

MERCETRIGIANI

COMMUNITY ASSOCIATION LEADERSHIP

The Role of Association Officers and Board Members

I. PRESIDENT

A. General Role

1. Chair of the Board of Directors
2. Moderator of Association Meetings
3. Signator of Contracts and Other Legal Documents approved by the Board
4. Liaison with management, legal counsel, and committees

B. Goals

1. Identify important issues the Association must address
2. Work with retained professionals and committees to identify and take actions necessary to achieve goals
3. Delegate to others to take actions necessary to achieve goals; monitor performance

C. Leadership Skills

1. Be a team player and work to build esprit de corps
2. Extend compliments; curtail negative Forces Quickly
3. Seek Advice and Feedback from fellow Board members
4. Accept Criticism
5. Promote positive thinking
6. Communicate

Wielding power is not exercising leadership; leadership is creating an environment in which others are able to perform at their best.

D. Meetings

1. Establish and stick to schedule
2. Carefully consider agenda and stick to it
3. Typical meeting agenda:
 - a. Call to order
 - b. Adoption of agenda
 - c. Open Forum

- d. Approval of minutes
 - e. Reports
 - f. Old Business
 - g. New Business
 - h. Comments from fellow Homeowners (require homeowners to sign a speaker's list in advance of meeting)
 - i. Adjourn
4. Suggestions for a smooth meeting:
- a. Give thought to placement of controversial topics at ___ when Board members are fresh or at end after Board has worked cohesively through the agenda
 - b. Before putting a matter on the agenda ensure that it is read for Board consideration - Unresearched Topics Should be Referred to a Committee for Later Consideration
 - c. At least 72 Hours Before Each Meeting Each Board Member should be Given a Copy of the Agenda and any Reports to be Considered at the Meeting
 - d. Always start and finish on time; Meeting should last no longer than 2 - 2.5 hours.
 - e. Keep meeting moving along; Stop Repetitious or Irrelevant Commentary
 - f. Speak clearly; honor the "floor"
 - g. Insist on order; Only one speaker at a time, but give all an opportunity
 - h. Make use of committees to expedite work-research and review.
 - i. Retain control of discussion and participation; owners are welcome to attend, but outside of open forum owner participation should be minimal
 - j. At the conclusion of the discussion, confirm with all Board members that consideration is _____
 - k. President should facilitate discussion; remain neutral until end of discussion
 - l. Summarize positions of others, state your position
 - m. Make sure minutes and records are accurately taken

II. DIRECTORS

A. Must have knowledge in several areas

- 1. Financial
 - a. Budget
 - b. Cash flow

- c. Assessment Collection
 - d. Reserves
 - e. Investments
2. Contracts
 - a. Management
 - b. Security
 - c. Trash
 - d. Grounds
 - e. Pool
 3. Managerial role - directors govern, not manage or Board sets policy and management implements policy
 4. Legal Responsibilities - generally know and understand the Association documents, applicable statute(s)
 5. Legal Authority - directors do not act alone; must form majorities, and these majorities must act at duly convened meetings of the Board

B. Responsibilities

1. Duties are based upon authority established in Association documents, statutes, and common law; if unclear, legal counsel may help.
2. Represent needs and interests of community
 - a. Enforce provisions of documents
 - b. Establish sound fiscal policy and maintain accurate records
 - c. Act on budget Items
 - d. Determine assessments and collection procedures
 - e. Approve legal action against Owner who fails to pay assessments
 - f. Establish, publicize and bring about compliance ____ rules
 - g. Know local laws
 - h. Appoint committees and establish scope of work for Committees
 - i. Prescribe and assess management duties
 - j. Select professionals to assist the Association, i.e., accountants, attorneys, insurance broker, professional management
 - k. Communicate with Association members
 - l. See that all officers and employees are properly bonded and insured and that property is insured
 - m. Establish common area maintenance programs and oversee payment of associated costs

- n. Avoid conflicts of interest

III. OFFICER'S AND DIRECTOR FIDUCIARY RESPONSIBILITIES

- A. The individual Board member owes the community a duty of care, which is measured by the strictest standard in the law
- B. Duty of loyalty and honesty is total; personal agendas must be submerged
- C. Business judgment rule for Board as a group
 - 1. Courts are hesitant to interfere with the internal affairs of a board if the Board follows proper procedures under the legal documents
 - 2. The Board has broad discretion to make decisions within authority established in documents
 - 3. The Scope of Board's Authority is Defined by the Governing Documents
 - 4. Decisions should be based upon a clear consideration of all alternatives
 - 5. Experts consulted on appropriate subjects
 - 6. The decision was made in good faith - ensure that an articulable policy justification is served and a legitimate objective of the Association is met
 - 7. Good Faith Mistakes Do Not Result in Liability - if proper procedures are followed
 - 8. Transaction between Association and Director or any Business Associated with Director not per se Void - if fully disclosed, reasonable in its terms, and approved by the full Board
- D. Strategies for protecting Directors Under the Business Judgment Rule:
 - 1. Be Informed About the Association's Business Generally
 - 2. Attend and participate in meetings and, if absent, ask that the minutes reflect the reason for absence
 - 3. Register dissent in the Minutes when in disagreement with Board action
 - 4. Be knowledgeable about the declaration, bylaws or corporate charter, and other Association documents
- E. Categories of Potential Liability for Association
 - 1. Governmental Responsibilities
 - a. Due process
 - b. Civil rights discrimination
 - c. Rulemaking over granted authority
 - 2. Business Responsibilities
 - a. Mismanagement of Association's funds
 - b. Failure to disclose conflict of interest or common interest

3. **Property Responsibilities**
 - a. **Abatement of unsafe conditions**
- F. **Protecting the Association through insurance**
 1. **Obtain necessary policies**
 2. **Notify insurance carrier of claims as soon as possible**

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