

May 16, 2022

TO: Board of Directors
FROM: Mike Cooper, Board Chair
RE: Executive Committee Proposal

BACKGROUND:

ArtStream's Bylaws Article VII, Committees, state:

The Board of Directors may create such committees with such powers as it deems necessary. The Chair shall appoint persons to chair and serve on those committees, including persons who are not Directors of ArtStream. All such appointments must be approved by the Board either prior to the appointment or ratified at the next Board meeting.

At the January 11, 2021, Board meeting members established a Finance Committee. The Finance Committee's charge is as follows:

Coordinate the Board's financial oversight responsibilities by recommending policy to the Board, overseeing staff interpretation of policy, and monitoring the implementation of financial policies. The Finance Committee shall oversee the investments and budget. The Finance Committee shall review and present the annual budget proposal to the Board. The Finance Committee will review the Reserve Policy annually and the Investment Strategy twice a year and report to the Board of Directors. The Finance Committee shall have at least three (3) members including the Treasurer.

According to BoardSource, the role of an executive committee, as of all committees, is to help the board accomplish its work in the most efficient way.

The Board Source publication "*Who Should Serve on Which Committee?*" recommends:

EXECUTIVE COMMITTEE:

The executive committee is a small group of board members — usually including the board chair, other officers, and the chief executive as an ex officio member — that often has the authority to make decisions on behalf of the full board. Committee chairs may also sit on the executive committee. Its overarching role, like the role of all committees, is to help the board do its work in the most efficient way. Its specific duties vary considerably from board to board and are largely dependent on the context of the board.

More and more boards are asking if they need an executive committee. Executive committees have been known to assume so much autonomy that they take over board decision making, leaving the rest of the board complacent, disengaged, or even alienated. Because of this, many boards responsibly choose to not have an executive committee.

Unlike other board committees, the executive committee's membership should be addressed in the organization's bylaws.

In general, executive committee members should be

- respected by the board
- know the organization well
- have no personal agendas
- have a diverse range of backgrounds and a variety of experiences

PROPOSAL:

The Board of Director approves the formation of an Executive Committee composed of the elected Board officers required be Section 5.01 of the Bylaws (Chair/President, Vice-President, Treasurer and Secretary). These four officers shall have the authority from time-to-time to appoint an additional member of the Board to serve as a fifth member of the Executive Committee.

The purpose of the Executive Committee will be to facilitate the conduct of ArtStream's business and affairs during the periods between regular meetings of the Board. The Executive Committee may make decisions on the Board's behalf only in urgent circumstances subject to confirmation by the full Board at a regular or special meeting.

EXECUTIVE COMMITTEE

The role of an executive committee, as of all committees, is to help the board accomplish its work in the most efficient way. Some boards form an executive committee just because everyone else has one — it seems to exist by default. When creating any committee, it is wise to first analyze the entire structure of the board and determine whether that particular committee would add value. This outline helps boards determine whether an executive committee is a necessary tool for their organization.

WHAT IS AN EXECUTIVE COMMITTEE?

As the name implies, an executive committee has special responsibilities and authorities above all committees. Usually it can act on behalf of the full board. Its main purpose is to facilitate decision making between board meetings or in urgent and crisis circumstances. It often also acts as the communication link to the chief executive and, in some cases, performs the chief executive's performance evaluation.

WHAT ARE THE LIMITS OF ITS AUTHORITY?

Often the role of an executive committee is defined by what it cannot do. To avoid delegating essential powers away from the full board, it should not

- amend bylaws
- elect or remove board members
- hire or fire the chief executive
- approve or change the budget
- make major structural decisions (add or eliminate programs, approve mergers or dissolve the corporation)

WHO ARE THE MEMBERS?

It is a common practice to include the officers of the board as members of the executive committee. Usually the board chair also chairs the committee meetings. Sizable boards often elect to add other representatives to this committee to ensure necessary diversity in decision making and to avoid concentrating too much power in the hands of a few. The size of the committee should stay relatively small in order to keep it a flexible and efficient tool for the board. The chief executive usually serves as an ex-officio member of this committee.

WHEN WOULD A BOARD BENEFIT FROM AN EXECUTIVE COMMITTEE?

Here are some situations that might warrant using an executive committee:

- The board is large. A smaller group authorized to act on its behalf in certain circumstances can speed up decision making.
- Board members are scattered all over the country. It is easier for a core group to get together during an emergency.
- The board regularly needs to take action or make frequent decisions. Certain repetitive and standard financial and legal matters do not require full board meetings and could easily be attended to by an executive committee.
- The board needs a place to test controversial ideas. An executive committee can be used to study important issues and to present the findings to the full board.

WHEN IS AN EXECUTIVE COMMITTEE LESS BENEFICIAL?

- The board is small. Decision making is already efficient when the full board meets.
- The board is active and motivated. It is easy to get everybody in the meeting room and produce results. All board members are optimally involved.
- The board has no standing committees. All committee activities are carried out by temporary task forces.

SPECIAL CONCERNS

An organization is well served by an executive committee when the committee facilitates the board's time management. However, to keep every board member active and responsible for his or her own participation, pay attention to the following concerns:

- The role of the committee should be defined in the bylaws, not by the committee itself.
- The executive committee cannot replace the full board. It reports to and is accountable to the full board.
- Even though the committee may be granted special powers in the bylaws, the full board should always confirm decisions in its next meeting.
- The executive committee should not marginalize other board members. If the committee is perceived as an inner clique, outside members easily feel left out, resulting in poor morale.