

The following is a condensation of the text of a proposal for a new Governance System for NRHS presented at St. Peters, MO during the pre-board informational session on Saturday, October 24<sup>th</sup>. It was offered as informational, but the Board was asked to be prepared on January 9<sup>th</sup> during the Winter Board Meeting in Charleston SC to decide if this proposal, a modification thereof or a competing proposal should be adopted in principle and if we should begin preparing the necessary changes to the by-laws and other Society documents that would be required. All such changes would also have to be subsequently approved by the Society's Board of Directors so the process is by no means complete.

Following the text of the presentation below, we have included what we believe are most of the questions and suggestions that were offered both on the floor of the meeting and in informal conversations with Board members.

We remind you that confidentiality rules apply to this material, since it has not been approved. It may be discussed with the membership but not reproduced and/or distributed. We welcome comments and suggestions from the Membership. Included at the end are the email addresses of all Committee members. Please direct comments to one or more of them.

### **Governance versus Administration: An Important Distinction**

The Committee wants to emphasize that NRHS must make a clear distinction between **Governance** and **Administration**. We are proposing separate organizational structures and in most cases different people in these functions. Administration seems to overwhelm Governance, taking up time and resources and forcing all attention on process and details instead of the Society's objectives.

We think **Governance** should set long-term goals, offer strategic direction, solicit feedback and ideas on Society direction and priorities and provide oversight of Administration rather than perform it.

**Administration**, on the other hand, should staff, fund and execute the *business* of the Society so Chapters and members are free to **Support Rail History Preservation**, which, after all, is the Societies' real mission.

The primary focus of this committee is Governance. This proposal is for a new NRHS Governance system. We believe this system will be more effective than what we now have, be consistent with that of other non-profit organizations and overcome the shortcomings described in the report you received prior to the Duluth meeting.

As you review this, bear in mind it is a preliminary plan and details must still be defined. It envisions what the system will look like in the future but there must be a transition period first. We can't design that transition until we know where we are going.

## The Proposal

We propose a Governance system consisting of a Board of Directors and Corporate Officers. The Board proposed does not exceed 25 members. We agreed this is the maximum size for effective governance. When all 25 are seated, the distribution would be as follows:

- **Eighteen** Directors will be allocated between Chapter and At-Large members proportional to their membership levels in the NRHS at the time of election and according to proposed geographic districts.
- **Four** Directors will be elected globally by all voting members regardless of district or membership category and can be either Chapter or At-Large members.
- **Three** directors will be Officers, elected by the Board and may or may not be previously-elected members of the Board.

To achieve this structure we will need different election procedures from those now in place.

To facilitate representation, members could be divided into geographic districts of nearly equal population based on residence Zip Code. The number of districts would be determined by the formula described below. Each district's members would elect Directors as prescribed by the formula and their membership category. At-Large members could be divided into separate geographic districts or they could be treated as one large district electing their prescribed number of directors. International Members could be assigned to one or more of these districts.

The formula allocates Board seats according to the ratio of Chapter to At-Large members in the Society. The eighteen district Directors would be elected from the resulting districts. If we did this today using round numbers the current On-Board Report shows that of 14,000 members (100%), 11,000 – or 78.6% are Chapter-affiliated and 3,000 – or 21.4% are At Large. Using the formula  $X+Y=18$ , where  $X$ =the number of Chapter-based seats and  $Y$ = the number of At-Large based seats we arrive at 14 Chapter seats and 4 At-Large seats for these member constituencies. Chapter members are 78.6% or 14.1 (round to 14). At-Large members are 21.4% of the total or 3.85 seats (round to 4).  $4 + 14 = 18$  equals our required number of seats to be filled. This ratio suggests seven districts for distribution of Chapter Members and either one or two for At-Large Members. Four Directors will run globally without regard to Chapter or At-Large affiliation or their district of residence.

Terms should be staggered to facilitate continuity. In each election all Chapter members vote for half of the Chapter Directors, all At-Large members vote for half of their Directors and all members vote for half the global directors.

This results in a Board of 22 Directors elected directly by the membership. To repeat, Elections will be held every two years; half the Board is elected in any single election; terms will be four years.

The remaining three Directors are Officers elected by the other Directors. Rotation through the top offices is an option but is not discussed in this proposal. A President, Senior Vice President and Chairman would all be voting Directors.

If a sitting district or global director is elected to one of the three voting Officer positions, a new director with the proper qualifications will be appointed to fill the vacancy created until the next election.

Other Officers have special skill sets that the society requires, and in some cases, duties required by law. Unlike the preceding three, they will also have some administrative tasks. Secretary, Treasurer and General Counsel are not voting Directors under this proposal, and the General Counsel reports to the President rather than the Board. The Board of Directors may create additional non-voting Officers positions if appropriate.

The duties of these officers may be significantly different from what is described in the current (2005) NRHS Bylaws, to conform to a new governance system and a split of governance from administration.

We believe an Executive Committee is not needed. A smaller Board can assemble a quorum quickly enough to react to most critical events.

We want to achieve reasonable equality of numbers of members in each district but over time both the allocation between At-Large and Chapter members and the geographical distribution of all members will change. We hope they change in a positive direction – more members in more places. But in any case, a census would be required and should be held every ten years. The allocation will be recalculated and the geographical districts redrawn if necessary to maintain the balance and equal representation.

To qualify for a Director's seat a person must be a member of 5 years continuous membership, currently in good standing and meet the minimum age required by the State in which the Society is currently incorporated.

A **global Director** can be any Member who meets these qualifications.

A **district Chapter Director**, in addition to the above, must reside in the district from which they seek election and must hold their primary membership through a Chapter.

A **district At-Large Director**, in addition to the basic qualifications, must hold their primary membership as an At-Large member. If At-Large is divided into geographic districts, candidates must also reside in the district from which they seek election.

All members vote for 2 categories of Director, District and Global. Each member votes for district directors only in the district of his or her residence address. In order to vote, a member must be a Member in Good Standing at the time of the election. Members in categories designated Non-Voting (currently Corporate and Youth) do not participate in the election. All other categories do participate, and all individual votes are counted equally.

## Some Comments About Administration

While an administrative structure is beyond the scope of the Committee's initial work, we feel it is important that some comments be added to put it in perspective, and to fill apparent gaps in the Governance Proposal. An Executive Director should head administration. At some point we believe this will evolve into a paid position. This position incorporates many of the administrative functions currently performed by the President, Senior Vice President and other officers and service directors. A transition to this situation will be required. We cannot, at this time in our history, "Graduate" to a professional ED. It is a goal we need to work towards.

A national staff reporting to the Executive Director will do administrative work. As is the case today, staff will be a mix of volunteers and paid services.

As part of the transition, NRHS should be divided into **Administrative Regions**. Regions are not the same as districts; they will be designed for ease of administration and travel, and they may be of unequal size and population. Each of the Regions will have an appointed **Representative**. Duties of this person will include:

- Encouraging formation of new chapters
- Assisting new or struggling chapters
- Visiting and communicating with chapters, At-large members and Organizational members
- Encouraging interaction with other organizations and preservation efforts in the area
- Providing feedback and advice to the Officers and Executive Director

Each Chapter will designate a **National Representative** who is the contact point for official communication between that Chapter and the national organization.

NRHS will hold **Open Meetings** each year to encourage feedback and open discussion of issues. One such meeting will probably be at the convention. Another could be at a winter meeting or one or more Regional meetings. Attendance will be open to National Contacts, Regional Representatives and all members, possibly in different sessions, and some national staff and officers will participate.

Please direct comments and questions about this proposal to:

### The Governance Study Committee

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## Comments and Suggestions from the October Board Meeting

Here, in no particular order, are the suggestions and questions from the St. Peters meeting:

“Is this to be treated as confidential?” Answer: Yes. You can discuss issues, but not circulate the documents.

“Make the International Chapters and members a stand-alone region.” Suggestion noted.

“We should use state boundaries for Districts. Zip Codes are too fluid.” Also noted.

“We should divide districts by the Zip Code of the Chapter, allocating members by location of their Home Chapter, not their residence.” This was suggested by several persons and was noted.

“Why have staggered terms?” Answer: For continuity on the Board.

“Won't this just result in the same kind of Board elected by a different means?” Answer: A smaller Board will be more efficient and responsive.

Some did not like the term ‘Global’. Answer: It could be changed but in any case it must indicate universal – across any district or regional lines.

“Are you planning on reimbursement for Board members?  
Your Proposal does not address absences or the use of alternates.  
You do not address term limits for Officers or Directors.  
You offered no specifics of duties for the Officers.”

Answer to all: These issues will be addressed in the future. Our intent here is to establish a basic structure.

“Won't three non-voting officers just add people in the room and detract from efficiency?”  
Answer: There is that possibility, but those individuals might have important contributions to make, particularly with respect to Chapters and Administrative regions.

“Why call an officer “Chairman of the Board”? What about “Past President”?” (Asked by several persons) – Answer: Titles must be addressed when we look at the issue of progression through the chairs and responsibilities.

“Why do *any* officers have votes if they don't represent constituencies?” Related question: “Won't electing a board member an officer and then replacing him result in imbalances in representation?” Answer: The Officers represent ALL members, not just their district of residence. The imbalance should be eliminated by the replacement appointment.

“It appears the Executive Director really runs the show. Who elects the Executive Director?” Answer: the Board of Directors hires The Executive Director, so the Board really ‘runs the show’. This further emphasizes the difference between Administration and Governance.

“What do officers do they don't do already?” Answer: Please review the split of Governance and Administration – Officers’ jobs will have a very different focus than currently.

“The Chairman of the Board should be the liaison with the Chapter contacts.” Answer: Suggestion noted.

A concern was expressed that chapters will lose contact with the national organization without Board meetings. Answer: Most contact time is currently spent on administrative things. It needs to be maintained, but that is the administrative side of the system.

“Can districts and regions be identical to reduce potential for confusion?” Answer: It's possible, but since they serve two different purposes they likely will be different.

“The proposal includes both concepts and details. To what level is the (current) Board being asked to approve details?” Answer: We will summarize the main concept for approval in January. Details will be worked out at the Bylaws revision level – that would be the next step. The Board will approve those revisions later.

“Can we have a list of bullet points that defines concept for approval, specific points to consider?” “Can we have an organization chart?” Answer: We will develop both before the January meeting.

Eliminate the distinction between At-Large and Chapter Members for purposes of elections. Suggestion noted.

Consider assigning At large members to chapters for purposes of voting. Noted.

“I am concerned about losing direct chapter representation on the Board.” Answer: If the Directors and Representatives as proposed here fulfill their responsibilities this will not occur.

“Why does the General Counsel position report to the President?” Answer: That is normal business practice.

It was suggested that we “Affiliate” at-large members with the nearest chapter and that we charge at-large members more money.

The committee was commended for bringing forward thought-provoking ideas and producing a template the Board can work from.

There may have been additional comments/suggestions, but these are the ones the Committee members heard and attempted to respond to.