



**NATIVE GOVERNANCE
CENTER**

Sovereignty Matters



Governing in a Time of Change

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Agenda

- Introductions
- Basics of Good Governance
 - Legal Perspective
 - Tribal Governance Perspective
- Three Current Challenges
- Wrap-Up

Introductions



Basics of Good Governance

Legal Background

- What is the role of the Board?
- What are the duties of individual Directors?
- How does a Board work?

Board of Directors

- Role of the Board
 - The business and affairs must be managed by or under direction of a board of directors

Two Categories of Board Work

Fiduciary Oversight

- Oversee management (but do not manage)
- Clarify and probe assumptions
- Review materials and keep up to date on business operations
- Understand risks and how they are managed
- Financial oversight, audit
- Approve major transactions
- Approve key policies

Long-Range Planning

- Define the mission, vision and values
- Define the desired future state and develop plans to get there
- Adopt long-range financial plans
- Review and approve annual operating and capital budgets
- Monitor progress against plans and refine as necessary
- Monitor external forces and modify plans as needed

Duties of Individual Directors

- Fiduciary Duties:
 - Duty of care
 - Duty of loyalty
 - Duty of obedience
- Related Concepts:
 - Reliance
 - Delegation
 - Exoneration



Duty of Care

“Directors must discharge the duties of the position ... with the care an ordinarily prudent person in a like position would exercise under similar circumstances”

- Allows directors to exercise their judgment
- Balance risk and rewards of particular action
- Act with common sense and informed judgment



Loyalty and Obedience

- “A Director shall discharge the duties of the position ... in good faith, in a manner the director reasonably believes to be in the best interests of the corporation...”
- Directors have duty to follow the organization’s governing documents, to carry out its mission and ensure its funds are used for lawful purposes

Related Concepts

- Reliance
 - In discharging duties, a director may rely on information, opinions, & reports prepared by the following unless director has knowledge that reliance is unwarranted:
 - Committees, employees, legal counsel, accountants, other professionals
- Delegation is permitted (and expected)
- Exoneration – not personally liable

How Does a Board Work?

- Board can only act as a body
 - At a duly held meeting, with votes
 - Action in writing between meetings, with majority approval
- Board speaks with one voice
 - Debate + Vote = One Voice

Tribal Governance Perspective



Native Nation Building

Five principles of good governance:

1. Spirited Leadership
2. Capable Governing Institutions
3. Cultural Match
4. Strategic Orientation
5. Practical Sovereignty

What does Tribal Governance have to do with board governance?

Remember back to Sarah's sixth slide:

- Oversee management (but do not manage)
- Clarify and probe assumptions
- Review materials and keep up to date on business operations
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- Define the mission, vision and values
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Good governance principles are universal.

Three Challenges Facing Boards Today

- How to disagree and then move forward
- How to transition new Board members in
- Engaging ownership over program direction between Board and staff leadership

Disagreement vs. Decision-making

- Differentiating robust discussion and deliberation from downright arguing
- Calling the question and moving on
- How do we know when an issue has been decided?

New Board Member Transitions

- Need for balance
 - Fresh perspective
 - Respect for history and traditions

Board vs. Staff

- Balance need for engagement and ownership against micro-managing?

One Model

Board

- Defines enterprise-wide strategic direction and planning, working closely with the Leadership Team
- Approves major business decisions only

Committees

- Oversee operations within functional areas
- Approve important business decisions within functional areas
- Inform strategic direction by bringing expertise in functional areas
- Provide advice and guidance to Leadership Team in functional areas

Leadership Team

- Supports and informs the Board's efforts to define strategic direction and planning
- Executes the vision and strategy
- Runs the business
- Engages with the Board and Committees, seeking perspective, guidance and assistance as needed

Wrap-Up

Speakers

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