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**May 14, 2018****Item Name:** Board Self-Evaluation Process**Program:** Board Governance**Item Type:** Information**Recommendation**

Consider and select the process to be utilized this year to evaluate Board performance.

**Executive Summary**

The Board Governance Policy (Policy) requires the Board to evaluate itself every two years. This agenda item gives the Committee the opportunity to consider which of the available processes for that self-evaluation it wishes to utilize.

**Background and Analysis**

Section XI of the Policy is titled, "Board Self-Assessment Process." It states in full:

A. The Board has adopted a self-assessment process which assesses the whole Board, the President and Vice President, individual members, committees, and committee chairs and vice chairs, and includes multiple bases for evaluation:

1. Principles.
2. Responsibility and authority.
3. Process.
4. Outcomes.

B. One or more techniques may be utilized for obtaining self-assessment feedback, including:

1. Expert third party facilitator to lead or co-lead (with the Board President) the self-assessment process.
2. Feedback from external key stakeholders on Board performance.
3. Third party evaluation of the Board's performance.
4. Peer-to-peer and upward evaluations (360°) from staff.

C. Each Board member will sign a statement acknowledging fiduciary responsibilities in conjunction with self-assessment processes.

D. An independent third party will assess Board performance every two years.

In previous years, the Board has used different processes and third parties to facilitate its self-assessment. Long-serving Board members will likely recall these better than the team, but they include:

- The 2012 engagement of the Veaco Group (Kristina Veaco, Cheryl Sorokin)
- The 2014 engagement of Hewitt EnnisKnupp (Nancy Williams and Amy McDuffee)
- The 2016 engagement of Leading Resources Inc. (Eric Douglas)

It is the Committee's prerogative as to which process it wishes to use this year. See Board Delegation Resolution No. BG-16-01 (Board Governance Committee Delegation, Attachment 1), at 2.

### **Budget and Fiscal Impacts**

The cost of the self-assessment will depend on the technique and vendor selected by the Committee.

### **Benefits and Risks**

Board self-assessment is a best practice, at least for corporate boards. As stated in Larcker, et al., "How Boards Should Evaluate Their Own Performance," *Harvard Business Review* (<https://hbr.org/2017/03/how-boards-should-evaluate-their-own-performance>), "The New York Stock Exchange requires that the boards of all publicly traded corporations conduct a self-evaluation at least annually to determine whether they are functioning effectively. The purpose of the exercise is to ensure that boards are staffed and led appropriately, that board members are effective in fulfilling their obligations, and that reliable processes are in place to satisfy important oversight requirements."

The risk of not conducting a self-evaluation is the lost opportunity to improve Board processes and functioning.

### **Attachments**

Attachment 1 – Board Governance Committee Delegation

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