



Board Meetings and Committees

How to Plan and Execute for Effective Board
Meetings and Committee Formation

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Drinker Biddle

Part 1: Planning for the Next Board Meeting

- Success or failure of a Board meeting depends on what happens in the days/weeks/months since the last meeting.
- Communication and preparation are key.
- Board Chair should drive the process.
- Include Board members in the planning process.

Setting the Agenda

- Creating a standard format for the agenda is part of effective planning.

Setting the Agenda - Sample

ABC nfp Board of Directors Meeting
Wednesday, May 21, 2008, 10:00 am.
Agenda

1. Call to Order
 - a. Attendance
 - b. Introduction of Guests
2. Approval of Minutes from April 19, 2008 Board Meeting
3. Executive Director's Report
4. Finance Director's Report
5. Committee Reports
 - a. Marketing Committee
 - b. Fundraising Committee
 - c. Committee that Dare Not Speak Its Name (Executive Session Report)
6. Other Business
7. Adjournment

Catching Up with Administration and Committees

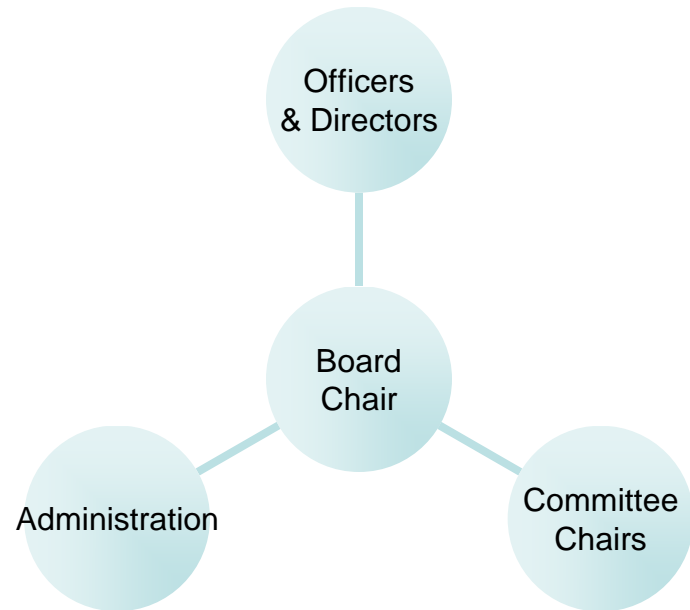
- Establish methods and set deadlines for follow up on action items with officers, Committee chairs, and others
- Circulate an action item list following the Board meeting
- Follow up prior to the upcoming Board meeting

Establish Clear Lines of Communication

- Consistent methods and clear lines of communication about Board meeting issues and action items are critical to meeting planning and success.

Establish Clear Lines of Communication

The Board Chair should be the focal point of communications about Board meeting issues.



Reports

- Written reports intended for presentation and discussion at Board meetings should be circulated in advance to allow directors time to prepare.

Resolutions

- If possible, resolutions should also be circulated prior to the meeting for review and comment.
- Board Chair should generally be first to see it before circulation to other directors.
- A coherent and civil resolution review process may prevent a “war on the floor.”

Resolutions

Keep resolutions as simple as possible – no more “whereas” clauses than necessary.

RESOLUTION:

Whereas, DePaul University has allowed us the use of this space for educational and eleemosynary purposes,

It is resolved that DePaul University should receive a written thank you letter signed by all of the participants of this May 21, 2008 seminar.

Minutes

- Formal minutes are a necessary part of Board governance. Minutes are considered legal documents by courts, auditors and the IRS.
- As a rule, the Board Secretary bears responsibility for ensuring that appropriate minutes are prepared. However, minutes can be taken and drafted by any officer, staff member or agent designated to the task.
- Review, comment, revision (if necessary) and approval of last meeting's minutes should be the first substantive item on the next meeting's agenda.
- IF IT DOESN'T APPEAR IN THE MINUTES, IT DIDN'T HAPPEN.

Minutes

- General Rule: Less detail rather than more.
- Substantive categories to cover
 - Attendance – roll call of directors and guests
 - Decisions Reached (or not)
 - Action Items
 - Discussion Topics and Reports
 - Open Issues
- KEEP IT SIMPLE - ok to describe decisions made without reference to the votes of specific directors or discussions held and reports given by identifying only the participants and subject matter of the discussion or report.

Meeting Objectives

- Formalize decisions
- Inform the Board - opportunity for Board to inquire and assess information beyond the written reports
- Assign action items

Part 2: The Meeting Itself

- If you have planned well, the meeting should go (almost) according to plan.
- Board Chair is the ringmaster – responsible for timing and tone of the meeting.
- Following roll call, Chair should note whether a quorum is present in the event a vote is required.
- Reserve questions from guests and general discussion to specific times – depending on the nature (and purpose) of the guest, that time will typically be either at the beginning or end of the meeting.

The Meeting Itself

Two rules for the Chair:

- Keep it civil (or bring it back from the brink when it is not).
- **STICK TO THE AGENDA!!!**

Roberts Rules

- Roberts Rules of Order are the paradigm but generally impractical and unnecessary as a method for conducting a Board meeting.
- That said, if the Board Chair or another director is steeped in parliamentary rules, apply them when and where necessary – for example, to break a logjam.
- Listening is the best rule (and skill) you can develop and demonstrate – from the Chair to the newest member of the Board.

Some General Key Rules

- Chair runs the meeting.
- Close debate by consensus where possible.
- Any voting process is acceptable so long as properly recorded.
- Use votes on action items as leverage to assign responsibility.
- Be civil.
- Be clear.

A Key Rule

- KNOW YOUR BYLAWS (or at least the rules that govern quorums, voting, and other procedural matters)
- You don't want to conduct important business NOW and have a Board member or other stakeholder point out LATER that you acted in violation of the Bylaws

Another Key Rule

- KNOW THE ILLINOIS NOT FOR PROFIT ACT (805 ILCS 105 et seq.) - or at least those provisions that may impact Board operations and conduct)
- Review your Bylaws to ensure that the way that you currently operate the Board (and your committees) complies with or doesn't violate the Act

Yet Another Key Rule (SOX)

- Be aware of SOX (Sarbanes-Oxley, not White) – or at least the rules and principles that it establishes that may be applicable to not for profit organizations which are increasingly being seen as a part of “best practices” for all corporations including small not for profits
- Certain aspects of SOX will apply to your organization – e.g., whistleblower provisions and provisions related to public financing if, for example, your organization floats a bond as a method of funding
- SOX will inform how you operate the Board – in particular, how you interface with administration and choose, form, empower and operate committees

SOX and the Board

- Establish procedures for handling conflict of interest and confidentiality issues in Board meetings
- Ensure that directors have sufficient information to fulfill fiduciary duties (e.g., Board packets at meetings)
- Set regular (and sufficient) meeting dates – at least 4 times per year
- Establish clear lines of accountability and reporting between Board and committees and Board and administration

Closed Sessions

- Discussion of certain topics should be limited to closed or executive sessions of the Board, such as
 - Conflict of interest issues
 - Executive compensation and similar issues
 - Litigation
 - Other topics of a highly confidential or sensitive nature

Closed Sessions

- Board meetings are by default open meetings, particularly where the organization has member constituents who may be entitled to attend Board meetings
- Closed sessions require a motion and vote to enter, and a motion and vote to exit (which should be duly recorded)

Closed (Executive) Sessions

- Minutes of closed sessions should be kept according to the same principles of minutes generally – however, minutes of closed sessions will generally not be available for review by non-Board members.

Reports and Discussion

- Administrative leaders and committee chairs should report as needed – up to the organization whether that is at every meeting or only periodically
- Written reports are the rule (even if short)
- No magic to the form of reports
- Consider confidentiality issues – should the report be confidential and/or discussed only in closed session?
- When possible (and when in doubt), preview the report with the Board Chair

Resolutions and Voting

- Resolutions and votes are how the Board decides to act (or not)
- Directors make resolutions - not non-director regulars or guests
- A resolution should not be a surprise to the Board Chair

Resolutions and Voting

- When presenting a resolution
 - Preview the resolution
 - Give background and hold discussion
 - Close the discussion (the Board Chair) – if there is no consensus on closing debate, consider whether to continue the motion to a future meeting
 - Call for a motion and a second
 - Vote
 - Chair notes for the record that it passed or not passed - result (but not specific votes) is noted in the minutes

Identifying Action Items

- Action items can be identified as the meeting goes along and/or identified in a wrap up at the end (just prior to adjournment)
- Board Chair should circulate an action item list, deadlines, and other key details after the meeting, and then follow up before the next meeting

Adjournment

This may seem obvious, but . . .

- Board Chair should note on the record that there is no further business and move to close the meeting
- Don't forget to second the motion, vote, and declare the meeting closed

Part 3: Committees

- Committees are formed to assist the Board in its business and deliberations
- Committees can be standing committees, ad-hoc committees and advisory committees (not much difference between the latter)

Why form a committee?

- To handle on-going significant activities
- To handle a special project or address an issue that is too complex for the Board to handle
- To investigate, analyze and advise the Board on significant matters
- To comply with applicable law or “best practices”

Some Committee Formation Guidelines

- The Illinois Not for Profit Act (805 ILCS 105/108.40) provides certain rules for Board committees
 - Bylaws or articles of incorporation must provide for formation of Board committees
 - A committee must have at least two directors
 - A majority of its (voting) members must be directors
 - All (voting) members serve at the pleasure of the Board
 - Chair does NOT have to be a director
- Review your Bylaws for compliance with these guidelines

Some Committee Formation Guidelines

- Committees “relating to the election, nomination, qualification, or credentials of directors” (a/k/a Nominating Committees) are exempt from these rules and may be comprised entirely of non-directors
- In addition, ad hoc and advisory committees are not restricted by the Act but cannot act on behalf of the Board

Standing Committees

- Standing committees are established to handle on-going major activities, such as
 - Finance
 - Audit
 - Fundraising
 - Governance
 - Board Development

Ad-hoc and Advisory Committees

- Ad-hoc and advisory committees do not have structural restrictions
- Ad-hoc committees are formed to handle a specific topic or issue and then disband
- Advisory committees may be short or long-term depending on the Board's needs

Best Practices and Committees

Evolution in best practices, driven in part by SOX, suggests that if possible, NFPs should form an audit committee and governance/Board development committee, which such committees comprised entirely or primarily of non-directors

Committee Meetings

- Although committee meetings may be more informal, the rules and advice for conducting committee meetings and committee business are generally the same as those governing or advisable for Board

Staffing a Committee

- Select a Chair with expertise in the Committee's subject area
- Select a Chair who will get things done
- Board Chair (and Board) consults with Committee Chair on additional staffing
- Review Chair and membership regularly (e.g., annual appointments)
- Don't hesitate to replace underperformers

Resources

www.illinoisattorneygeneral.gov/charities

www.donorsforum.org/publictrust

www.ilga.gov/legislation/ilcs (Illinois statutes)

www.robertsrules.com

Guidebook for Directors of Nonprofit Corporations (2nd Ed.) (American Bar Association)

Guide to Nonprofit Corporate Governance in the Wake of Sarbanes-Oxley (American Bar Association)

Nonprofit Governance and Management (American Bar Association)