

PSIA-AASI Governance Task Force RECOMMENDATIONS FOR GOVERNANCE REFORM

June 3, 2013

(Intended for distribution to Division/National Board Members for consideration)

Introduction: The Governance Task Force was chartered by PSIA-AASI leadership at the National and Divisional levels to utilize a member-based perspective to explore the governance process, identify existing issues of concern, develop potential solutions, and provide substantive recommendations for consideration to the Divisional and National Boards and ultimately to the membership for their consideration. Consistent with this charter and the Governance review timeline outlined in early May, the Governance Task Force (GTF) convened in Lakewood, CO, on June 2nd and June 3rd. Comprised of membership representatives provided from each of the nine Divisions, PSIA-AASI Chair Eric Sheckleton and facilitated by GTF Chair Neil Bussiere and governance consultant Bill Charney, the GTF convened for more than thirteen hours on June 2nd and an additional five hours on June 3rd.

Supported by extensive, mutually-requested documentation shared by GTF members in advance and a comprehensive workbook with additional background materials to ensure well-informed deliberations, the agenda addressed a wide array of substantive issues pertaining to governance structure, roles and accountability. Key among these were:

- **Defining the purpose of PSIA-AASI vis-a-vis the Divisions**
- **Election of and right to remove National Directors**
- **Role/Loyalty/Accountability of National Directors**
- **Proportional representation on the National Board**
- **Concerns re: risk of arbitrary action by National in regard to use of logos/marks**
- **Role of the Presidents Council**

The Task Force, including its representatives from the four Divisions which met earlier this Spring in Salt Lake City, is proud to acknowledge that all of the issues/concerns brought forth from the SLC meeting received extensive consideration, and that the recommendations below substantively address each of those topics.

1. Clarity of Purpose: National's Role/Commitment to Divisions in Context of Its Mission as an Individual Membership Association: The Task Force reviewed PSIA-AASI's existing statement of purpose, Mission Statement and related language. Discussion included the benefits/added value of the national association, concerns raised re: "trade" or a "membership association," and most important, its relationship with and role vis-a-vis the Divisions. The "Reform Proposal" from four divisions, and specific suggestions raised by GTF members (including reps from some of those divisions), were considered. The GTF affirmed that:

The purpose of PSIA-AASI is a membership association, focused on the betterment of business and professional growth and opportunity for its 31,000+ members.

Accordingly, the GTF agreed to propose only those recommendations it believes support this overarching member-focused purpose, and that will elevate the collective and collaborative ability of the National and Divisional organizations to fulfill it.

RECOMMENDATION #1 - STATEMENT OF PURPOSE: To affirm PSIA-AASI's commitment to the Divisions and existing membership, the GTF recommends that there continues to be automatic "dual membership" for all members*, and that the "Statement of Purpose" in ASEA Bylaws should be amended to specifically acknowledge this commitment as follows:

The purposes for which the corporation is formed shall be to provide programs, materials and services ~~for~~ **that support** member education and professional development; public snow sports education; **and** promote snow sports instruction by snow sport instructors; address problems of common concern to the snow sports teaching profession; conduct promotional activities, including advertising and publicity; **collaborate with affiliated Divisions towards the fulfillment of this purpose**, and engage in any lawful activities which will

enhance efficient and economic progress of the snow sports teaching profession.

*Note: not applicable to the small number of Northwest Division-only members, "grand-fathered" by previous agreement.

2. National Board of Directors (BoD) Structure: The Task Force reviewed the existing director election process, including its 2008 evolution, rationale and the bases of current concerns. Prior to exploring specific suggestions, the Task Force agreed that changes to the election structure must meet a three-point litmus test of clear membership accountability: 1) not a pure "directorship," 2) ability to remove directors not controlled by the BoD itself, and 3) codifying that the duty of loyalty must also reflect representatives' role in addressing/advocating for concerns at the Division level.

IMPORTANT NOTE: Though each of the next four recommendations (2A-B-C-D) has individual merit, the GTF recommends that they be reviewed and considered as a package, as they integrate in a manner that addresses all major concerns pertaining to National representation, accountability and voting structure.

A. ELECTION OF NATIONAL BOARD MEMBERS: After reviewing election procedures of a variety of other associations and federations, and brainstorming yet more, the Task Force concluded that two scenarios had viability:

Option #1: Amend existing structure, with Divisional Boards continuing to select their Representative candidate. Provisos:

- Clearly defined qualifications/criteria for election are established nationally
- Requirement that National qualify reason for any rejection of that proposed candidate
- Clear expectation of the qualified duty regarding representative role
- Removal can be initiated by either the National or Divisional Board, with the power to remove given to the members of that Division (membership vote/referendum)

Option #1 alleviates concerns about National's sole authority to elect and remove. The GTF acknowledges that this would be "easier to convey and implement," but leaves structural issues that cause concerns regarding control, collaboration and trust unresolved. GTF members unanimously agreed they "could live with Option #1."

However, all GTF members agreed that, while needing more fleshing out, a "more pure and complete delivery of membership control of and accountability from the National Board" will be achieved by implementing election of National Directors by the membership of each Division whose interest they are to represent.

RECOMMENDATION #2A - MEMBERSHIP ELECTION OF NATIONAL DIRECTORS: The Task Force recommends converting to membership election of representatives on the National Board, by Division, with Division Boards managing the nominations process. Provisos to be further defined include:

- Clearly defined qualifications/criteria for election are established nationally
- National Board representatives should have ex-officio seats on Division Board of Directors
- Membership election - once every three years (staggered Board terms)
- Ensuring clarity and understanding of what "representation of a Division" means (*see Recommendation #2C*)
- Removal can be initiated by the National or Divisional Board, or the Divisional membership, with the power to remove given to the members of that Division (membership vote/referendum)
- Vetting/Nominations/Removal – with respect for Divisional autonomy, GTF recognizes and agrees that there must be basic consistency among Divisions pertaining to issues regarding the governance of National (i.e. criteria, elections, removal, etc.)
- Timelines assessment needed to identify if can feasibly begin implementation in FY 14, otherwise FY 15.

B. PROPORTIONAL REPRESENTATION ON THE NATIONAL BOARD: The Task Force reviewed the history of the "one person, one vote" structure, the basis of and concerns regarding the 7/9 super-majority currently required for Board action, and the legitimacy of interest to have more "proportional representation" for the larger Divisions. The following list was established as, while not an absolute litmus test, the GTF's "wants" for any changes to achieve:

- More "proportionate" representation (Currently, Eastern has roughly 10,850 members, Rocky Mountain 6,700, and of the remainder the three largest (Western, Northwest and Central) have between 3,200 – 3,400)
- Preserving partnership among Divisions of different sizes, and a culture of equals at the Board table
- Protect interests of smaller Divisions, but eliminate the sense of unfairness that the three smallest could "block" an action of the representatives of all other Divisions, representing more than 90% of the total membership

- Recognize that this same culture we want to preserve also causes hindrances. (“If starting today, we wouldn’t likely develop the current structure.”). A number of voting procedures were explored, including:
 - o Options with both majority and weighted votes (as proposed by the four divisions that met in SLC)
 - o Weighted votes with graduated scale, affording smaller divisions a guarantee of a representative with a vote on the board, but with larger divisions having a greater voting power (e.g. x2 for Divisions with at least 3,000 members, a 3rd for Divisions with more than 6,000, etc.
 - o Increasing the size of the Board to accommodate more equitable/proportionate representation
 - o Continue the current supermajority, which it was deemed may be acceptable, pending determinations/momentum on other issues.

RECOMMENDATION #2B – ADOPT MEMBERSHIP-BASED NATIONAL BOARD REPRESENTATION BY INCREASING SIZE OF NATIONAL BOARD TO 12 VOTING MEMBERS:

The size of the PSIA-AASI Board should be expanded to twelve (12) membership-elected representatives, with three (3) from Eastern, two (2) from Rocky Mountain and one (1) each from all other Divisions.

- Board size should be capped at a maximum of 12 members, and a maximum of 3 Directors per Division, with a commitment to reapportionment if material changes in Division size (e.g. if one Division’s membership growth exceeds 15%)
- While there are disadvantages to increasing the size of the Board, this modest increase maintains a manageable board sizing and is far preferable than changing the “one person, one vote” status, which would create a board of non-equals.

C. DUTY OF LOYALTY AND THE ROLE OF REPRESENTATIVES: The Task Force affirmed the importance of clearly defining what “representation” of a Division should mean, and how it should be defined in order to ensure clarity among the representative, the National Board and the Division Board. The GTF believes it is crucial to define the role/duty of National board members in a way that enhances National’s ability to optimize its service to all of PSIA-AASI’s membership, but with specific commitment to representing the interests and needs of the Divisions/memberships they represent:

RECOMMENDATION #2C – BOARD REPRESENTATION OF MEMBERSHIP/DIVISIONAL INTERESTS

The GTF recommends amending PSIA-AASI’s Board of Directors Duty of Loyalty policy statement:

(EXISTING) The duty of loyalty requires a director, when making decisions affecting the organization, to place the financial and operational interests of ASEA over the director’s own interests, or the interests of other individuals, family members, or organizations. In every instance in which a director represents ASEA, the director must conduct his or her activities in a manner that best promotes the interests of ASEA. A director must always communicate the internal and external policies, statements, and decisions of ASEA faithfully and in a truthful and accurate manner.

(ADD): Further, as a Members’ Representatives from Divisions of PSIA-AASI (ASEA), Directors are to advocate for and ensure that the needs and well-being of their respective Division and its membership are brought into consideration of issues leading up to a vote, with recognition that the National board has an ultimate duty to the best interests of PSIA-AASI’s total membership.

In addition, it is requested* that PSIA-AASI modify the first sentence of the existing policy as follows:

“The duty of loyalty requires a director, when making decisions affecting the organization, to place the financial and operational interests of ASEA, for the benefit of its membership, over the director’s...”

**As this statement is more a definition of a legal duty than a policy position, the two attorney members of the GTF and its governance consultant noted if PSIA-AASI receives legal advice suggesting that this change not be incorporated, it is a reasonable position and therefore this is a request, not a contingent expectation of this recommendation.*

D. NATIONAL BOARD VOTING REQUIREMENTS: The pros and cons of many proposed and brainstormed voting formulas were considered. Agreement was reached that “more equitable representation” requires compromise, affording the largest Divisions greater voting power through representation, and that those from the three smallest Divisions alone should not be able to block action. The merit of simple majority voting was assessed, but the GTF agreed

that achieving the collaboration that will maintain focus on the “betterment of the whole” requires defining the threshold of 9 votes for Board action.

RECOMMENDATION #2D – NINE (of 12) AFFIRMATIVE VOTES REQUIRED FOR BOARD ACTION.

The National Bylaws should be amended so that actions shall require affirmative vote of nine (9) voting Directors (upon expansion of the Board to twelve (12) member representatives).

3. National Standards and Certification. The GTF recognizes that a primary value of the PSIA-AASI marks and logos pertains to certification, and discussed concerns regarding consistency/adherence to National Standards. Information was provided and discussed pertaining to the value of accreditation of certifications, which are obtained in North America through the American National Standards Institute (www.ansi.org) or the National Commission of Certifying Agencies (www.credentialingexcellence.org).

RECOMMENDATION #3 – DUE DILIGENCE RE: ACCREDITATION OF PSIA-AASI CERTIFICATIONS: The resulting governing Board, in commitment to the membership’s professional growth and opportunity, give priority to conducting due diligence regarding pursuit of accreditation of PSIA-AASI Certifications.

The GTF also recommends that each Division specifically acknowledge (upon change to Membership election of National Directors) that:

With respect to membership certifications and their credibility, Divisions acknowledge and support the legitimacy of the member election process of the national representatives, and that the representatives’ duty is to advocate for the interests of his/her constituency while honoring his/her duty of loyalty to the national association and its mutual membership.

4. Presidents Council. Particularly given the elevated focus of the National Board representatives serving the interests of their respective Divisions’ membership, the Presidents Council will play an important role in ensuring that the National and Division boards’ agendas include discussion of specific issues the respective parties would like shared and considered.

RECOMMENDATION #4 – AFFIRM COMMITMENT TO THE PRESIDENT’S COUNCIL: The GTF recommends that the Divisions and National affirm commitment to the Presidents Council. Further, it is recommended that National clarify the “open invitation” that is extended for Division Presidents to be guests at Board meetings. In addition to the Chair of the Presidents Council continuing to serve without vote on the National Board and Executive Committee (noting the importance that all parties must recognize and honor the confidentiality regarding information learned/discussed in closed sessions).

5. Leadership Development. The Task Force acknowledged that, while implementation of each of these recommendations will contribute to a stronger and accountable structure, sustaining these benefits is reliant on continuous cultivation of a diverse base of future leaders. Developing stronger understanding of the association industry, certification programs, governance and leadership, as the GTF experienced during its work to-date, is an important investment in the long-term strength of PSIA-AASI and the Divisions.

RECOMMENDATION #5 – LEADERSHIP DEVELOPMENT PROGRAM: The GTF recommends that the national board work collaboratively with Divisions to establish “leadership development” programs to strengthen governance at all ten organizations for betterment of the memberships’ interests.

Summary and Rationale

These recommendations are based on sound governance principles and provide an opportunity for the membership, Divisions and National alike, to experience many benefits, including but not limited to:

1. *PSIA-AASI's PURPOSE – redefined to incorporate commitment to collaboration with Divisions, while retaining continued focus on providing benefits and resources that benefit all members and Division.*
2. *ROLE OF DIRECTORS – redefined to codify role in advocating for interests of Division and its membership, while ensuring continued loyalty to PSIA-AASI and the interests of its 31,000+ members.*
3. *STRONGER LINKAGE BETWEEN NATIONAL AND DIVISIONS – In addition to the Presidents Council being invited to and its Chair serving ex-officio at National Board meetings, the National Directors elected by each Division's membership would also serve ex-officio on the Division Boards.*
4. *ACCOUNTABILITY TO MEMBERSHIP IN A DIVISION – Should there be a lapse in accountability, the National Board, Division Board or Division Membership may initiate a removal process – with Division membership having right to remove. (utilize same minimum standard/process TBD)*
5. *PROPORTIONAL REPRESENTATION CONCERNS ARE ADDRESSED, with recognition that larger divisions have diverse needs/constituencies, yet with clarity that National Directors are to actively advocate for consideration of Division/membership concerns, but are not bound to vote as directed by Division Boards.*
6. *MAINTAINS A BOARD OF EQUALS - one board member = one vote. The threshold of 9 votes requires collaboration to further the interests of all.*
7. *COLLABORATION IN IDENTIFYING DIRECTOR QUALIFICATIONS/CHARACTERISTICS – including diversity, and developing a leadership training program to strengthen the quality of collaborative leadership at National and the Divisions.*
8. *MEMBER ENGAGEMENT – Most important, our members will be directly engaged with electing their representative.*

The eight highlighted (green) recommendations in this report represent a collective effort, one which all members of the Task Force believe provide sound solutions to address a broad array of issues and objectives, including all of those that emanated from the four Divisions that met in Salt Lake City as noted earlier.

Task Force members express gratitude and respect to their colleagues, as few, if any, of the recommendations above held as pre-conceived solutions prior to our meeting. They are a product of earnest and good faith negotiations. Concluding its two-day meeting, the GTF proudly acknowledged its shared belief that with these recommendations:

“Everyone compromises. Principles are elevated. Everyone gains”

Next Steps:

1. The Task Force requests that Division Boards provide feedback to their GTF representative by June 30th re:
 - Overall concept and issues needing refinement
 - If agree in principle with the membership election concept, GTF will reconvene to develop recommendations for a nomination/elections protocol
2. The Task Force is issuing a “Progress Report” Statement to the Membership. This conveys that:
 - Formal recommendations regarding each of the key topics have been forwarded to the Boards of the nine Divisions and National for initial review and consideration
 - Representatives of all Divisions (including the four that met in SLC) acknowledge that all of the issues/concerns raised have been extensively considered
 - The Task Force has affirmed that all parties should be committed to strengthening the alliance of National and the Divisions providing “dual membership” value that is focused *on the betterment of business and professional growth and opportunity for its 31,000+ members*
 - The Task Force, as member representatives, is committed to process that is both transparent and successful. To ensure both, such external communications will continue, however in summary form, during the next stage of exploration and deliberations

3. The GTF reaffirms its (May 23rd) request that volunteer and staff leadership of Divisions/National uphold this consistency of constructive message and support of the process. **All GTF members believe that their success and productivity to-date has been enhanced by this shared commitment – and urge that it continue.**

Respectfully submitted:

Craig Albright – Western
Tony Brown – Northern Rocky Mountain
Doug Carter – Central
Dave Goddard - Alaska
Seth Jacobsen – Northern Intermountain
Eric Jordan - Eastern
Bill King - Northwestern
Robin May – Rocky Mountain
Eric Sheckleton – National (ASEA)
Joe Waggoner – Intermountain

Neil Bussiere - Chair