



Fundamental Board
Excellence

February 4, 2021

Introduction



The Corporation

- Corporation (“Association”) vs. Members
 - “Square is a rectangle, but a rectangle is not a square”
 - Corporate entity
 - State-based
 - Limited liability
 - What is “Membership”?



DIRECTORS AND OFFICERS

DIRECTORS

- Elected by Members
- Action through the entire Board
- No Individual Authority
- No Delegation
- Subject to Member Removal

OFFICERS

- Appointed by Board
- Pres, VP, Treas, Sec
- Individual Authority and Delegated Power
- May Delegate
- Subject to Board Removal



STANDARDS OF DIRECTORS AND OFFICERS

Directors and Officers **owe duties to the Association**, not its members and shall discharge his or her duties:

1. In **Good Faith**;
2. On an **Informed Basis** (care that an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the corporations, or into a particular action to be taken or decision to be made); and
3. With a **Subjective Belief** that Action in **Best Interests** of Association.



GOVERNING DOCUMENTS



Statutes –
Non-Stock, Non-Profit Corp.;
Horizontal Property Law;
Kentucky Condominium Law

Deed of Restrictions

Articles of Incorporation

By-Laws

**Rules, Regulations,
Policies and Procedures**



KEY BOARD ACTIVITIES AND PURPOSES

PURPOSES

- **Set Policy**
- **Maintain Common Areas**
- **Budgets and Collections**
- **Enforcing Rules**
- **Keeping Books and Records**
- **Complying with Relevant Laws**
- **Neighborhood Development and Communication**



BOARD MEETINGS

1. Meetings are where the **Action** is – typically majority
 - Otherwise unanimous and in writing
2. Meet **Regularly**
 - At least Quarterly
3. Ensure **Quorums**
4. Keep **Written Records**
 - Secretary
5. **Remote** – Must be able to hear each other
6. **Open or Closed?**
 - Executive Sessions
 - Privilege

© MARIK ANDERSON

WWW.ANDERSTOONS.COM



"If I may continue to beat this dead horse..."

MINUTES

Proper record keeping (i) reinforces **good practices** and (ii) **protects** the Board and Association in the event of a dispute.

1. **Secretary** keeps minutes
2. Use **Agenda** as **Template**
3. **Attach** unanimous written consents – emails
4. **Ratify** unrecorded actions to create written record
5. Keep “**Action Items**” and include in next Meeting’s Old Business
6. **Distribute** prior minutes to other board members before next meeting
7. **Maintain** minutes both physically and electronically
8. They don’t have to be long – just adequate



CONFLICTS OF INTEREST



"Yes, I am employee of the month again. And yes, I'm the one who chooses the employee of the month. And no, I don't see a conflict of interest."

1. Identify Conflicts

- Financial
- Legal (Family, Indirect)
- Appearances Matter

2. Disclose Conflicts

- Keep Records

3. Recuse

4. Fairness

- Investigate and Bid

5. Policy

HOMework

1. **Board Books**

- **Governing Documents**
- **Prior Meeting Minutes**
- **Key contracts/documents**
- **Calendar**
- **Others?**

2. **Board Member Agreements**

- **Be informed**
- **Attend and participate in meetings**
- **Act in best interest of the Association**
- **Be respectful**
- **Keep confidential information confidential**
- **Others?**



FUNDAMENTAL BOARD EXCELLENCE

1. Application – so what action will YOU take?

2. Q&A?



OUR NEXT SESSION

Thursday, March 4

6:00 p.m.

Same Zoom Time,

Same Zoom Channel

