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22nd District Agricultural Association  
(22nd DAA)

Board Assessment of Structural  
Effectiveness (B.A.S.E)<sup>™</sup>  
Survey Responses

April/May 2026

9 of 9 Board Members Responded



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## Self-Assessment Survey Results

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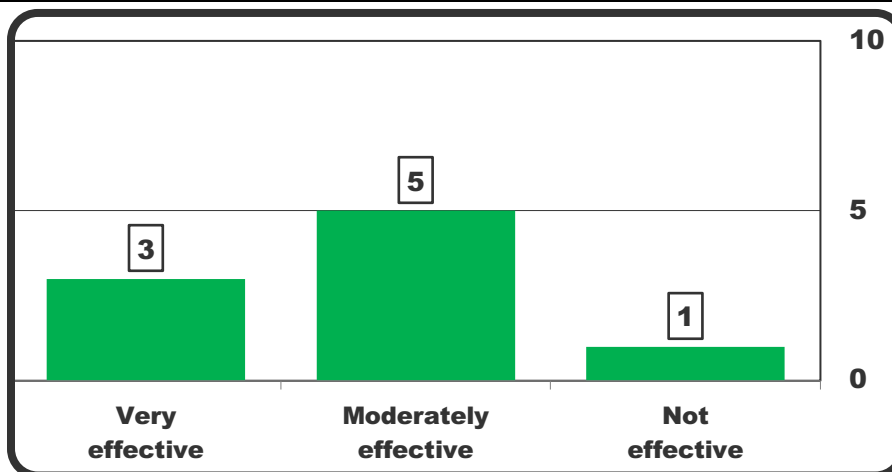
### **Q.1 TO WHOM is the 22nd DAA Board of Directors accountable?**

- Governor.
- The Governor, the State, the Board as a whole and the community.
- The Governor/State, the 22nd DAA Board of Directors, external stakeholders/public.
- Everyone – Governor’s office, DAA staff, the SD community and visitors that come to enjoy our events.
- To the State and the community.
- State CA, general public, stakeholders (e.g., vendors, President, CEO).
- The public, the Governor and the State of California.
- Primarily the public who comes on to the property as guests, employees and as vendors.

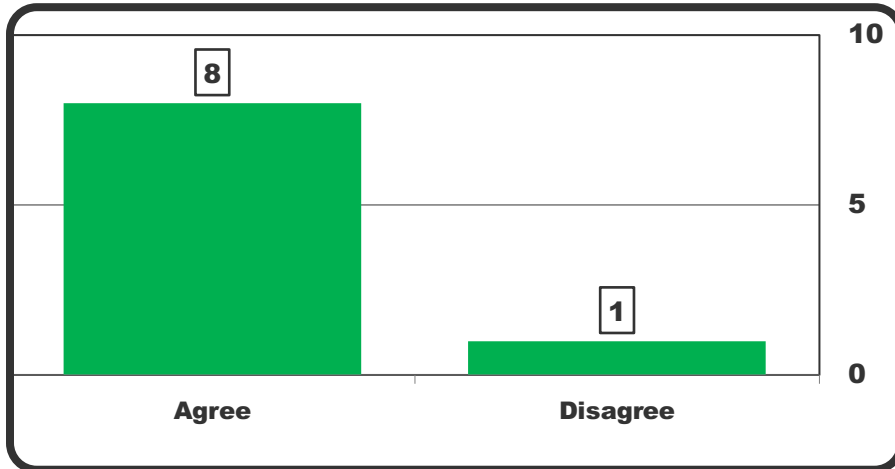
### **Q.2 For what does the 22nd DAA Board assume direct responsibility (i.e., what roles/responsibilities does it reserve as its prerogatives, and thus are NOT delegated to the Chief Executive Officer (CEO)/staff)?**

- Setting and monitoring strategy, fiduciary, governance, legal and risk management to protect our assets, and advocacy for the DAA in the community.
- Overseeing the mission, vision and strategy as well as proper governance.
- Oversight.
- Policy and oversight.
- Setting policy, goals for direction of our purpose and direction and implementation of the district’s financial stability.
- Compliance with laws; select, evaluate CEO; oversee finances.
- Based on bylaws – defines Board roles and responsibilities.

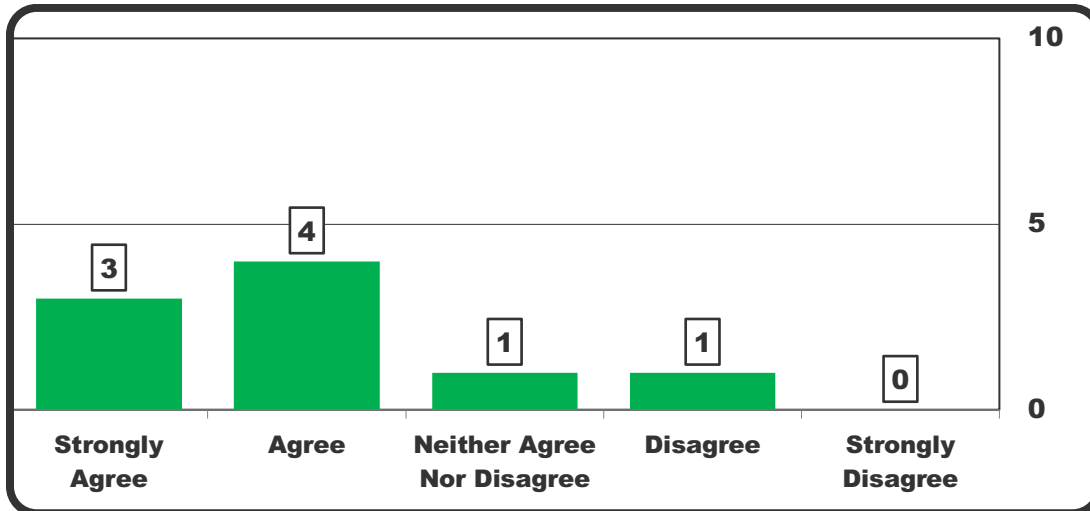
### **Q.3 How effective do you think the 22nd DAA Board is in fulfilling its accountability?**



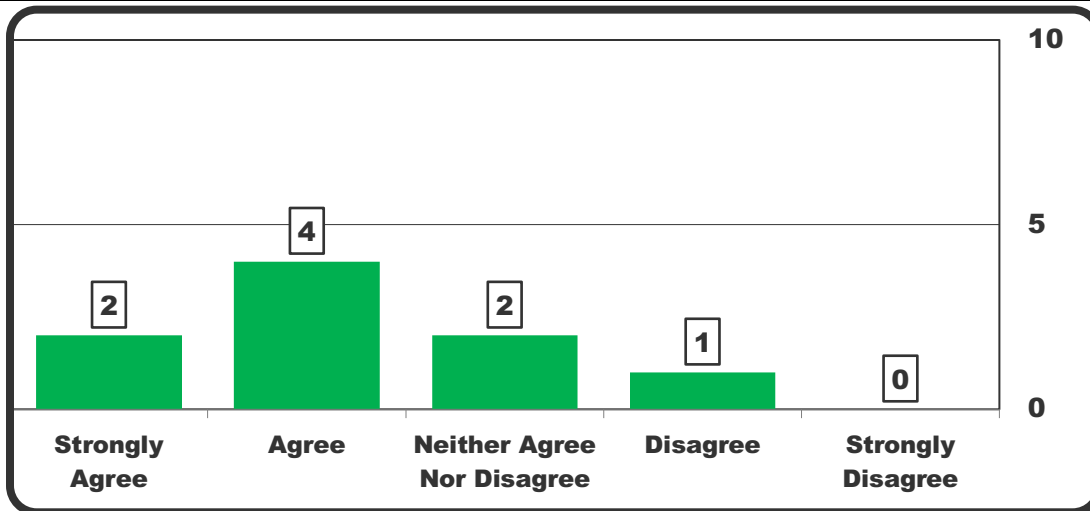
**Q.4 The Board as a whole understands its legal responsibility and fiduciary duties.**



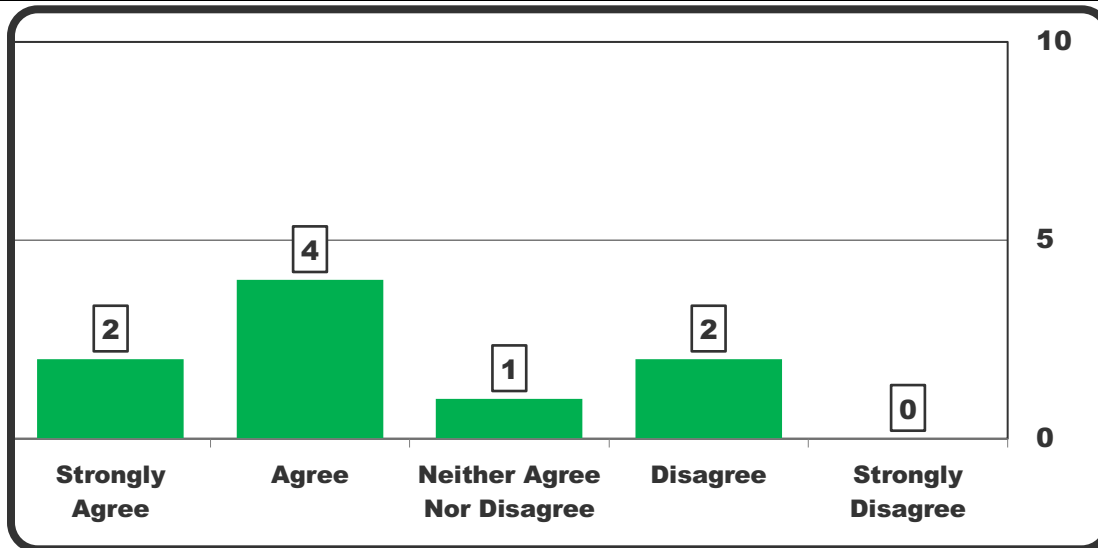
**Q.5a Board members understand their fiduciary duty to ensure prudent organizational resource allocation.**



**Q.5b Board members understand their fiduciary duty to exercise organizational risk oversight, including with respect to cyber security risks.**



**Q.5c Board members understand their fiduciary duty to provide strategic direction to the 22nd DAA, and to monitor organizational achievement of corresponding strategic outcomes.**



**Comments**

- The Board needs a reminder that we are here to serve the community even if it's uncomfortable and be transparent.
- Our strength is our collective commitment to the current and future success of the district.

**Q.6 How does the Board currently evaluate/measure its success in governing the 22nd DAA organization?**

- Primarily through operational oversight, committee work, financial review and compliance, though clearer shared metrics and governance benchmarks would strengthen accountability.
- Through policies, procedures and productivity.
- Results, outcome, statistics.
- By measuring the completion of strategies on time and on budget.
- Prudent income generation and maintaining focus on our internal goals and needs for success.
- Annual assessments.
- A small group is far too disruptive to allow for a colloquial discussion.
- Not sure I'm a new Board member; perhaps review strategic plan or annual plan as measure?

**Q.7 In 10 words or less, what characteristics do you believe best describe the Board's current culture as a leadership body?**

- Collaborative.
- Trust, candor, safe dissent, inquisitive.
- We ensure a vitally important and trusted legacy.
- Consistently developing and improving.

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- Independent and objective.
  - Passionate and committed, though underlying conflicts hinder collaboration. Need a reminder of civil discourse and conflict resolution.
  - Complacent, risk-averse and insufficiently inspired to reimagine our facilities.
  - Rudderless on Board leadership, making it very difficult for our effective CEO to do her job.

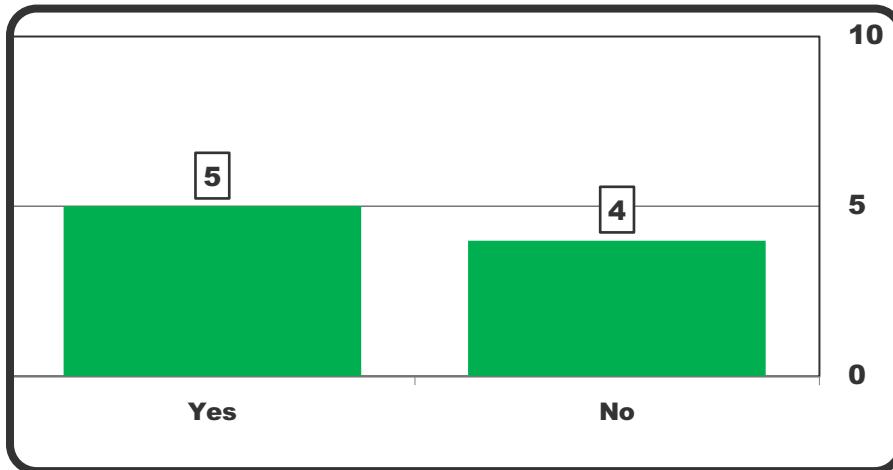
***Q.8 What are the primary causes or obstacles, if any, that you believe prevent the 22nd DAA Board from optimizing its effectiveness?***

- Unclear committee alignment, inconsistent governance practices, communication challenges and limited opportunities for constructive dialogue outside public meetings.
- Transparency, respectfully communication, clear boundaries between governance and management, accountability for behavior, cliques.
- Strong difference of opinions on certain issues.
- Board is divided.
- We need a greater sense of urgency to advance key initiatives like strategic planning and land use.
- Need a CEO who is a true visionary to maximize the use and fiscal effectiveness of the assets.
- Wanting to be liked as opposed to be effective.
- One domineering personality and an ineffective Chair.
- Bagley Keene!

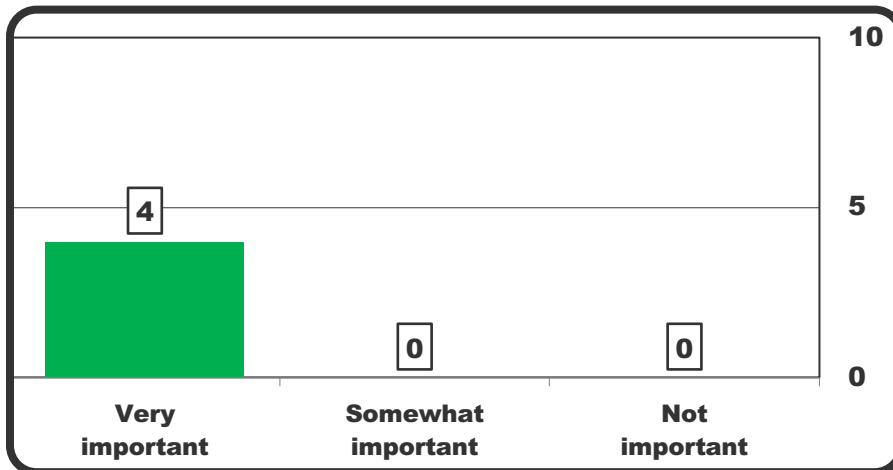
***Q.9 Looking ahead ... If the Board were meeting one year from now (April/May 2027), what needs to have happened in the past year for you to be pleased with the Board's progress as the 22nd DAA's governing body?***

- Clear governance structure, create shared values or decision-making framework to unify, updated policies, streamlined committees, improved civility, transparency and stronger strategic focus elevating the district's long-term success.
- Increased transparency, clear boundaries, respectful dialogue, increased focus on accountability.
- Comprehensive financial analysis to preserve and improve the horse track, optimize financing and capital investments, finalize a fairgrounds master plan, hire a permanent CEO and elevate the venue to national prominence.
- We need to have the Governor demonstrate his trust in this appointed Board and allow us to preserve his vision for the future of this valuable asset.
- Clear deadline dates and milestones to measure our progress.
- Be objective, act as a fiduciary and be committed to the organization not surrounding cities.
- Respect amongst each other even though differences.
- End constant harassment of the CEO by two members.

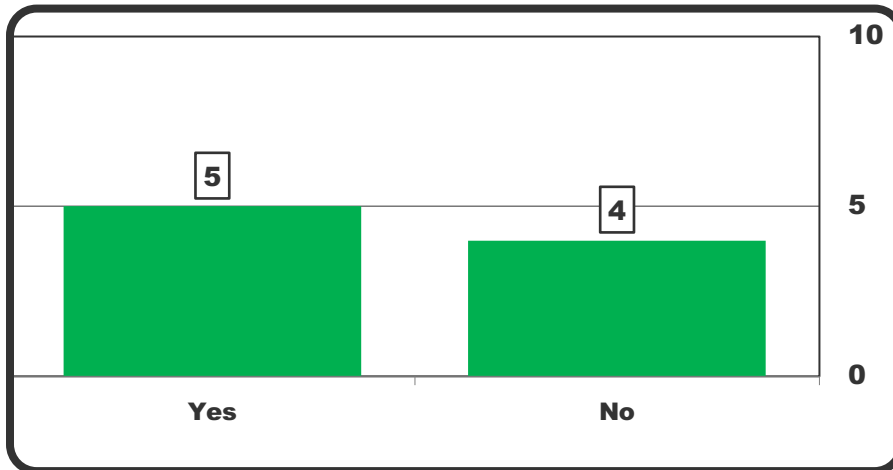
**Q.10 Does the Board, in your estimation, have a clearly articulated and shared understanding of where its authority leaves off and the CEO's picks up?**



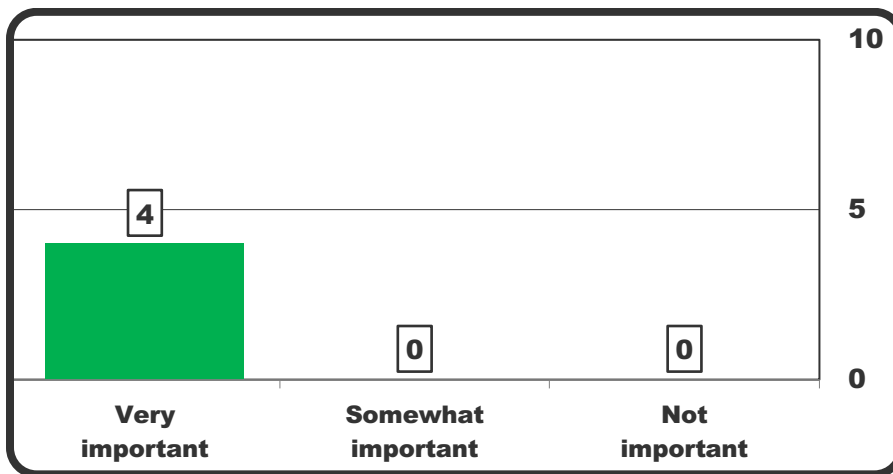
**Q.11 If NO, how important do you think it is for such an understanding to be in place?**



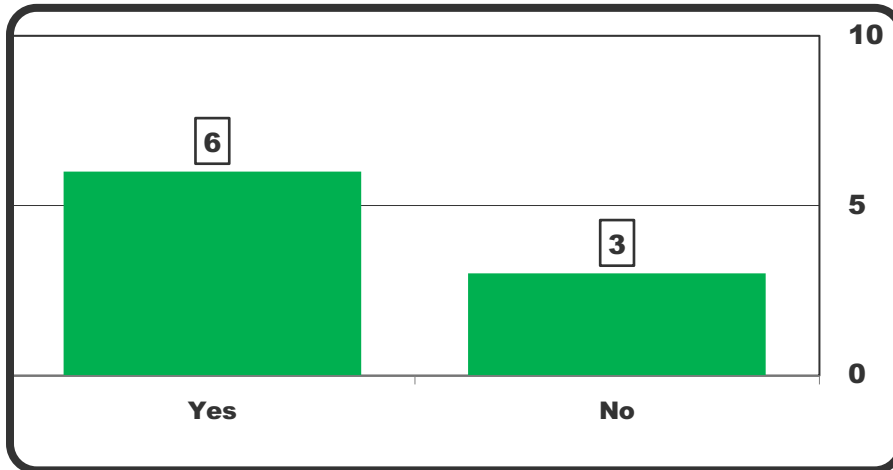
**Q.12 Does the Board, in your estimation, have a clearly defined agreement as to the criteria that constitute effective job performance by the CEO?**



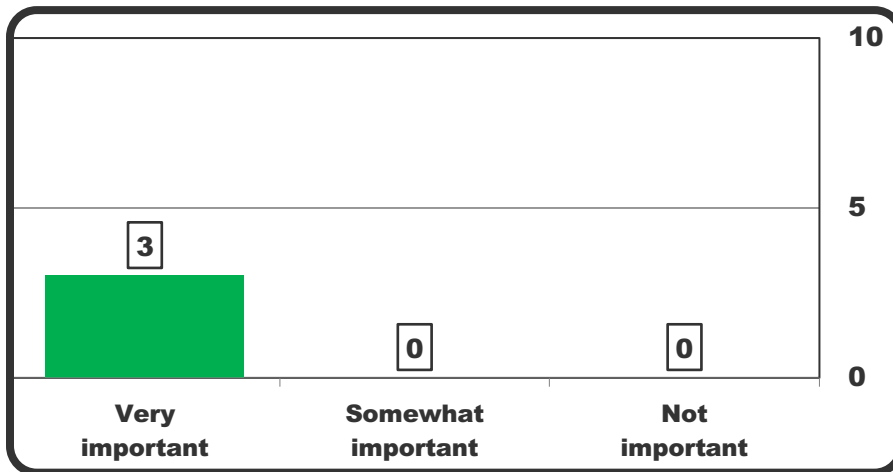
**Q.13 If NO, how important do you think it is for such a definition to be in place?**



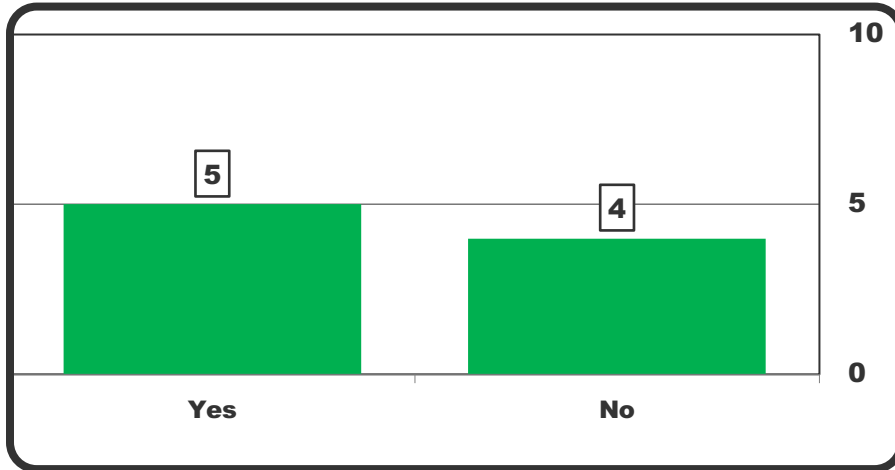
**Q.14 Have the mechanisms used to monitor/evaluate the CEO's performance been clearly defined and agreed upon by the Board?**



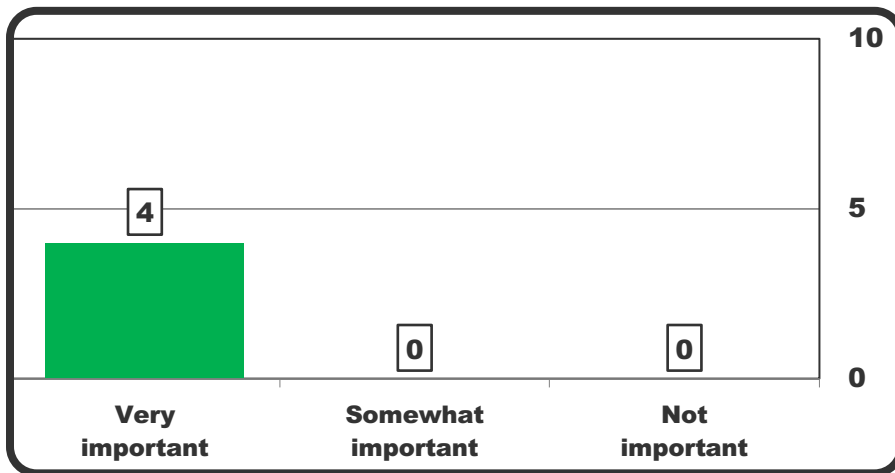
**Q.15 If NO, how important is it to make this so?**



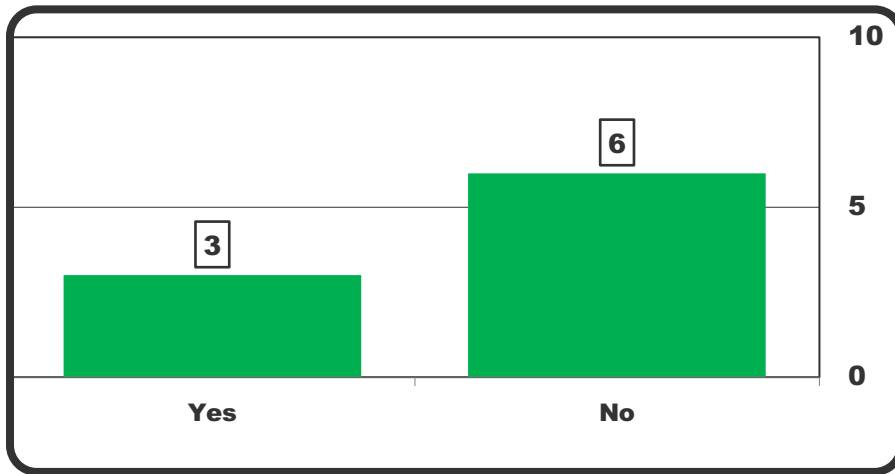
**Q.16 Does the Board have a unified agreement as to what constitutes effective organizational performance for 22nd DAA?**



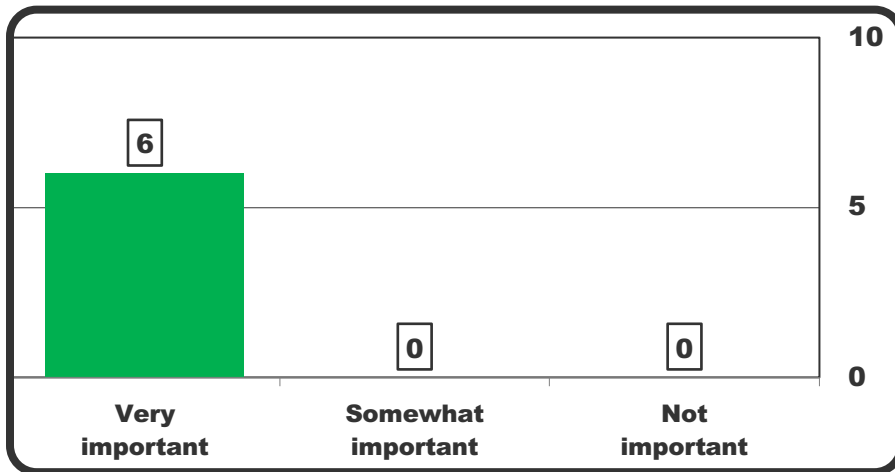
**Q.17 If NO, how important would it be to create one?**



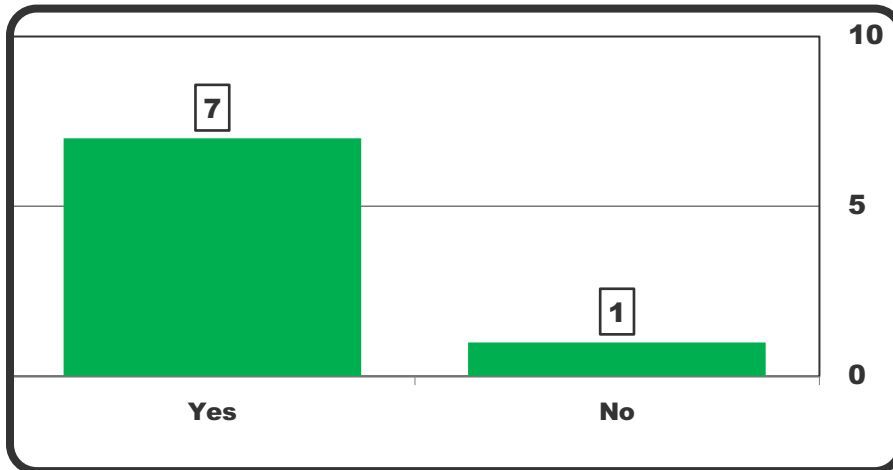
**Q.18 Has the Board effectively outlined and prioritized a vision of the impacts/results the 22nd DAA is to produce for and/or on behalf of those it serves (and/or will serve) in the future?**



**Q.19 If NO, how important do you think it would be to do so?**



**Q.20 Are the collective and individual roles and authority of the 22nd DAA Board and its officers clearly articulated?**

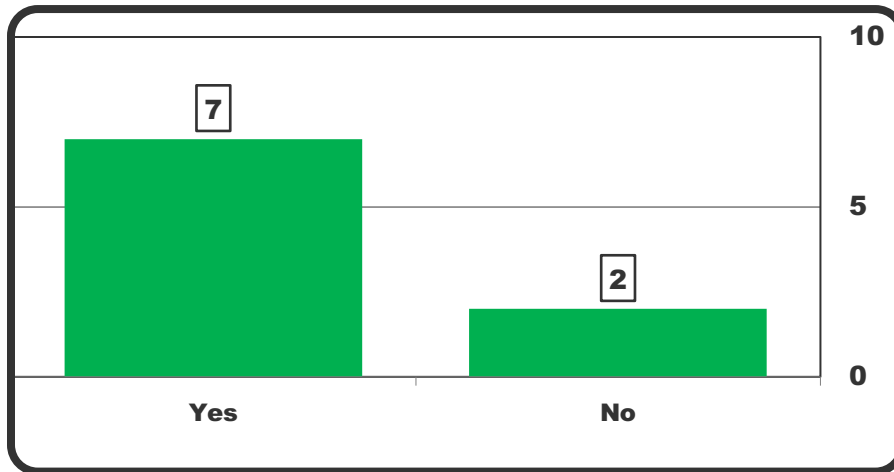


**Q.21 If NO, what needs greater clarity?**

- The process is moving very slowly with a master site & strategic plan; very expensive group overseeing it without much to show.
- Board members are threatened by other Board members to have their terms ended by the Governor.

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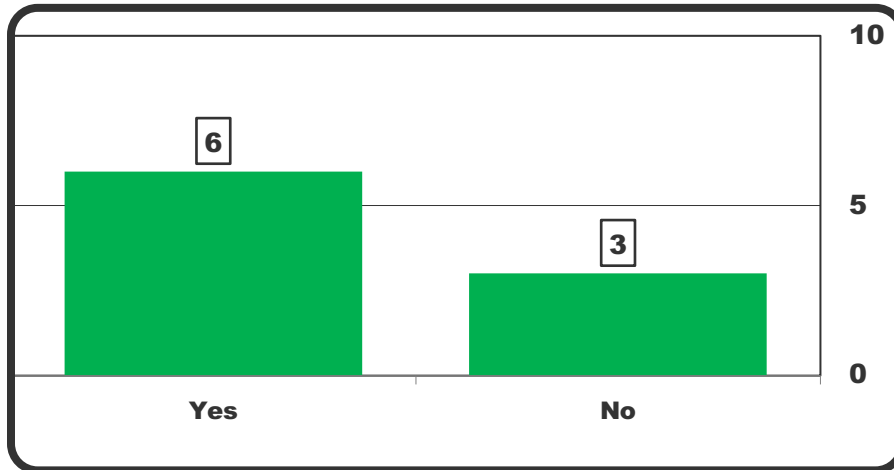
**Q.22 Are the roles/authority of officers, in your estimation, appropriate?**



**Q.23 If NO, please explain your concern.**

- With a good change in CEO leadership, we need a CFO and more employees to help the Department Chairs and Officers.
- Very weak Chair whose election was railroaded through.

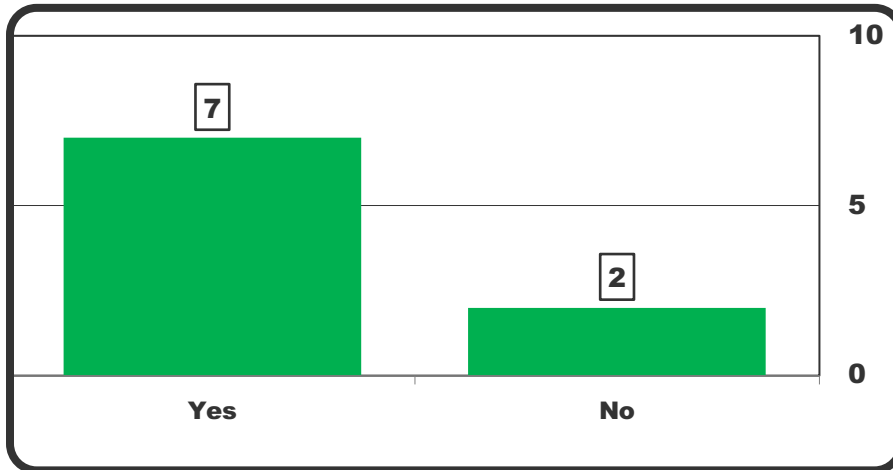
**Q.24 Are the roles and authority of Board-appointed committees, in your estimation, clear and appropriate?**



**Q.25 If NO, please explain your concern.**

- Directors' imbalance as to number of committees each oversees.
- It is challenging for a Board that has constraints in ability to communicate primarily through our CEO and staff.
- Key skills are not utilized.

**Q.26 In your estimation, are Board meetings organized in a manner that makes them an effective use of Board members' time?**



**Q.27 If NO, please explain your concern.**

- Our Board meetings have gone from 4 hours to as much as 6. We need to focus our time more effectively
- Way too long and too much pontificating.

**Q.28 Please list specific aspects of the 22nd DAA Board's policies, dynamics or structure, about which you have concerns (not addressed by previous questions) and would like to see addressed as the Board evaluates its current governance structure/approach.**

- Need clearer governance roles, stronger audits, transparent RFP processes and healthier conflict resolution practices that support respectful, mission-focused decisions. Prioritize DEI.
- Need for clearer, measurable vision and accountability to maximize fairgrounds use and public benefit through master planning, balancing long-term financial sustainability with community value.
- Greater clarity in duty of care, loyalty and obedience.
- Working together even though Board members may have differences.
- Lack of Board ideas.
- With the change in CEO's, my concerns are changing for the better, but will take time.

**Q.29 Please list specific aspects of the 22nd DAA's operating organization (i.e., issues under the authority delegated to the CEO), if any, about which you have concerns, or otherwise believe the Board should address as part of its policies/expectations.**

- Multimillion dollar contracts need stronger Board briefing, oversight, transparency, measurable outcomes and clearer evaluation processes before approval.
- Annual review of the CEO and measurable and achievable goals – both short, mid and long-term goals.

- 
- With the change in CEO's this is improving in operations allowing Department heads and staff morale and not being micromanaged.
  - Prior workplace culture.
  - Lack of transparency.
  - None.

***Q.30 The upcoming educational workshop will explore the "Policy Governance®" principles (on which many of the 22nd DAA's existing Board polices are based). To the extent you are familiar, do you have particular concerns or questions about this framework for Board decision-making?***

- Would like clarity on balancing oversight, accountability, transparency and fiduciary responsibility within the framework.
- Lack of objectivity and transparency.
- We are constrained by not being able to discuss how best to implement governance except through a restricted filter.
- How to reference policies on an ongoing basis rather than when they are routinely reviewed.
- (3 responses) No.

***Q.31 Is there anything else you would like to convey to Tom Keyse as he prepares for this workshop with the Board?***

- All Board members, regardless of tenure, would benefit from governance, policy and conflict resolution training to strengthen collaboration and trust.
- Just realize that the prior CEO was not always telling us the truth, was not transparent, was combative and micromanaged and favored certain Directors.
- Listen to Board members – don't just go through the motions and listen to everyone equally.
- Control the dominating member and remove Chair from office.
- No.

**Defining the Board's Governance Role:  
Principles/Policies for Effective,  
Accountable, Collaborative  
Board Leadership**



**22<sup>nd</sup> District Agricultural Association  
Board Workshop – June 1, 2026**



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## Workshop Agenda

- I. Welcome/Discussion of Workshop Objectives**
- II. Review of Board Assessment of Structural Effectiveness (B.A.S.E.)™ Survey Responses**
- III. Defining the Board's Governance Role**
  - Legal/Fiduciary Duties Overview
  - Three Characteristics of Effective Delegation
  - Principles/Policies for Effective, Accountable, Collaborative Board Leadership
    - Organization Ethics
    - Board Governance
    - Board Oversight
    - Board-CEO Relationship

2

## The Board's Challenge

How can a group of peers:

**1. responsibly exercise authority:**

- over activities primarily unseen
- toward goals difficult to measure
- over jobs/skills different from their own?

**2. fulfill this accountability:**

- without unduly infringing on management capability and creativity?

**3. do so when:**

- they themselves have disagreements
- time for the task is limited,
- the stream of organizational details is endless, and
- Bagley-Keene restrictions?



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## The CEO's Board-Related Challenge

How can a CEO:

**1. please the boss (the Board) if...**

- it hasn't clearly defined expectations
- influential Board members have different expectations, or
- the personalities keep changing

**2. "lead" the boss when...**

- some board members just want to "look good", or
- others want "control" and not to be dominated by CEO

**3. be effective when...**

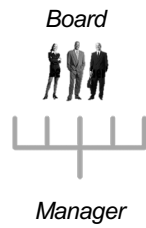
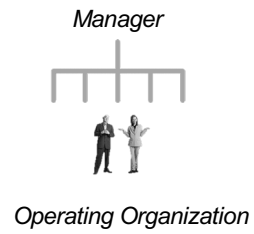
- You have to "manage your Board," rather than benefitting from its leadership



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## Management vs. Governance



CHARNEY  
KEYSE

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## FIDUCIARY DUTIES OF BOARDS

All Boards have certain legal obligations:

1. Duty of Care
  2. Duty of Oversight
  3. Duty of Loyalty
  4. Duty of Obedience
  5. Acting in Good Faith
- Business Judgment Rule



CHARNEY  
KEYSE

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## Defining Effective Governance

Fulfilling legal mandates is a responsibility...

- ...it does NOT equate to "leadership"

Great boards "lead" by:

- Setting high standards for organizational performance
- Delegating effectively to staff
- Ensuring adequate resources (\$ and people)
- Building relationships/emotional "equity" for the 22<sup>nd</sup> DAA
- Focusing on future relevance at least equally with current needs



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## The Need to Delegate

Board — accountable for...

- ... *everything*

Since far more than can put "hands on" —

- Boards must **delegate** right to make decisions

Board has *all* organizational authority

- **Delegation** = giving some of it away

Dilemmas ...



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## Delegation Dilemmas

**#1: How to retain accountability for decisions made by others?**

**#2:** (commonly top of mind...)

**How to avoid giving *too much* authority?**

**#3:** (not top of mind enough...)

**How to ensure giving enough authority to get the job done?**



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## Effective Delegation *Three Characteristics*

**1: Performance expectations clearly defined**

**2: Performance expectations clearly assigned**

- (responsibility and authority)
- no ambiguity

**3: Verification that the expectations were met**



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Principles/Policies for  
*Effective, Accountable,  
Collaborative Board  
Leadership*



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**PRINCIPLE**  
Ownership



All organizations are “owned”

**Owners =**

- Different from customers
- Correspond to shareholders
- Fairs – Community Assets
- **Board’s purpose: Serve community’s interests**
- “True North” when making decisions
- **Website: “Serving all cities and communities of San Diego County”**



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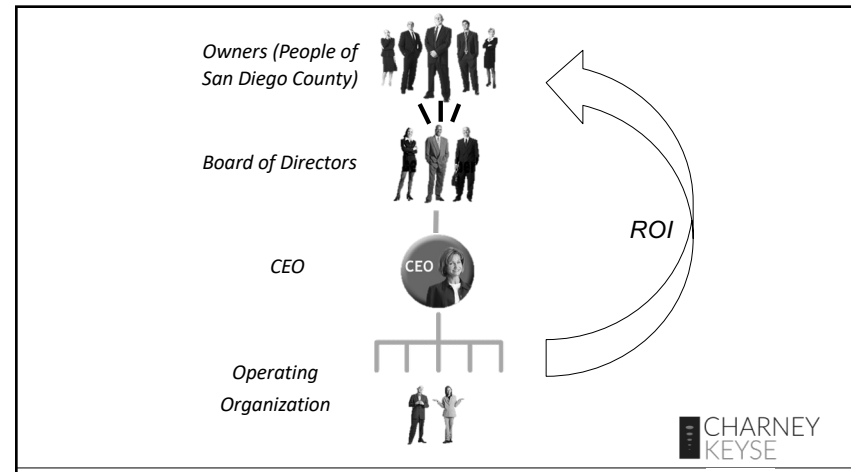
**PRINCIPLE**

The Board's Purpose

- Connect community interests with operational performance
- **Board job – define and ensure effective, organizational performance:**
  - Appropriate results achieved
  - Inappropriate situations/conduct avoided
- Not to “run the organization”
- Think: “Purchasing Agent”



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**PRINCIPLE**  
One-Voice

- **Board authority is *group* authority**
  - Individual Board members have none unless explicitly assigned (3.03.3.a)
- Crucial for accountability
- Decisions once made must be respected (3.03.4)
- Dissent – Healthy during decision-making process (3.04)



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**PRINCIPLE**  
Setting Clear Performance Expectations  
(the role of governing policies)

- **Policies = Values**
  - that underlie actions (one's own, and those of others)
  - Equal to performance standards/expectations
- Board = a legally formed “**team**”
- Policy Manual = a Board team's “**playbook**”



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## 22<sup>nd</sup> DAA Board Playbook – Four “Chapters”



*Organization Ethics*  
*Board Governance*



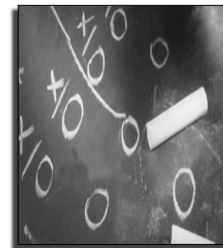
.....  
*Board Oversight*  
*Board-CEO Relationship*



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## PRINCIPLE

Board Process Policies



- **Board should state/abide by its own expectations**
  - For its own work
  - For its relationship with staff
- Lead by example
- Act in accordance with Organization Ethics and Board Governance Policies



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## Organization Ethics (22<sup>nd</sup> DAA topics)



Board  
Process

- Institutional Values
- Code of Ethics
- Conflicts of Interest
- Discrimination and Harassment Prevention
- Reporting Wrongdoing



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## Organization Ethics Policy *Institutional Values (2.01)*



Board  
Process

DAA Personnel (including Board members) know and act in accordance with the following institutional values:

- Fun!
- A+ Quality
- Integrity
- Respect
- Service



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## Organization Ethics Policy Code of Ethics (2.02)



Board  
Process

DAA Personnel (including Board members) adhere to the highest standards of ethical conduct and behavior:

1. Uphold the Law and Ethical Principles – Exhibit the highest fidelity to ethical conduct and **avoid even the appearance of impropriety**.
2. Professional Integrity and Responsibility – **Do not** harass, mistreat, belittle, harm, or take unfair advantage of anyone; **do not** tolerate lying, deliberate misrepresentation, theft, fraud, unlawful discrimination, or ill use of other individuals.
3. Ethical Leadership – Exhibit individual leadership as **role models** for exemplifying ethical conduct; ask: “Would I feel comfortable describing my decision or action in a public meeting?”.



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## Organization Ethics Policy Code of Ethics (2.02) – cont’d



Board  
Process

DAA Personnel (including Board members) adhere to the highest standards of ethical conduct and behavior:

4. Diversity, Equity, and Inclusion – Respect the uniqueness and intrinsic worth of every individual; **treat people with dignity, respect and compassion** to foster a trusting work and service environment free of harassment, intimidation, and unlawful discrimination.
5. Professional Competency – Strive to meet the highest standards of professional competency and **commit to strengthening competencies on a continuous basis**; contribute to the organizational knowledge and growth of other 22<sup>nd</sup> DAA Personnel by openly sharing information and engaging in collaborative learning.



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## Organization Ethics Policy Conflicts of Interest (2.03)



Board  
Process

DAA Personnel (including Board members) are expected and required to avoid any relationship or activity that might impair, or appear to impair, their ability to ethically carry out their responsibilities, without disclosing that information and obtaining the appropriate approval.

**2.03.02** – A **Board Member** who is aware or becomes aware of facts or circumstances that could give rise to a potential conflict of interest must report that information to the **Board Chair**, prior to the Board's next regularly scheduled meeting.

If the conflict of interest relates to a proposed Transaction in which the CEO, a CEO Direct Report, a Board Member or one of the foregoing's Family Members may have an interest, the report is to the **Board Chair** and **Board Vice Chair**, and must be reviewed by the **full Board** and a duly noticed public meeting in advance of the Transaction being entered into by the 22<sup>nd</sup> DAA.



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## Board Governance (22<sup>nd</sup> DAA topics)



Board  
Process

- Board Composition and Officers
- Board Committees
- Board Member Code of Conduct
- Board Member Conflict Resolution
- Board Meetings and Agendas
- Board Member Orientation and Training
- Board Self-Assessment
- Board General Responsibilities
- Organizational Planning
- Risk Management



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**Board Governance Policy**  
***Board Composition and Officers (3.01)***



Board  
Process

Board Composition – Nine members, appointed by the Governor, to serve staggered four-year terms.

- Board members may serve more than one term and are reappointed at the discretion of the Governor



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**Board Governance Policy**  
***Board Composition and Officers (3.01)***



Board  
Process

Board Officers – Board elects up to three of its members to be President/Board Chair, and one or two Vice Presidents/Vice Chairs.

- Board members also select a Secretary, a Manager, and a Treasurer from among individuals that are not Board members (Bylaws, Art. III)
- CEO serves as Secretary (Bylaws, Art. III, Sec. 6) and Treasurer (Bylaws, Art. III, Sec. 7)



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## Board Governance Policy *Board Composition and Officers (3.01)*



Board  
Process

Board Chair – Manager of the Board's Activities

• **Ensures** that Board work is conducted **efficiently** and **effectively**:

- Meeting discussion content includes only issues that (per policy) belong to the Board to decide, consider, or monitor;
- Information not for monitoring performance, educating the Board or aiding in the Board's decision-making processes will be avoided or minimized; and
- Deliberation will be **fair**, open, thorough, timely, **orderly** and kept to the point.



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## Board Governance Policy *Board Composition and Officers (3.01)*



Board  
Process

Board Chair – Other responsibilities:

- Set Board meeting agendas
- Promote development of a **Board work plan**, complementary to the strategic plan and organizational objectives (**3.09**)
  - Without undermining the **CEO's accountability to the full Board (3.03.3.c)**, act as the Board's primary liaison with the CEO
- Ensure COI issues are addressed sensitively and resolved constructively



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## Board Governance Policy Board Composition and Officers (3.01)



Board  
Process

Board Chair – Other responsibilities (cont'd):

- Ensure adequate **communications** and **accountability** to External Stakeholders,
- Sign contracts, etc., in conjunction with the CEO or any other authorized officer, and
- Act as public and media **spokesperson for the Board**
  - Only Board member authorized to do so, unless Board Chair specifically delegates this authority to another Board member.



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## Board Governance Policy Board Committees (3.02)



Board  
Process

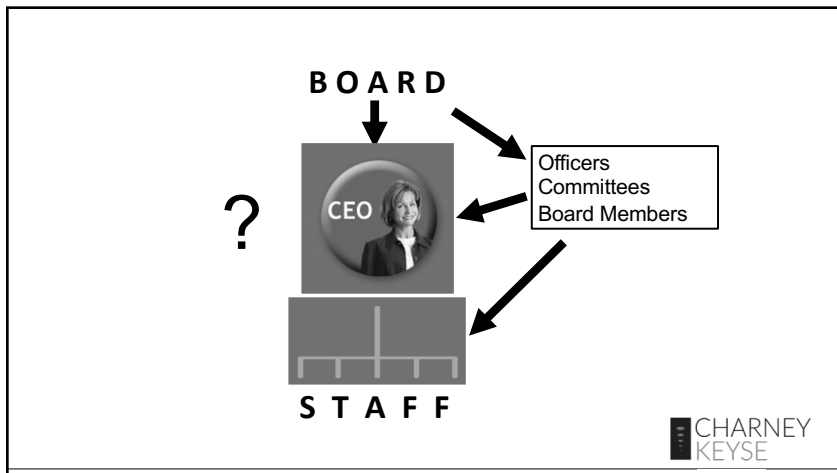
Board Committees – Either Board Chair or Board can establish committees **to assist in the work of the Board (Bylaws, Art. IV, Sec. 6)**

- Board Committees have one essential role – to **strengthen and support the work of the Board as a whole.**
  - Standing committees address long-term or continuing needs of the organization
  - Ad Hoc committees oversee specific projects, tasks or initiatives
  - Board Chair selects committee members
  - All Board Committees must comply with Bagley-Keene.



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## Building a Committee Structure Who is *Accountable*?

- Board Committees**
  - **Appropriate Role: Help the Board do its job (3.02)**
    - Advice/Recommendations to the Board
    - Decisions authorized by the Board (*Board still accountable*)
    - Should NOT reflect poorly on CEO
  - **Not Appropriate**
    - Directing activities for which *CEO is held accountable*
    - *Imposing* advice

CHARNEY  
KEYSE

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## Building a Committee Structure Who is *Accountable*?

- ❑ **Operating Committees (optional)**
  - ❑ • Separate Role from Board Committees
    - ❑ • Recruited/utilized by CEO/staff for advice and/or assistance
    - ❑ • Help staff achieve Board-established expectations without confused roles/authority
    - ❑ • May include willing/interested Board members
      - ❑ • (they must recognize different “hat”) (3.03.3.d)



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## 2026 Board Committees *Governance or Operations?*



Board  
Process

### Standing Committees

- Executive
- Audit & Governance
- DMTC Liaison
- Emergency Preparedness
- Entertainment & Vendor Relations
- Fair Operations
- Finance
- Master Site Planning
- People & Culture
- Regulatory & Governmental Affairs



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## 2026 Board Committees Governance or Operations?



Board  
Process

### Ad Hoc Committees

- Legal
- Nominating



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## Board Governance Policy Board Member Code of Conduct (3.03)



Board  
Process

Board Members are expected to conduct themselves in a manner that cultivates a **spirit of cooperative decision-making, shared goals and collective ownership** of Board decisions.

Board members commit to **professional and respectful conduct**, including **proper use of authority** and **appropriate decorum** when acting as Board Members. Board Members are expected to **embrace and support** the following principles:

1. Group Responsibility. Board may use the expertise of individual Board Members to enhance the Board's understanding of issues, but **will not substitute** such expertise for the collective judgment of the Board.



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## Board Governance Policy Board Member Code of Conduct (3.03)



Board  
Process

Board Members are expected to **embrace and support** the following principles:

2. Preparation and Participation. Discharge duties **honestly** and in **good faith**, exercising the degree of **care, diligence and skill** that a reasonably prudent person would use in similar circumstances.

a. Review agenda materials in advance of public Board and Committee meetings, and participate productively in discussions.

b. Participate in training on Bagley-Keene, ethics, COI, public records requests and Board Policies. Also, complete DFA required trainings.



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## Board Governance Policy Board Member Code of Conduct (3.03)



Board  
Process

Board Members are expected to **embrace and support** the following principles:

3. Respect for Roles. Board Members **will not attempt to exercise individual authority** over the 22<sup>nd</sup> DAA.

- a. Interaction with CEO/Staff
- b. Interaction with Public
- c. Board and CEO Relationship
- d. Volunteering
- e. CEO/Employee Performance
- f. Board Assessment



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## Board Governance Policy Board Member Code of Conduct (3.03)



Board  
Process

Board Members are expected to **embrace and support** the following principles:

4. Commitment to Board Decisions. Board Members will support the legitimacy and authority of the final determination of the Board on any matter, **irrespective of the Board Member's personal position** on the issue.
5. Event Attendance and Support. Board Members are **encouraged** to attend the following 22<sup>nd</sup> DAA events and functions:
  - a. Opening Day of the annual SD County Fair
  - b. Awards presentations
  - c. Other special events as determined by Board or requested by CEO.



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## Board Governance Policy Board Self-Assessment (3.07)



Board  
Process

Board Self-Assessment – Led by Audit & Governance Committee, to include an annual assessment of:

- Board's progress in relation to the strategic plan
  - Board as a whole in terms of its capacity to function **effectively and collaboratively**
  - Board's **strength of relationship/collaboration** with the CEO and other members of the Executive Team
  - Board members' **individual understanding and support** of the organization's mission, values, ethics, as well as Board-specific responsibilities
- Process should include an opportunity for **CEO to provide direct feedback** to the Board.
  - Board Chair guides Board process to **take appropriate steps** to improve Board operations.



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## Board Governance Policy Board General Responsibilities (3.08)



Board  
Process

Board General Responsibilities– Board manages the affairs of 22<sup>nd</sup> DAA, makes all necessary bylaws rules and regulations for governance, and is **accountable for exercising good stewardship** on behalf of the public, operating in an open and transparent manner. The Board is responsible for **providing vision and strategic guidance**:

- Further the organization's purpose
- Shape and uphold the organization's mission
- Articulate a compelling vision
- Ensure the congruence between decisions and values, guiding the organization's **strategic direction** and objectives
- **Institutionalize a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision making.**



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## Board Governance Policy Board General Responsibilities (3.08)



Board  
Process

### Other Board General Responsibilities:

- Ensuring stability and performance
  - Govern in **constructive partnership with the CEO**
  - Establish policies
- Administering proper oversight
  - Establish appropriate mechanisms to **monitor** compliance with laws, regulations, and policies
- Enhancing the organization's public standing
  - Serve as **ambassadors** for the organization
- Maintaining Accountability
  - Ensuring that 22<sup>nd</sup> DAA Personnel and External Stakeholders have access to appropriate information regarding finances, operations, and **results**
  - Embracing the qualities of a **continuous learning organization**



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### ***The Board's Oversight Challenge:***



**How to Control Operations?  
(without getting stuck in them).**



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### ***Traditional Approach: "Approvals"***

How do Boards approve operating plans?



- CEO/staff prepares plan for Board approval
- Committee and/or Board produce the plan



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### ***Consequences of Approvals***

What happens when the Board approves an operational plan?



- No clarity of underlying values
- Implies “one right way”
- Board mired in managerial details
- Staff lose incentive to innovate



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### **A New View of Board “Approvals”**

**A Board should “approve” something ONLY if it first has agreement and criteria as to:**

**“On what basis would we vote no?”**



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### PRINCIPLE

Use Parameters – not “Approvals” – to Empower and Control CEO Performance

- **Accountability** = Executive not faulted for Board’s decisions
- Pre-approves staff actions / decisions *within boundaries*.
- Allows for reasonable creativity, flexibility and agility
  
- **Example:** Speed Limits



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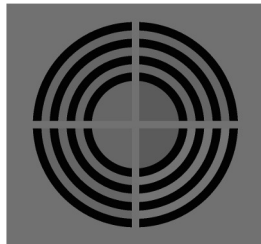
### The Value of Parameters



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## DELEGATING TO STAFF



Learning Exercise:  
“Approvals” Productivity Effect



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## Management Parameters (*common topics for Fair Boards*)



Staff  
Means

- General Management Constraint (5.03)
- Treatment of Customers (5.03)
- Treatment of Employees and Volunteers (5.03)
- Financial Condition & Activities (4.05)
- Asset Protection (5.03)
- Financial Planning & Budgeting (4.04)
- Compensation & Benefits (5.03)
- Emergency Management Succession (5.01)
- Board Awareness & Support (5.02)
- Fair/Event Logistics (5.06.01)
- Corporate Sponsorships (4.03.01)
- Fairgrounds Management/Leasing (5.06.03)



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## Sample Management Parameters Policy

*General Management Constraint*



Staff  
Means

- ❑ The CEO will not cause or allow any practice, activity, decision or organizational circumstance that is:
  - **Unlawful,**
  - **Imprudent,** or
  - **In violation of commonly accepted business and professional ethics and practices**



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## Board Oversight (22<sup>nd</sup> DAA topics)



Staff  
Means

- Public Record Act Requests
- Records Management
- Contracts and Procurement
  - Sponsorship Acquisition
- Financial Stewardship
- Financial Reserves



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## Oversight Policy

### Financial Stewardship (4.04)



Staff  
Means

- It is the Policy of the 22<sup>nd</sup> DAA that the Board is responsible for **approving and overseeing the organization's financial plan** to ensure that it is:
  - Aligned with and supports the organization's purpose, mission, vision, values, and strategic objectives; and
  - Financially sustainable, responsible, and compliant with all applicable laws and regulations.



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## Sample Management Parameters Policy:

### 2<sup>nd</sup> Level: Financial Planning & Budgeting



Staff  
Means

- Financial planning for any fiscal year, or the remaining part of any fiscal year, may not... :
  - deviate materially from the Board's Ends priorities,
  - risk fiscal jeopardy, or
  - fail to address multi-year planning needs/considerations



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## Sample Management Parameters Policy:

3<sup>rd</sup> Level: *Financial Planning & Budgeting*



Further, the CEO will not allow budgeting that::

1. Risks incurring situations or conditions described as unacceptable (e.g., *Staff Means* not maintaining the Minimum Operating Fund Balance (4.05))
2. Omits credible projection of revenues and expenses, separation of capital/ operational items, and disclosure of planning assumptions (4.04)
3. Plans expenditure of more funds than are conservatively projected to be received (5.03)
4. Does not maintain a Reserve Fund equivalent to a minimum of 25% of ongoing annual operating revenues ... (4.05)
5. Omits allocation for Board activities (e.g., New Board Member Orientation and Continuing Education (3.06))



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## PRINCIPLE

### Delegation to Management



- The Board's sole official connection to the day-to day operations of the 22<sup>nd</sup> DAA is through the CEO (5.02)

- No relationship is more crucial for organizational success

- CEO is the Board's ONE employee -- responsible for other employees (and "operational" volunteers)



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## Board-CEO Relationship Policies (22<sup>nd</sup> DAA topics - DRAFT)

- Appointment and Removal of the CEO
- CEO Responsibilities
- Delegation of Authority
- CEO Compensation and Benefits
- CEO Performance Evaluation
- CEO Event Responsibilities



Board-CEO  
Relationship

CHARNEY  
KEYSE

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## Board-CEO Relationship Policy *CEO Responsibilities (Draft 5.02)*

- The CEO takes direction from the Board through policies and implements those policies on a day-to-day basis.
  - Only official Board action is binding on the CEO.
  - **Decisions or instructions of individual Board members, officers or committees are not binding on the CEO** unless the Board has properly delegated that authority.
  - The Board – including individual Board members – will not provide direction to, or evaluate, and 22<sup>nd</sup> DAA employee other than the CEO.
  - CEO serves as executive liaison between Board and staff.



Board-CEO  
Relationship

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## Board-CEO Relationship Policy

### CEO Responsibilities (Draft 5.02) – cont'd



Board-CEO  
Relationship

- ❑ In general, the **CEO is responsible** for:
  - Executing and operationalizing the 22<sup>nd</sup> DAA's Purpose, Mission and Vision.
  - Upholding the Values of the organization.
  - Promoting an inspiring and positive workplace culture.
    - Selecting/supervising 22<sup>nd</sup> DAA employees
  - Managing day-to-day operations



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## Board-CEO Relationship Policy

### CEO Responsibilities (Draft 5.02) – cont'd



Board-CEO  
Relationship

- ❑ In general, the **CEO is responsible** for:
  - Organizing Board meetings and working with the Board Chair to develop the agenda.
  - Keeping the **Board properly informed**.
  - Executing on the Board's strategic initiatives.
    - Initiating/implementing strategic direction and effective growth strategies.
  - **Providing support** for policy development.
    - Developing/implementing operating procedures that support the policies.



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## Board-CEO Relationship Policy *CEO Responsibilities (Draft 5.02)*



Board-CEO  
Relationship

- The CEO also is responsible for **Reporting to the Board**.
  - The CEO is required to provide the Board with **information it requires to govern effectively**, make informed decisions, and **monitor** the overall performance of the 22<sup>nd</sup> DAA. Reporting should include:
    - Significant actions the CEO has taken within the parameters of CEO authority defined in Pol. 5.03.
    - Organizational performance toward goals financial performance, human resources issues, and other major items related to organizational operations.

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## Board-CEO Relationship Policy *Delegation of Authority (Draft 5.03)*



Board-CEO  
Relationship

- The Board **delegates authority** to the CEO for the daily management and administration of the 22<sup>nd</sup> DAA
  - The Board directs the CEO through written policies that outline the 22<sup>nd</sup> DAA's purpose, mission, values, and strategic priorities
  - Within this context, the Board delegates to the CEO the authority to execute those policies, develop procedures that align with and support those policies, and manage day-to-day operations.
  - The CEO, in turn, may delegate where appropriate.

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## Board-CEO Relationship Policy

### Delegation of Authority (Draft 5.03) – cont'd



Board-CEO  
Relationship

- ❑ In general, the CEO is **delegated authority** to:
  - Oversee successful implementation of the Board's policies and strategic priorities within the resources and fiscal limits set by the Board.
  - Ensure daily operations are carried out in accordance with all legal and regulatory requirements, 22<sup>nd</sup> DAA bylaws and policies, and values and ethics of the organization.
  - Ensure the organization's policies, practices and decisions are undertaken in a manner that is responsible, equitable, and consistent with commonly accepted business practices.



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## Board-CEO Relationship Policy

### Delegation of Authority (Draft 5.03) – cont'd



Board-CEO  
Relationship

- ❑ In general, the CEO is **delegated authority** to:
  - Maintain a **strong working relationship with the Board** by sharing relevant information in a timely manner – including all specified reports, meeting notices and agenda packets, decision information, and notification of any current or anticipated actions that may threaten the organization.
  - Ensure the organization's assets are adequately protected, maintained and not placed at unnecessary risk.
  - Ensure the 22<sup>nd</sup> DAA's budgeting is based on GAAP and that budgets are balanced.



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## Board-CEO Relationship Policy

### Delegation of Authority (Draft 5.03) – cont'd



Board-CEO  
Relationship

- ❑ In general, the CEO is **delegated authority** to:
  - Ensure the 22<sup>nd</sup> DAA is financially sound by guiding efforts to increase revenue and maintain a balanced operating budget.
  - Promote a healthy work environment for staff that is consistent with the organization's values.
  - Manage and approve all staffing, organizational structure, and personnel decisions.
  - Represent the organization to the community, media, and other stakeholders in a way that **enhances the organization's public image and credibility.**

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## Board-CEO Relationship Policy

### Delegation of Authority (Draft 5.03)



Board-CEO  
Relationship

- ❑ The CEO also is delegated authority regarding:
  - Emergency Situations
  - Contracts and Procurement Authority
  - Credit Card Authority
  - Check Signing Authority

**QUESTION: Do you have any concerns regarding delegation of responsibility and authority to the CEO in these draft policies?**

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## PRINCIPLE

### Monitoring CEO/Organizational Performance

Monitor Performance RIGOROUSLY, but only against stated criteria



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## Monitoring Methods

- Three** are suggested
  - 1. Internal Reports:** CEO discloses, in writing, policy interpretations and compliance information.
  - 2. External Reports:** Objective third party selected by board assesses compliance.
  - 3. Direct Board Inspection:** Designated board member(s) assess compliance with policy criteria.

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## Exceptional Governance

“The effectiveness of the Board and CEO are **interdependent**. Exceptional governance is achieved when the Board governs in **constructive partnership** with the CEO. (Pol. 5.2)



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Thank You

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