

Policy I.

January 22, 1995

**General Policies on Executive Director Limitations
of the Not-for-Profit Corporation
Hudson River Sloop Clearwater, Inc.**

As an overriding principle, the affairs of the Corporation shall be conducted within generally accepted and business-like standards of safety, prudence, ethics and legality. The Executive Director acts at the pleasure of the Board of Directors as the Chief Executive Officer of the Corporation, freely when within the following limitations:

I. Financial Support:**A. With respect to the sources of funds, donations and memberships, the Executive Director will not without consulting with either the Board at a regularly scheduled meeting or in an emergency with the President of the Board:**

1. Seek funds in a manner that will compromise the mission or image of the Corporation.
2. Make agreements or obligate Clearwater to comply with donor constraints other than for normal and customary dedication associated with restricted donations to specific programs, activities, capital projects, etc.
3. Initiate or engage in merchandising opportunities inappropriate to the purpose of the organization or in conflict with the policies outlined herein.
4. Use funds from the restricted contributions for any purpose other than that required by the contribution without prior assent by the funding source.

B. With respect to fiscal management and fiduciary responsibility, the Executive Director will not without consulting with either the Board at a regularly scheduled meeting or in an emergency with the President of the Board:

1. Incur debts or other obligations, or extend credits or funds, other than for short-term trade payables or receivables.
2. Use cash, instead of checks, as payment for goods or services except for normally recognized petty cash expenses of less than \$100; enter into a contract for goods or services in excess of \$5,000 per annum or in excess of three years; maintain funds in bank accounts other than those authorized by the Board; allow

other than prompt deposits of funds received into appropriate bank accounts; invest in funds in accounts other than those insured by FDIC, MBIA or other equivalent insurance; or deviate from Board investment policy.

3. Purchase goods or services from any individual or organization where there might exist the appearance of a conflict of interest or less than an “arms length transaction.”
4. Permit insurance coverage to lapse or otherwise fall below a level necessary for prudent risk management and asset replacement.
5. Commit to plans, programs or expenses that exceeded the total annual budget or individual budget categories of the annual budget, unless such expense overages are offset by revenue overages or by expense savings elsewhere in the budget; or permit revenues to fall below budget unless such revenue shortages are off-set by expense savings.
6. Allow cash liquidity to fall below levels necessary to maintain normal operations and meet anticipated obligations.
7. Permit budgets or financial statements to contain too little information for reasonably accurate projections of revenue and expense, separation of capital and operational items, cash flow and subsequent audit trails.
8. Prepare regular monthly financial reports to the Board on any basis other than accrual accounting in compliance with Generally Accepted Accounting Principles (GAAP).
9. Permit disorganization of financial documents (invoices, deposit records, etc.) or fail to maintain financial records for at least seven years from the current period, such that the affairs of the Corporation cannot be audited by independent auditors and government agencies.

II. Personnel Policies and General Administration

With respect to personnel policies and administration, the Executive Director shall not without consulting with either the Board at a regularly scheduled meeting or in an emergency with the President of the Board:

1. Deviate from the personnel policy in managing the staff.

2. Permit any staff member to operate in his or her job for more than three months without a job description.
3. Permit any staff member or employee to engage in activities related to their employment in an unprofessional or unsafe manner.
4. Discriminate in any way or permit discrimination by any staff member against an employee on the basis of age, sex, race, religious affiliations, sexual orientation, gender identity or expression, disability or veteran status.
5. Operate without clear and documented plans and procedures, known and available to employees, to insure operational and administrative continuity.
6. Operate without clear and documented descriptions for delegation of responsibility and authority.

III. Real Estate, Tangible and Intangible Property

With respect to maintenance of the real estate, tangible and intangible property of the Corporation, the Executive Director shall not without consulting with either the Board at a regularly scheduled meeting or in an emergency with the President of the Board:

1. Allow the premises at 112 Little Market Street, Poughkeepsie, NY or other tangible property of the Corporation, such as motor vehicles or merchandise inventory, to fall into a state of disrepair or to violate any applicable local, state or federal law, code or regulation.
2. Allow the premises at 112 Little Market Street, Poughkeepsie, NY or other physical assets of the Corporation, to be maintained in a manner that might jeopardize safety or reflect adversely on the image of Clearwater.
3. Move or expand the physical location of the Clearwater office from 112 Little Market Street, Poughkeepsie, NY.
4. Delay or postpone the immediate notification of the President of the Board or his/her designee of proposals or opportunities to acquire real property or other material assets, to sell or encumber real property or other material assets, or to make capital improvements, repairs, alterations or changes to real property or material assets.

5. Fail to protect the Corporation's rights in its intangible assets such as copyrights, trademarks or goodwill.

IV. Sloop

With respect to the operation of the sloop Clearwater or other vessels, the Executive Director shall not without consulting with either the Board at a regularly scheduled meeting or in an emergency with President of the Board:

1. Permit the sloop to fall below the standards for a vessel of its type as set by the United States Coast Guard, or into a state of disrepair.
2. Permit the sloop to be operated in a manner that would violate United States Coast Guard or other regulations and/or jeopardize the safety of the boat, crew or its passengers.
3. Allow the sloop to operate in any manner inconsistent with the mission of the organization or for commercial purposes.
4. Cause or permit the sloop to operate outside the waters approved by our license with the United States Coast Guard.

V. Legal

With respect to legal issues and actions, the Executive Director shall not without consulting with either the Board at a regularly scheduled meeting or in an emergency with President of the Board:

1. Permit initiation of withdrawal from, or appeal of an adverse decision from any civil or criminal legal action, alone or in concert with others without the prior and continuing approval of the Board of Directors with the following specific exception:

[The Executive Director may immediately press appropriate charges upon the commission of any felonious or criminal acts against any persons involved in Clearwater activities or the property and equipment of the Corporation, subject only to the subsequent notification as quickly as possible of the President of the Board of Directors or his/her designee.]

2. Delay or postpone the immediate notification of the President of the Board or his/her designee should any member of the staff or a volunteer be charged with or arrested as a consequence of any act or action in conjunction with his/her relationship with the organization.

3. Delay or postpone the immediate notification of the President of the Board or his/her designee should any civil or criminal action be initiated, terminated, appealed or have a decision rendered in which Clearwater, or persons acting on behalf of Clearwater are named as either plaintiff, defendant or witness.

VI. Purpose and Direction

With respect to representing the Hudson River Sloop Clearwater, its purpose and direction, the Executive Director will not without consulting either the Board at a regularly scheduled meeting or in an emergency with the President of the Board:

1. Fail to comply with the by-laws of the Corporation or with any federal, state or local law or regulation applicable to the Corporation including, but not limited to, restrictions applicable to not-for-profit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code.
2. Make statements or permit employees to make statements about individuals or entities that may be construed as libelous or inflammatory and that are not founded in factual data that can be confirmed by two independent sources.
3. Make statements or give positions that endorse a political party or an individual running for public office.
4. Affiliate with other organizations for purposes other than the primary purposes and mission of the Hudson River Sloop Clearwater or with organizations whose makeup and/or practices may reflect negatively on the Hudson River Sloop Clearwater.
5. Permit the organization, its assets or employees to engage in advertising for commercial enterprises or in commercial ventures with other entities in a manner that may compromise the purpose of the organization or reflect poorly on its programs or affiliations.
6. Delay or postpone the immediate notification of the President of the Board or his/her designee of trends, public events and other material matters that change or modify the assumptions under which Board policy is established.
7. Terminate major programs.

1/22/95

Adapted 11/04

Adapted 11/06 ALP

Amended 10/18 PGC

Policy II.

February 12, 1995

**Policies on Board of Directors - Executive Director Relationship
of the Not-for-Profit Corporation Hudson River Sloop Clearwater, Inc.****I. Delegation to the Executive Director**

1. It is the responsibility of the Executive Director to implement the policies and attain the organizational ends established by the Board of Directors.
2. The Executive Director is free to create, amend and modify the mechanisms by which the Board policy is implemented by whatever means he/she sees fit, provided that the means do not violate any prescriptions set forth in the Board's policies on Executive limitations.
3. All Board authority to delegate to the staff is delegated through the Executive Director, and the Board will officially relate to the staff only through the Executive Director.
4. The Executive Director is accountable only to the Board as a whole. Permanent Board information will be presented to the Executive Director in the form of policy statements representing the intentions of the Board as a whole.
5. The Executive Director is accountable for the performance of Clearwater as a whole; for the actions of Clearwater's employees and volunteers; and for the public perception of Clearwater.

II. Monitoring and Evaluating Executive Performance

1. The Board shall monitor the performance of the Executive Director to determine whether Board policies are being adhered to and limitations are not being violated.
2. The Executive Director shall be evaluated annually, prior to and within one month of the annual meeting, and at such additional times as the Board determines are appropriate and necessary.
3. Monitoring and evaluating the overall performance of the Executive Director is the responsibility of the Executive Committee of the Board of Directors.
4. The Executive Committee may request such information from the Executive Director, as it deems necessary to perform its monitoring function. The Executive Committee may seek input from other Board

members and/or may appoint other Board members or outside experts to assess attainment of certain ends or compliance with certain policies.

5. Adherence to policies of the Board shall be monitored by the methods set forth below, which shall include periodic internal reports prepared by the Executive Director; direct inspection by the Executive Committee or its designees; and external assessments by auditors and other outside experts qualified in certain technical or policy disciplines. The frequency of monitoring shall be determined by the Executive Committee, but shall be at least annually.

<u>Policy</u>	<u>Method of Monitoring</u>	<u>Frequency</u>
End goals of the organization		
Defending & Restoring the River and its Watershed	Report and Inspection	Annual
Educating the General Populace	Report and Inspection	Annual
Fostering Historic & Cultural Heritage	Report and Inspection	Annual
Ensuring Stable and Self-Sustaining Organization	Report, Inspection and Audit	Annual
Executive Limitations		
Financial Support	Report, Inspection and Audit	Annual
Personnel Policies and General Administration	Report and Inspection	Annual
Real Estate and Other Property	Report and Inspection	Annual
Sloop	Report, Inspection and Audit	Annual
Legal	Report and Inspection	Annual
Purpose and Direction	Report, Inspection and Audit	Annual

02/12/1995
Adapted 11/04
Adapted 11/06 ALP

Policy III.

March 19, 1995

**Policies of the Not-for-Profit Corporation Hudson River Sloop Clearwater, Inc.
Regarding Board of Directors' Job Responsibilities****I. Board Accountability**

The Board accepts accountability for:

1. The connection between Clearwater and its moral owners.
2. Developing written governing policies defining the following:
 - a) Clearwater's goals and objectives
 - b) The delegation of authority and executive limitations applicable to the Executive Director
 - c) The process of monitoring and evaluating Executive Director performance
 - d) The governance process by which the Board carries out its tasks
3. Organizational and staff performances via Executive Director limitations and evaluation.
4. The prudent fiscal management of the Corporation, including offering assistance with fundraising.
5. Periodic self-assessment.

II. The Conduct of Board Meetings

The Board conducts its meetings according to the following principles:

1. Meetings are open to the public except when executive session is declared by the President. Such executive sessions are generally limited to matters related to personnel, litigation, or financial transactions where premature disclosure may jeopardize Clearwater's interests. Votes or other final actions of the Board shall be taken in open session.
2. Any Board member may request an executive session, but
 - a) The justification must be stated.
 - b) The Board may decide who else, if anyone, may be included.
 - c) Authority to declare the session is vested in the President unless overridden by a simple majority of board members present.
 - d) An announcement of the executive session should be made in the published agenda, wherever possible.

3. The Board is the sole authority over its own agenda. The President, with the assistance of the Executive Committee, will exercise this control on behalf of the Board, but any Board member can add or delete business from the agenda if a majority of the Board agrees. Material related to the agenda will normally be given to Board members with adequate lead time for review.
4. The Board shall deliberate on only those issues that are within the Board's chosen areas of responsibility.
5. Board members are obligated to prepare for meetings by appropriate review of relevant information; to make every reasonable effort to attend meetings and to arrive on time; to participate productively in discussion within the ground rules of discipline established by the Board; and to honor any commitments undertaken.
6. The Board adopts the following rules of discipline for its meetings. Members are expected to:
 - a) Offer honest opinions in a constructive way.
 - b) Act with respect and consideration for other Board members and for different points of view.
 - c) Maximize group productivity by focusing on the issues at hand, avoiding unnecessarily long or redundant remarks, and otherwise adhering to the rules of order established by the presiding officer or chairperson.
7. The Board encourages the expressions of diverse opinions during the process of deliberation, but speaks with one voice once decisions have been made.

III. Termination of Board Membership

In accordance with Article V, Section 5 of Clearwater's by-laws, directors are elected to a term of three years, or until three of four consecutive meetings are missed. Members may not serve more than three consecutive three-year terms. Section 7 further provides that a Director may be suspended or removed by Board vote for acts which are detrimental to the best interest of the Corporation.

IV. Responsibilities of Officers

1. The President shall preside at all meetings of the Corporation and of the Board of Directors; enforce the by-laws and carry out the policies of the Board; assure the integrity of the Board process, including effectiveness of meetings and the Board's adherence to its own rules; call such meetings as

prescribed; nominate the chairpersons of all standing committees and present such nominations to Board for confirmation; and have such other powers as ordinarily accompany the office. The President is the symbol of the Board and its spokesperson, the person to whom other Board members are accountable for assigned responsibilities, and the principal supervisory contact for the Executive Director.

2. The Vice President assumes the functions of the President when the President is unable to serve. Other specific functions may be assigned by the President or the Board.
3. The Secretary takes or is responsible for the taking of minutes at meetings of the Board and the Executive Committee; the keeping of Corporate records and minutes; and providing notice to the members of the Corporation and of the Board of Directors of meetings of the Corporation and of the Board. These minutes will be published in draft form on the Clearwater.org web site as soon as practical following the meeting, and following review by at least one other Board member. Proposed corrections will be accepted via the Secretary's e-mail address of record until the commencement of the following board meeting. The agenda for each meeting shall also be posted on the Clearwater.org web site proximate to the time it is distributed to the Board prior to the meeting. The Secretary shall have authority to delegate such responsibilities as are necessary for the efficient operation of the organization. The Secretary shall formally attest, by signature and or seal, to the legitimacy of the Board and Corporate documents, and shall be responsible to the Board for noting and reporting any inconsistencies in Board actions and adherence to the by-laws. In the absence of both the President and the Vice President, at any meeting, the Secretary shall call to order and preside over the election of an acting President for the meeting.
4. The Treasurer shall, under the general supervision of the Board, have custody of the monies and investments belonging to the Corporation; shall receive and receipt for membership dues; make disbursements and investments of the Corporation's funds; keep proper books of account; submit reports of receipts and disbursements and the financial condition of the Corporation at all meetings of the Board, annually, and at other times as may be required. The Treasurer analyzes ongoing fiscal reports, monitors governmental compliance, links the Board to the financial status and records of the organization, and reports to the Board compliance. The duties of the Treasurer will neither lessen nor add to the Executive Director's strict accountability to the Board policies on fiscal conditions and budgeting. The treasurer shall have the authority to delegate such responsibilities as are necessary to the efficient operation of the organization.

V. Board Committees

1. Board committees may not speak or act for the Board except as permitted under the by-laws with respect to the Executive Committee, or when formally delegated such authority for specific purposes.
2. Board committees are to help the Board do its job, rather than to help the staff do its job. Committees will assist the Board primarily by preparing policy alternatives and implications for the Board deliberation and evaluating organizational performance.
3. It is recognized that, from time to time, Board members may wish to serve as volunteers within the organization or as participants in staff committees. Such members have the same status as other volunteers and serve under the direction and authority of the staff.

3/19/95

Adapted 11/04

Adapted 11/06 ALP

Adopted 10/18 PGC

Policy IV.

April 23, 1995

**Policies of the Not-for-Profit Corporation Hudson River Sloop Clearwater, Inc.
Regarding Recruitment and Nomination of Board of Director Candidates****1. Recruitment & Nomination of Directors**

- A. The general duties and obligations of the Nominating Committee and the individuals eligible for candidacy are stated in the by-laws (Article VII, Section 4 and Article VIII, Section 2):

The Board of Directors shall elect two of its members to a Nominating Committee, who will in turn recommend three additional members from outside the Board to serve on this committee. The three non-Board members recommended for the Nominating Committee must be approved by the Board of Directors at the meeting following the election of the officers. The purpose of this committee is to seek out and nominate qualified candidates for the next election of the Board of Directors. The members of this committee shall serve for a term of one year or until replaced.

(Article VII, Section 4)

The Board members who serve on the Nominating Committee shall act as co-chairpersons of the committee. The Executive Director may advise and assist the Nominating Committee in an ex officio capacity.

It shall be the duty of the Nominating Committee to nominate candidates to fill vacancies on the Board of Directors for the ensuing three-year term. The general membership shall be notified in the *Navigator* (and Sloop Clubs shall be notified by a letter) that the Committee is seeking suggestions for nominations. All members of the Corporation are eligible for nomination. Additional nominations may be submitted to the Committee by petition of any five members of the Board of Directors, or any thirty members of the Corporation, up until ten weeks prior to the election.

(Article VIII, Section 2)

- B. The Nominating Committee shall endeavor to select candidates that will most effectively accomplish the ends, as defined in the policies of the Board of Directors, to promote Clearwater's purpose as stated in Article II of the by-laws below:

The purpose for which this Corporation is formed, which is to be charitable and no other, is:

To defend and restore the Hudson River, one of the great and historic rivers of this nation; to investigate and conduct research into any cause or sources of contamination and destruction of this river, its tributaries and similar river systems; to inform the public of such dangers and to assist the public in taking such measures as to stop such contamination; to educate the general populace as to the importance of preserving the Hudson River, its tributaries and similar river systems; to foster the historic and cultural heritage of the Hudson River Valley from the mountains to the sea; to concern itself with the well-being of those individuals who dwell along its banks and related areas; to protect and restore other great waterways; and to conduct other actions including, but not limited to, litigation that will enhance and improve the environment of the Hudson River Valley and related areas.

(Article II)

- C. The Nominating Committee shall seek candidates who are diverse in terms of their race, religion, ethnicity, gender, age, sexual orientation and without regard to disability. The Committee shall also strive to build a board that represents varying community affiliations, professional backgrounds and geographic locations.
- D. At the beginning of this process there shall be a preliminary discussion involving the Executive Committee, Executive Director and Nominating Committee. These parties shall discuss qualities and attributes needed on the Board for the subsequent year, in addition to the requirements in Items B and C above. Two months prior to presenting the Board with a final slate of candidates, the Nominating Committee shall present a list of potential candidates with their resumes to the Board to elicit Board input and comment.
- E. To assist potential candidates in understanding the nature of the commitment they may be undertaking, the Nominating Committee shall initially distribute a package of information to all potential candidates which shall include a general description of Clearwater and active Board committees, a basic outline of Board member obligations and the Board's current meeting calendar. At an advanced stage of the recruitment process, those candidates under serious consideration shall be presented with the Board manual and briefed on the responsibilities of Board membership.
- F. The re-nomination of interested incumbent Directors shall be presumed with two exceptions. First, an incumbent shall not be re-nominated if the Director is ineligible for re-nomination based upon the six-year term limitations imposed in Article V, Section 5. Second, an incumbent Director shall not be re-nominated if such Director is not acting effectively to promote Clearwater's purpose as stated in Article II of the by-laws or is

not satisfying the requirements of the job descriptions for Board members as set forth in the written policies of the Board. This determination shall be made by the Nominating Committee based upon the re-nomination of the Executive Committee and Board members of the Nominating Committee. Prior to making an adverse recommendation, the Executive Committee and Board members of the Nominating Committee or a member representing them shall first meet with the Director in question to discuss the situation. The Director shall be notified of the recommendation as soon as is reasonable possible.

**2. Timetable for the Nomination and Election of Directors
(Article VIII, Sections 3-5)**

- A. All Board members whose terms are due to expire during the current year and who are eligible for re-election shall notify the Nominating Committee by the beginning of February as to whether or not they wish to be considered for an additional term.
- B. Ten weeks before the annual election, the Nominating Committee shall file its report with Secretary of the Corporation, the names arranged in alphabetical order. (Section 3)
- C. A ballot containing the names of the nominees in alphabetical order shall be printed and mailed to each member of the Corporation at least six weeks before the date of the annual election. The ballot shall have two (2) blank spaces for the convenient insertion of additional names. (Section 4)
- D. The Nominating Committee must prepare a brief fair statement concerning each nominee upon contacting nominees, and those statements shall be printed and enclosed with the ballots. (Section 5)
- E. In addition to filing its report containing the slate of candidates to the Secretary ten weeks prior to the election, the Nominating Committee shall also present the slate of candidates to the Board along with a resume for each candidate statement.

4/23/95

Adapted 11/04 KCS

Adapted 11/06 ALP

Policy V.

April 23, 1995

**Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater, Inc.
Regarding the Orientation and Training of Board Members**

In the interest of fostering a knowledgeable, productive and efficient Board of Directors, background materials and training shall be provided to all Board members. Responsibility for Board training shall be shared by the officers of the Corporation, the Board members who serve on the Nominating Committee and the Executive Director (“the Board training committee”). The Board training committee shall be responsible for:

1. The preparation and distribution of a Board Manual containing key written materials with which Board members should be familiar, such as historical information about Clearwater, the by-laws of the Corporation and a copy of its tax planning information, recent Board minutes and Executive Director reports, a schedule of meetings and a listing of Board and staff members.
2. Offering an orientation session to new Board members prior to their first Board meeting at which they meet key Board and staff members, tour the facilities and are orally briefed on Board procedures and current issues under consideration by the Board.
3. Establishing a mentor system whereby each new Board member is paired with an incumbent Board member in advance of their first board meeting. Mentors shall help integrate new Board members into the Board by providing guidance and encouragement.
4. Arrange for Board retreats or other training opportunities, from time to time, to improve the skills and effectiveness of the entire Board.

Approved April 23 1995
Adapted 11/12/04 KCS
Adapted 11/06 ALP

Policy VI.

April 23, 1995

**Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater,
Inc. Regarding the Selection of Officers,
Executive Committee Members and Nominating Committee Members**

1. Pursuant to Article V of the by-laws, the Board shall meet no more than three weeks after the general elections and shall elect officers of the Corporation as its first order of business. The officers shall include a President and Vice President, who are duly elected members of the Board of Directors, and Secretary and Treasurer, who must be members of the Corporation, but need not be Board members. If the Secretary or the Treasurer chosen by the Board are not directors at the time of nomination, they shall become directors at the time of election as officers. The responsibilities of the officers are set forth in Section IV of the Policies relating to Board of Directors job responsibilities.
2. To foster continuity of leadership, it is the policy of the Board to attempt to fill the offices of President, Vice President and Secretary with Board members who have served on the Board for at least one year prior to becoming an officer. Where possible, it also is preferred that the Vice President have at least two years remaining in his/her term of directorship such that he/she would be eligible for consideration for the office of President for the following year.
3. In the interest of selecting officers in an orderly and considered manner, a committee shall be charged with the responsibility of proposing a slate of officers for the upcoming year and recommending nominees for the Executive and Nominating Committees. The Committee shall consult with all Board members who anticipate remaining on the Board for the upcoming year, the Board members serving on the Nominating Committee and the Executive Director in arriving at its recommendations. The committee shall circulate its proposed slate of candidates to all Board members at least two weeks in advance of the meeting at which the election is to be held. The slate of candidates proposed by the Committee shall be placed into nomination at the election; however, Board members are free to nominate additional candidates for any office or committee if they so desire.

Approved April 23 1995

Adapted 11/04 KCS

Adapted 11/06 ALP

Policy VII.

April 23, 1995

Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater, Inc. Regarding the Board of Directors Self-Evaluation

In the interest of fostering the collective and individual growth and development of Board members, the Board shall undertake regular periodic self-evaluation, which shall include the following:

1. At the Board meetings immediately preceding the Annual Meeting, the directors shall assess the Board's accomplishments and shortcomings of the prior year.
2. The Board members of the Nominating Committee shall be responsible for updating the Directors' annual evaluation form (if revisions are deemed necessary) and distributing the form to each director. The evaluation will require each director to evaluate his or her performance as a director by March of each year. The completed evaluation will be submitted to the Board members of the Nominating Committee and shall also be reviewed by the President and/or the Vice President. The President and or the Vice President may call a meeting between one or both of these officers and a director to discuss the evaluation. The result of the evaluation may be used to determine whether a director shall be re-nominated for an additional term.
3. The President shall conduct an exit interview with any Board member who resigns or chooses not to stand for re-election if the reason for the decision is not already known by the Board. Where it is determined that the Board member has departed for reasons other than those of a personal nature, those reasons shall be shared with the Board as part of the self-evaluation process.

4/23/95

Adapted 11/04 KCS

Adapted 11/06 ALP

Policy VIII.

May 21, 1995

Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater, Inc. Regarding Relationship of the Board of Directors to the Moral Ownership**I. The Moral Owners of Clearwater**

The beneficiaries of Hudson River Sloop Clearwater (“Clearwater”) are the Hudson River, its watershed and ecosystem. The moral owners of Clearwater are those people who will benefit from the fulfillment of the Corporation’s mission or who share the values implicit in its mission. In accordance with this principle, the Board recognizes the following moral owners of Clearwater:

1. The people whose lives are or will be touched by the Hudson River, its watershed or ecosystem.
2. The members of Clearwater and the members of its affiliated Sloop Clubs.
3. Those segments of the public at large that share the goal of restoring and protecting the waterways of the world.

II. Linkage With Moral Owners

The Board is accountable to the moral owners of Clearwater and accepts responsibility for linkage with the moral ownership through the following means:

1. Representing Clearwater to the public and to community, business and governmental leaders.
2. Attending public events sponsored by Clearwater.
3. Communicating with Clearwater’s membership via the Annual Meeting of the Corporation, publications distributed to members, such as the *Navigator*, and periodic surveys or other mechanisms for soliciting feedback from members.
4. Nurturing communications and cooperation between Clearwater and its Sloop Clubs.
5. Participating in outreach initiatives designed to broaden and diversify public awareness of and support for Clearwater and its mission.
6. Providing leadership and encouragement to other regional organizations that seek to model themselves after Clearwater.

Policy IX.

July 14, 2001

**Policies of the Not-for-Profit Corporation Hudson River Sloop Clearwater, Inc.
Regarding the Organization and Functioning of its Board of Directors****Statement of Purpose**

The objective of this policy is to provide for an efficient and focused governance of the organization at the Board level, thus furthering the objectives stated in the Corporation's by-laws as well as the Board's written policies on Board of Directors' job responsibilities, relationship with the Executive Director, organizational ends, and the relationship of the Board to the moral ownership of the organization and other policies as they are or have been from time to time promulgated by the Board.

It is the goal of the Board of Directors that there at all times be effective communication among the Board's committees, between those committees and the full Board, between the Board and the Executive Director (and, through the Executive Director, between the Board and Staff) and between the Board and the Corporation's membership. Board members shall also strive, individually and collectively, to improve their performance as Board members, to hold themselves accountable to their fellow Board members and to the membership. Simplicity and efficiency are declared to be important values in the Board-level governance of the Corporation.

Meetings of the Board

There shall ordinarily be four meetings of the full Board of Directors each year in addition to the Annual Meeting of the Corporation, subject to Article X, Section 2 of the by-laws (which permit additional meetings to be convened at the call of the President or seven members of the board).

The first of these meetings shall take place immediately following the Annual Meeting of the Corporation and the chief purpose of this meeting shall be the election of officers as specified in Article V, Sections 2 and 3 of the by-laws.

The second Board meeting shall take place in November and among its agenda items shall be consideration and passage of the Corporation's operating budget for the fiscal year commencing on December 1st.

The third Board meeting shall be convened in March because this is the approximate halfway point in the year beginning with the Annual Meeting of the Corporation and Board election and shall include in the agenda an evaluation of organizational operations.

The fourth meeting of the year shall be convened in June and shall include in the agenda preparations for the Annual Meeting of the Corporation and, specifically, nominations for election to the Board of Directors.

Nothing in the foregoing should be construed as limiting matters that may be placed on the agenda of a Board meeting for discussion. With the exception of the Board meeting convened immediately after the Annual Meeting of the Corporation, it is expected that the Board meetings as described above will generally be day-long gatherings with a schedule providing for extensive discussion, fellowship and activities designed to provide education and inspiration to Board members.

The Secretary shall keep minutes of the Board's meetings as required by Article VI, Section 3 of the by-laws and shall make them properly available to the members of the Corporation. It is understood that such minutes are unofficial until their formal adoption by the Board, as corrected if necessary, at its subsequent meeting.

Committees of the Board

The Board acknowledges that its standing committees are vital to the organization's effective governance. In the normal course of business, it is expected that all matters to be discussed or decided at the Board level shall first be presented to and discussed by the appropriate Board committee, which shall forward its written recommendation to the full Board. In this manner, committees will be able to conduct in-depth discussions of issues as they arise, and the Board will remain focused on the broader questions of the Corporation's governance.

Consistent with Article VII, Section 1 of the by-laws, the Board of Directors deems it appropriate that there shall be five standing committees in addition to the Executive Committee and the Nominating Committee: the Properties Committee, the Finance Committee, the Planning Committee, the Program Committee and the Resources Committee. Although the Board retains the authority under the by-laws to appoint such other standing or ad hoc committees as it may deem appropriate, the Board's policy is normally to maintain the number of standing committees to its minimum level so as to simplify the operation of the organization, limit the commitment of each Board member to meeting attendance, provide for a small and clearly defined number of lines of communication at the Board level, and permit each committee's functions and governances.

The Board delegates to the President, subject to the limitations stated herein and in the by-laws, the authority to appoint members and chairs of the standing committees. The President shall exercise this authority as immediately after the Annual Meeting of the Corporation (and ensuing organizational meeting of the Board) as possible, and shall provide Board members with an opportunity to state their preference for committee assignment, but it shall be understood that the needs of the organization, as determined by the President, prevail over individual assignment preferences. No Board member shall be a member of more than two standing committees, including the Executive Committee.

Each committee shall convene at least once every two months, at the call of the chair, unless the chair has received permission from the President to forgo a meeting because of

lack of business to be conducted. Each committee shall meet in person at least twice a year; additional meetings may be conducted via teleconference if deemed by the chair to be consistent with the effective and efficient discharge of the committee's obligation. As noted below, the Executive Committee shall keep minutes of its meetings. The other standing committees may keep minutes and, if so, shall promptly circulate them to the full Board of Directors. At a minimum, each standing committee other than the Executive Committee shall prepare a report of its activities in advance of each meeting of the Board of Directors and shall circulate such report to the full Board a minimum of one week in advance of the Board meeting.

The period between the Annual Meeting of the Corporation (and the Board's organizational meeting held immediately thereafter) and the November Board meeting shall be defined as a transitional period for the Board's standing committees. During this period, committee members appointed in the previous year are authorized and expected to remain as active committee members regardless of whether their term as Board member has expired. During the transition period, outgoing committee members shall hand off any active projects to incoming members, and in general, committee members are expected to work diligently to assure no gap in the functioning of any committee. Because committees perform vital functions in the organization's governance, each standing committee is expected to be fully functioning on a year-round basis.

Each committee shall develop an annual work plan for presentation at the March meeting of the full Board. Such work plan shall describe the major projects being undertaken by the committee and the strategies for completing such projects.

Executive Committee

The purpose and functions of the Executive Committee shall be those described in Article VII, Section 3 of the by-laws. As noted therein, the Executive Committee may exercise all powers of the Board of Directors between meetings of the Board subject to certain specifically defined limitations and the obligation to report all actions to the full Board. To that end, the Secretary shall keep minutes of Executive Committee meetings and shall promptly circulate them to all Board members. The minutes of the Executive Committee shall not be available to the membership of the Corporation, except by affirmative vote of the full Board. The President shall serve as chair of the Executive Committee and each other member of the Executive Committee shall chair or co-chair one of the Corporation's other standing committees, thus assuring that each standing committee has a direct link to the Executive Committee. Normally, Executive Committee members, and thus the chairs of the standing committees, shall be experienced Board members to assure continuity in the work and operation of the Board's standing committees.

Nominating Committee

The Nominating Committee shall be constituted according to Article VII, Section 4 of the by-laws and shall perform the functions described therein.

Properties Committee

The Properties Committee shall have within its jurisdiction all of the physical assets of the Corporation including its real property and any vessels owned or leased by the Corporation. The objective of this committee shall be the responsible stewardship of these assets. In consultation with the Planning Committee, the Properties Committee shall from time to time make recommendations to the Board for the development, expansion or disposal of the Corporation's physical assets so as to further the Corporation's purposes and objectives. In consultation with the Executive Director and/or the Executive Director's designee, the Properties Committee may procure or coordinate the provision of management and maintenance services for the properties' stewardship.

Finance Committee

The Finance Committee shall have as its objective the long-term and short-term fiscal health of the Corporation. In consultation with the Executive Director and/or the Executive Director's designee, the committee shall develop and submit to the Board the Corporation's proposed annual operating budget and, if necessary, revisions to that budget during the fiscal year. It shall have within its jurisdiction the responsible stewardship of the organization's funds, including its investments. It shall concern itself with development matters and shall, in consultation with the Executive Director and/or the Executive Director's designee, assure that appropriate steps are being taken to assure that adequate funds are being raised to provide for the Corporation's financial needs on a long-range and short-term basis. The Treasurer of the Corporation shall be chair or co-chair of the Finance Committee.

7/19/95
12/04 KCS
11/06 ALP

Policy X.

September 10, 1995

Ends Policies of the Hudson River Sloop Clearwater

The overriding goals of Hudson River Sloop Clearwater, Inc. are to defend and restore the Hudson River, its watershed and related waterways and environment (“the River and its environment”), to educate the general populace as to the importance of preserving the River and its environment and to foster the historic and cultural heritage of the Hudson River Valley. Subsidiary goals are to sustain and grow the Hudson River Sloop Clearwater as an effective, reliable and stable organization as necessary to enable Clearwater to achieve its principal goals and to inspire development of similar organizations in other regions and nations.

I. Defending and Restoring the River and its environment

The organization’s goal to defend and restore the River and its environment has as its primary objectives to:

1. Minimize all forms of pollution and contamination, visual and chemical, of the River and its environment.
2. Insure water quality that encourages and permits swimming, fishing, drinking and boating throughout the Hudson River and its related waterways.
3. Restore and reclaim the River and its environment from ecological damage including PCB contamination.
4. Preserve and expand public access to and wildlife habitat along the Hudson River and its related waterways.
5. Assist the public and allied groups in protecting, preserving and restoring the River and its environment.

The Board seeks the following measurable ends as indications that its goals in defending and restoring the River and its environment are being met:

1. Develop a methodology to identify and measure reductions in pollution discharges.

Message: Clearwater must have a way to attribute measurable progress to the efforts of the organization.

2. Gain recognition of Clearwater as a leading participant in developing State water quality programs to implement the Federal Clean Water Act.

Message: Clearwater must maintain its leadership to insure that the State SPEDES program is effective in controlling discharges.

3. Identify, measure and stop existing seepage at the Ft. Edward and Hudson Falls sites.

Message: While the total PCB problem is complex and requires a long-term restoration campaign, current seepage from identifiable sources into the River is obvious, obnoxious and must be stopped in the near future. Clearwater needs to be effective in halting these discharges.

4. Develop and obtain funding for a public education program on the dangers of consuming PCB-contaminated Hudson River fish.

Message: Clearwater is to be viewed as an educational force for the public good to complement its other environmental programs.

5. Develop a methodology to measure and mark progress of public access and open space/wetland preservation actions lead by Clearwater's work.

Message: The Board seeks a measurable way to mark and publicize successful efforts made by our organization to increase the pace of public access and open space/wetland preservation.

II. Environmental Education

The organization's goal to educate the general populace has as its primary objectives to:

1. Make people aware of and engage them in efforts to forgo practices and actions that threaten their own well-being and the quality, accessibility aesthetics and biodiversity of the Hudson River and its watershed.
2. Make people aware of and participants in preserving and expanding access to the River and its tributaries, historical and cultural sites and artifacts, and other examples of the historical and cultural heritage of the Hudson Valley.
3. Make people aware of and capable of participating in action they can take to protect and restore waterways.
4. Introduce people, especially young people, to ideas of ecology, biodiversity and the protection and restoration of waterways, and begin their participation as environmentally aware citizens.

The Board seeks the following measurable ends as indications that its goals in environmental education are being met:

1. On-board and on-shore programs should be balanced both to sustain the interests of people already involved in Clearwater and to introduce people not already involved in Clearwater and its programs.

Message: Clearwater assets should be used as a vehicle to educate people in communities along the River and its environment as well as for school children and members.

2. School programs should embrace ethnic, economic and geographic diversity. Educational programs should take into account a balance of paid and underwritten programs to ensure that Clearwater programs include the diversity of the region it serves.

Message: Clearwater should seek out disenfranchised and economically deprived constituencies and secure such funding as is necessary to insure that can occur.

3. Education should emphasize hands-on experience and participatory programs, engaging in activities that individuals can do, either with the sponsorship of the organization or independently in their home communities.

Message: Clearwater should generate the ideas and spirit to motivate all individuals to work independently and together to achieve the goals of clean waterways and responsible behavior.

III. Fostering the Historic and Cultural Heritage of the Hudson Valley

The organization's goal to foster the historic and cultural heritage of the Hudson River Valley has as its primary objective to:

1. Identify, restore and preserve traditions, practices and customs that serve to value and enhance the environmental quality, natural aesthetics and sustainable prosperity of the Hudson River region.
2. Identify, restore and preserve access to the River and to sites that represent unique examples of the history, culture and environmental heritage of the River and its environment as vital and renewable resources.

The Board seeks the following measurable ends as indications that its goal of fostering the historic and cultural heritage of the Hudson River Valley is being met:

1. Festivals and other cultural events fostering the historic and cultural heritage of the Hudson River Valley further the primary goals of the organization including defending waterways, educating the public and assuring a self-sustaining organization.

Message: Celebratory events must remain focused, directed and appropriate to the purpose of the organization

IV. A Self-Sustaining and Stable Organization

The organization's goals of ensuring a self-sustaining and stable entity has as its primary objectives to:

1. Ensure that the organization attains and maintains a sound financial and programmatic foundation that captures the support and confidence of members, participants and contributors.
2. Provide for long-term goals and programs that will survive year-to-year budgets and the normal abnormalities of not-for-profit funding.
3. Permit a persuasive and convincing basis for members, supporters and others to conclude that Clearwater is a serious and professional organization capable of achieving its goals and representing a substantial constituency.

9/10/95

12/04 KCS

11/06 ALP

Policy XI.

June 1, 1997

Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater, Inc. Regarding Disclosure of Duality of Interest or Possible Conflict of Interest

Whereas, it is the established policy of the Board of Directors that the affairs of the Corporation shall be conducted within generally accepted and business-like standards of safety, prudence, ethics and legality, and in conformity with the Statement of Organizational Values of The Hudson River Sloop Clearwater, Inc. adopted by the Board on November 24, 1996 it is hereby:

Resolved, that the following statement of policy be adopted:

- I. Any duality of interest or possible conflict of interest on the part of any Board member shall be disclosed to the other Board members and made a matter of record when matters relating to such interest become a subject of Board action.
- II. Any Board member having a duality of interest or possible conflict of interest on any matter shall not vote or use their personal influence on the matter, and they shall not be counted in determining the quorum for voting issues where the conflict arises, even where otherwise permitted. The minutes of such meeting shall reflect any such disclosures made, the abstention of voting on the matter, and the existence of an appropriate quorum.
- III. The foregoing requirements should not be construed as preventing a Board member from briefly stating a position in the matter, nor from answering pertinent questions of other Board members, in recognition of the possible assistance the individual's knowledge may provide to the Board.
- IV. These policies shall be reviewed annually for the information and guidance of the Board members, and any new Board members shall be advised of said policies upon commencing the duties of office. The Board President and Secretary are authorized and directed to insure the implementation of this policy.

Policy XII.

November 24, 1996

Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater, Inc. Regarding the Sloop Legacy Fund

Whereas, it is the policy of the Board of Directors of the Hudson River Sloop Clearwater, Inc. a New York not-for-profit Corporation, to have sound fiscal management, balanced budgets and financial continuity from year to year, it is hereby:

Resolved, that the Corporation create the Sloop Legacy Fund ("Fund"), by setting aside in a separate account so named, at least ninety percent (90%) of any unrestricted bequests, settlements or similar income in excess of \$10,000.00 considered windfalls. Upon receipt thereof, with investment income (interest income, realized capital gains or dividends) derived from the Fund being applied to the operating budget in either the fiscal year in which it is derived or the following fiscal year; and be it further

Resolved, that the Corporation use at least one-third (1/3) of the investment income of the Fund to fund the annual maintenance and upkeep of Clearwater's Sloop and be it further

Resolved, that the Corporation may fund extraordinary expenses, such as major capital expenditures or a formal capital campaign ("event"), not included in the then-current operating budget, by no more than twenty percent (20%) of the then-outstanding principal of the Fund, with no more than one event being so funded in any fiscal year, and with no event receiving such funding in more than one fiscal year, and be it further

Resolved, that the funds of the Fund not be expected or used as collateral without approval of the Board of Directors; and be it further

Resolved, that the investment of the Fund's principal shall remain subject to the spirit of the Clearwater's mission and be used to purchase or otherwise invest in instruments such as the U.S. Treasury bonds, stock funds which reflect or mimic major broad-based stock indices (e.g., the S&P 500) and/or "blue chip" stocks which provide consistent annuity-like dividends.

11/24/96
04/20/97
12/04 KCS
11/06 ALP

Policy XIII.**Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater, Inc., Regarding Sponsorships**

Whereas, it is the policy of the Board of Directors of the Hudson River Sloop Clearwater, Inc., a New York not-for-profit Corporation, to support its goals of defending and restoring the Hudson River, its watershed and related waterways and environment, by sustaining the organization as an effective, reliable and stable entity in a variety of ways involving financial support from a broad spectrum of sources, and in conformity with the Statement of Organizational Values of The Hudson River Sloop Clearwater, Inc., adopted by the Board on November 24, 1996, that external support for Clearwater must not compromise our mission, program content, or environmental and social stances, it is hereby:

Resolved, that the following statement of policy regarding sponsorships be adopted:

- I. Sponsorships are mutually beneficial exchanges whereby the sponsor receives recognition, if desired, as a contributing supporter, in return for cash or goods or services-in-kind provided to the organization. The purpose of sponsorships is to increase Clearwater's ability to achieve its strategic goals and mission, and to deliver services to its members and stakeholders.
- II. The relationship requires a written agreement or confirmation setting forth the terms of the sponsorship, including any recognition to be provided to the sponsor. The agreement must provide for review of all public statements, if any, regarding the relationship. It must be signed by an authorized designee of the sponsor and by the Executive Director of The Hudson River Sloop Clearwater, Inc., who shall obtain prior approval from the Executive Committee acting on behalf of the Board.
- III. Sponsorships must comply with Clearwater's policies on conflict of interest, and Clearwater reserves the right to refuse or decline any offer of sponsorship at its absolute discretion or to negotiate with the sponsor concerning any aspect of a proposed sponsorship. Said sponsorships shall not in any way imply endorsement of products or services by Clearwater. The sponsorship agreement must be for a fixed term, and any renewal thereof shall be reviewed by the Executive Director of Clearwater and the Executive Committee prior to execution.
- IV. Sponsorships may not be accepted from entities associated with tobacco, alcohol, illegal products, gambling, adult services, the arms trade broadly defined, significant environmental polluters or those who countenance environmental degradation or oppressive labor conditions. Since Clearwater

programs and actions must be based upon ethical, sustainable and ecologically responsible practices, sponsor entities are to be held to the same standards.

- V. This policy is not applicable to philanthropic contributions, grants, or unsolicited donations wherein no recognitions are granted to the contributing entity and where no business relationship exists. At its discretion, Clearwater may disclose the source of these, or may list them as coming from an anonymous source, unless the contributing entity expressly requests anonymity.

Revision drafted 1/25/10

W. H. Flank

Adopted as amended 1/31/10

Policy XIV.**Policies of the Not-For-Profit Corporation Hudson River Sloop Clearwater, Inc., Regarding Endowment Funds**

Whereas, it is the policy of the Board of Directors of the Hudson River Sloop Clearwater, Inc., a New York not-for-profit Corporation, to support its goals of defending and restoring the Hudson River, its watershed and related waterways and environment, by sustaining the organization as an effective, reliable and stable entity in a variety of ways, and in conformity with the Statement of Organizational Values of The Hudson River Sloop Clearwater, Inc., adopted by the Board on November 24, 1996, it is hereby:

Resolved, that the following statement of policy regarding endowment funds be adopted:

- I. A five-member Investment Advisory Committee shall be established, comprising the Executive Director (ex officio), the Board president, the treasurer, an additional Board member with investment experience, and the Finance Director (ex officio), with the latter being designated as the primary advisor for purposes of communication with the holders of Clearwater's diversified invested endowment funds upon written authorization to act on their behalf by a minimum of two Board members and one ex officio member of the Investment Advisory Committee.
- II. The Board president and the Executive Director shall be authorized by vote of the Board, or by the Executive Committee in the interim between Board meetings, to sign documents establishing or servicing the diversified accounts identified by the Investment Advisory Committee, who may seek recommendations from an appropriately constituted Board investment subcommittee of the Finance Committee.
- III. Major disbursements, as defined in paragraph four of the agreement between Clearwater and the Community Foundation of Dutchess County, i.e., "(1) the distribution is for the purpose of enabling the Hudson River Sloop Clearwater, Inc. to acquire or renovate a capital asset; and/or (2) the Hudson River Sloop Clearwater, Inc. is faced with unexpected financial needs that are not likely to recur, and the distribution will enable the Hudson River Sloop Clearwater, Inc. to meet those needs", require an affirmative vote by a majority of the entire membership of the Clearwater Board of Directors.
- IV. The Hudson River Sloop Clearwater Fund or Funds are to be established to permanently endow the maintenance of the sloop Clearwater and her associated water-related programs. The initial financial goal for these funds is \$3 million, to be invested conservatively to provide a moderate but safe rate of return for maintenance of the sloop.

- V. Other designated endowment funds than ones related to the sloop may also be established, but they may not be combined in any way or comingled with those related to the above-cited sloop maintenance funds. They may, however, use the same or similar investment vehicles and management practices.
- VI. Endowment fund principal, or corpus, may not be used as collateral for any type of loan or otherwise encumbered or leveraged.
- VII. Investments for endowment funds shall remain subject to the spirit of Clearwater's mission, and shall be used to purchase or otherwise invest in instruments such as general obligation or equivalent governmental bonds, and equity funds which reflect or mimic major broad-based indices such as the S&P 500 or equivalent. Investment vehicles such as the Community Foundation may be used as an adjunct to management of endowment funds.

W. H. Flank
Adopted 6/30/10