



Board Training Program
February 26 – 27, 2013

HOW TO BE THE BEST BOARD *EVER*

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Today's Agenda

- Interesting statistics
- What community association board members should know
- Short, sweet, productive, non-monthly, daytime board meetings
- Top 12 Pitfalls



Interesting Statistics

- 323,600 community associations
- 25.9 million housing units
- 63.4 million residents
- \$4 trillion in real estate
~ 20% of all real estate
- \$40 billion annual operating revenue
- \$35 billion in reserves
- 60,000 community association managers
- 10,000 community association management companies
- 1 in five residences is in a community association
- 2 million volunteers



Interesting Statistics 2012 Zogby Survey



- 70% satisfied
- 8% *dissatisfied*
- 90% say board members act in the best interests of the community
- 10% *dissatisfied with board intentions*
- 73% say managers provide value
- 76% say rules protect and enhance property values
- 90% oppose government involvement



What Board Members Should Know

- Governing documents, laws and legal opinions
- Rules development and enforcement
- Laws affecting your association
- Parliamentary procedure
- Keeping "Community" in your community association
- Strategic planning



What Board Members Should Know

- Reserve study
- Budget
- Financial reports
- Assessment collections
- **Fiduciary duty**
- **Roles and responsibilities**
- **Meetings – everything**
- **Common pitfalls**



Role of the Board

- Rely on experts, staff, manager
- Set policy, not day-to-day decisions (don't micromanage)
- Plan for the future – be proactive
- Collaborate
- Communicate
- Act with reasonableness, empathy and compassion
- Appreciate and encourage staff
- Treat colleagues and service providers with respect
- Remember fiduciary duty

Fiduciary Duty

- Act in in good faith and in the best interests and for the benefit of the association
- Act within authority granted by law and governing documents
- Avoid conflicts of interest
- Exercise due care (possess necessary skills)
- Understand Business Judgment Rule

The Business Judgment Rule

- Exercise honest judgment and reasonable due diligence
- Act in good faith, loyalty and due care
- Determines validity of board decisions
- Limits judicial scrutiny



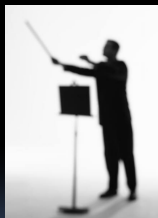
Role of the Board Member

- Be a leader
- Act as role model
- Work as a team
- Ensure professional conduct
- Prepare for and attend meetings
- Leave ego at door
- LISTEN



Role of the Manager

- Proactively provide advice in all matters and areas of association and board operational policy and leadership.
- Provide practical, professional and technical advice *within limitations of contract and professional knowledge*
- Advise the board on budgetary and maintenance responsibilities
- Implement board decisions
- Manage the day-to-day operations
- Take the initiative



Role of the Manager

- Fulfill role of communications liaison with members and outside entities
- Organize and coordinate
- Support committee functions
- Prepare for meetings
- Ensure minutes are taken
- Be up-to-date on Best Practices
- Be aware of federal, state and local laws



Role of the Owners



- Volunteer!
- Vote
- Pay assessments
- Comply with governing documents
- Be informed
- Maintain property
- Be nice and neighborly

What You Should Know About Annual Meetings

- | | |
|--|---------------------------------|
| ▪ Purpose | ▪ Prepare (script) and practice |
| ▪ Corporation requirements <ul style="list-style-type: none"> ▫ When ▫ Where ▫ Agenda | ▪ Manager's role |
| ▪ Anticipate issues | ▪ Officer/committee reports |
| | ▪ Achieving quorum |
| | ▪ Fun! |

What You Should Know about Board Meetings

Purpose: To make effective decisions that will positively impact the value of the association's assets, always keeping in mind fiduciary obligations.



What You Should Know about Board Meetings

- | | |
|---|---|
| ▪ Role of manager | ▪ Timed agenda |
| ▪ Open/closed | ▪ Minutes <ul style="list-style-type: none"> ▫ Who ▫ What |
| ▪ Prepare <ul style="list-style-type: none"> ▫ Board packets ▫ Issues | ▪ Action Item List |
| ▪ Parliamentary Procedure | |

Elements of Effective Meetings

- Preparation
- Timed agenda
- Parliamentary procedure
- Roles and expectations
- Management Report
- Homeowner forum
- Board conduct
- Results



Elements of Effective Meetings Preparation

- Minimum five days (preferably seven)
 - Management report
 - Financial reports
 - Committee reports
 - Timed agenda
 - Minutes
 - Communications, bids, etc.
- Contact all participants
- Read and ask questions
- Room arrangements



Elements of Effective Meetings Timed Agenda

- Creates a structure for conducting business in an efficient and professional manner
- Facilitates the dissemination of "informational items"
- Allows for orderly participation and decision-making
- Provides an opportunity to recognize the efforts of participants
- Facilitates the adoption of well-reasoned policies and action items
- Focuses discussions
- Averts last-minute decisions and knee-jerk reactions

Sample Timed Agenda

Open Forum	15	12:00 PM
Call to Order	0	12:15 PM
Approve Minutes/Sec. Report	3	12:15 PM
Treasurer's/Financial Report	7	12:18 PM
Management Report Update	10	12:25 PM
Committee Reports (if actions)	10	12:35 PM
Unfinished Business	0	12:45 PM
New Business		
Set annual meeting date	3	12:45 PM
Approve budget	10	12:48 PM
Appoint Rehab Committee	5	12:58 PM
Approve paint contract	5	1:03 PM
Appoint board member	3	1:08 PM
Celebration	4	1:11 PM
Adjourn	0	1:15 PM

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Elements of Effective Meetings Parliamentary Procedure

- Provides for a system of "friendly formality" for thoughtful and orderly decision-making
- Moves the meeting along
- Avoids repetitiveness
- Procedures, not laws
- Motions require a second



Elements of Effective Meetings Roles and Expectations

- Be prepared – do your homework
- Ask questions before meeting day
- Maintain a professional demeanor
- Accept, support and respect the president as the leader
- Put personal issues and ego aside
- Encourage others to participate
- Be open and fair
- Avoid surprising colleagues and manager
- Business, not social
- Mentor new members
- Support majority vote
- Have fun!

Elements of Effective Meetings

Roles and Expectations

Manager

- Be prepared
- Offer recommendations
- Help president follow agenda
- Prepare Action Item List
- Distribute Meeting Conduct document
- Create comprehensive Management Report



Elements of Effective Meetings

Management Report

- Summarizes activities and accomplishments
- Elaborates on agenda items
- Evaluates proposals, provides recommendations
- Addresses questions from and subsequent to previous meeting
- Time-consuming and comprehensive but well worth it



Elements of Effective Meetings

Roles and Expectations

Owners

- Resolve issues outside of meeting
- Be cordial
- Be succinct
- Honor time limitations
- Politely and respectfully discuss issues



Elements of Effective Meetings

Homeowner Forum

- Before or after board meeting convenes
- 3-minute limit
- Sign up before or at meeting
- Not a forum for debate
- Board addresses issues after meeting or at next meeting



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Elements of Effective Meetings

Results



- Minutes
 - Board decisions
 - One page per hour
 - Who moved, action
- Action Item List
 - Date, assignee, task, due date, completion date, comments
- Sense of satisfaction and achievement
- Time for personal life

Celebrate Success!



What Board Members Should Know

NIGHT MEETINGS

What Board Members Should Know

MONTHLY MEETINGS

Productive Meetings During the Day

- Breakfast or lunch
- Manager's office
- Centrally located restaurant on way to work
- Provide light dinner if meet no later than 5:30 PM
- Management charge for meetings that last more than 2 hours

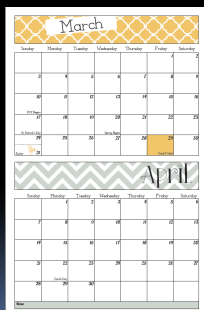


Productive Meetings During the Day

DO YOUR HOMEWORK!



Reduce Meeting Frequency



- Quarterly meetings
- One evening and two daytime meetings quarterly
- Negotiate reduced management fee or increase
- Weekly updated Action Item List
- Continual communications
- Confidence and trust in management and staff

Top Twelve Pitfalls that Result in Major Problems



- Don't notify insurance agent
- Advertise "Security", "Safety" and/or "Surveillance"
- Disregard/be unfamiliar with governing documents, state statutes, federal laws (Fair Housing, OTARD, FDCPA)
- Ignore/don't request experts' advice
- Hide/ignore conflicts of interest and self-interest situations

Top Twelve Pitfalls that Result in Major Problems



- Don't pay taxes and file annual reports
- Refuse access to records
- Write narrative minutes (libel)
- Close meetings to owners
- Publish delinquent owners/wrongfully foreclose
- Selectively enforce deed restrictions
- Forget to be compassionate, empathetic and reasonable

And one more . . .

Don't increase maintenance fees or establish a reasonable budget, including reserve fund

Board Orientation

Separate meeting that focuses on what a board member should know



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Roles of the board, manager and owners

Common pitfalls that can cause major problems

Elements of Effective Meetings

Interesting statistics

What board members should know



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