trustee does not disregard malfunctions or performance concerns but addresses them openly. Every Trustee must help keep fellow Board members accountable.

Per nonprofit corporation law, all Trustees must at a minimum meet three general standards of conduct, commonly known as the Duty of Care, the Duty of Loyalty, and the Duty of Obedience. The core principles of these duties are defined as follows:

- **Duty of Care:** Trustees have the duty to care for the interests of the organization, and must be diligent and prudent in pursuit of its charitable mission. The Duty of Care does not require that Trustees make the right decision in all cases, only that they act and make decisions in a fashion that another prudent person would consider reasonable and diligent. The Duty of Care requires that Trustees take an active role in the organization's activities, including attending meetings, reading reports, participating in committee work, and representing the organization in the community. The Duty of Care further requires Trustees to have an operating understanding and awareness of such key information as:
 - Formative and organizational documents
 - Minutes of meetings
 - Tax documents and filings
 - The nature and extent of asset holdings
 - How funds are invested and administered
 - The performance of such investments
- **Duty of Loyalty:** Trustees must serve the best interest of their organization, not their own well-being. This duty prohibits Trustees from engaging in any activities that may result in any of the following situations, or the appearances thereof:
 - Conflicts of interest, where a Trustee has a personal or professional interest in a proposed transaction; the Duty of Loyalty requires that the Trustee excuse himself/herself from discussion, abstain from voting, and not attempt to influence the vote of other managers.
 - Self-dealing, where transactions between the organization and its "disqualified persons," such as a spouse, parent or child of a foundation Trustee could directly or indirectly lead to conflicts of interest.
 - Misuse of assets, including theft, embezzlement, excessive compensation or rent, and/or personal use of the assets, facilities, or services of the organization.
 - Using a position of trust to personally take advantage of an opportunity presented to the organization.
- **Duty of Obedience:** Trustees must follow the principles established in the organization's Declaration of Trust and avoid any action that may jeopardize the organization's tax-exempt

status. The Duty of Obedience includes filing and paying taxes (when applicable), following public disclosure rules, and ensuring that the organization and its representatives comply with all relevant laws, statutes and ordinances.

PROFESSIONAL EXPECTATIONS FOR ALL TRUSTEES

Representative and typical professional expectations for all TREE Fund Trustees beyond the fundamental three duties include, but are not limited to:

- Being knowledgeable of and committed to TREE Fund’s mission.
- Understanding and observing the respective roles and responsibilities of the Board (governance) and the President/CEO (management); this topic is discussed further below.
- Recognizing in carrying out organizational activities and not interfering with staff functions or bypassing the President/CEO to direct staff activities.
- Attending at least 75% of all scheduled board and committee meetings in any given year.
- Preparing for all meetings by reading all provided materials and participating actively in all deliberations and decisions.
- Acting and voting on behalf of the TREE Fund’s mission and long-term interests, and abiding by the vote of the majority, or any other actions taken under Roberts Rules of Order.
- Supporting the decisions and policies of the board in all discussions outside the boardroom.
- Enhancing communications by bringing important outside views to the board and then carrying decisions back to key external constituencies.
- Respecting the confidentiality of board deliberations and information provided to the board.
- Serve on at least one standing committee each year.
- Supporting development activities by giving a personal gift annually and assisting the President/CEO with identifying, cultivating, soliciting and stewarding individual and/or corporate contributors.

RELATIONSHIPS BETWEEN TRUSTEES AND MANAGEMENT

The Board of Trustees is charged in the Declaration of Trust with hiring and supervising a President and Chief Executive Officer to manage TREE Fund’s activities. It is important that all Trustees fully understand and embrace the proper segregations of duties between governance and management in their relationships with the President/CEO and his/her staff. The following table lays out these distinctions:

Role of the Board of Trustees: Governance	Role of the President/CEO: Management
<ul style="list-style-type: none"> • Select, evaluate, and support the President/CEO 	<ul style="list-style-type: none"> • Run the organization in line with board direction and all legal and contractual obligations

	<ul style="list-style-type: none"> • Keep the board educated and informed
<ul style="list-style-type: none"> • Formulate a clearly stated strategic plan that defines a vision consistent with TREE Fund mission and that is regularly updated • Communicate this vision to the President/CEO • Evaluate and oversee how allocated resources are being used 	<ul style="list-style-type: none"> • Allocate financial, staff, facilities, and any other needed resources to achieve this vision • Ensure that the board receives regular feedback on how these resources are being used • Seek the board’s counsel
<ul style="list-style-type: none"> • Oversee management and organizational performance 	<ul style="list-style-type: none"> • Bring the board timely information and requests • Communicate with candor and transparency • Be responsive to requests for additional information
<ul style="list-style-type: none"> • Approve or amend high-level organizational goals and policies 	<ul style="list-style-type: none"> • Recommend goals and policies, supported by background information
<ul style="list-style-type: none"> • Make major strategic decisions – defined as those that might deviate from the strategic plan or that involve major new resource allocations 	<ul style="list-style-type: none"> • Frame tactical decisions in the context of the mission and strategic vision, and bring the board well-documented recommendations and planning
<ul style="list-style-type: none"> • Establish appropriate committees with clearly provided guidelines and expectations 	<ul style="list-style-type: none"> • Arrange committee meetings and their reports • Communicate these reports to the board
<ul style="list-style-type: none"> • Act as external advocates and diplomats in public policy, fundraising, and stakeholder/community relations 	<ul style="list-style-type: none"> • Keep the board informed, bring recommendations, and mobilize trustees to leverage their external connections to support the organization