

# The CAI Board Member Tool Kit

## Part One

*Summarized By Jeffrey S. Hunt PCAM  
Hunt Management Incorporated AAMC*

*As you know, the Community Association Institute (CAI) is a national organization dedicated to fostering vibrant, competent, harmonious community associations. In that effort, CAI published "The Board Member Tool Kit" a 120 page manual that provides an overview of Board responsibility and point Boards to the information, tools and resources they need to be successful. It has more than two dozen sample documents and is available through CAI for a nominal cost.*

*I had the privilege of facilitating a seminar a few years ago at which this tool kit was discussed in depth and following is Part One of a summary of information contained in the first 5 of the manual's 15 chapters. Subsequent chapters will be summarized in future Community Leaders.*

Whether your Association is self managed by volunteers or benefits from the services of professional management, CAI can help you be more proficient and effective as a member of your Association management team. As a Board Member, you are, legally, a corporate Officer, an elected official and a leader, and as such, you are responsible for the successful management of your association. CAI provides education and reference material of all kinds and on most subjects related to the successful management of your community association and, most specifically, how to be the best Board Member you can be.

### **Governing Documents:**

One of the first and most important things any Board Member should do is to thoroughly read and understand the Association Governing Documents, specifically, the:

Declaration – Which creates the Association, establishes the Association's responsibilities and defines the Owner's rights and responsibilities.

Articles of Incorporation – Which formalizes the creation of the Association under state law.

Bylaws – Which dictate how the Association is to operate, i.e. Director elections, duties of the Board, budget creation, assessment collection, etc.

Rules & Resolutions – Rules are adopted and enforced by the Board to address the acceptable and appropriate behavior of Owners and Residents. Resolutions are adopted to more specifically address and formalize Policies affecting Owner's rights and

responsibilities, Administrative operations, Special decisions addressing an individual situation and General decisions made by the Board regarding routine events. CAI recommends a particular format for such Rules & Resolutions and the “Tool Kit” provides samples and forms for you to use, as well as Board Governance Guidelines which will help board members govern their associations in an effective and harmonious way.

In general the governing documents give the Board authority to govern, provide guidance and protection for the Board and Owners and spell out everyone’s rights and responsibilities, including the role of the Board.

## **Role of the Board**

So, what is the role of the Board...

As community associations are legal entities as well as social entities, elected Directors must recognize the uniqueness of community association governance toward achieving its primary goal, specifically, to protect and increase property value by operating the association, maintaining the common property and enforcing the governing documents in a way that builds Community, specifically, by providing positive leadership that is caring, reasonable and in the best interests of the Association as a whole.

To do this Board Members must put their personal preferences aside, educate themselves, know the difference between the roles of the Board and the manager, if applicable, stand united, rise above personality differences and be reasonable.

*What are the qualities of a good, strong Board Member?*

*Good character, strong integrity, calm judgment, willingness to serve, committed to the best interests of the community as a whole, relevant experience, previous volunteer service and strong people skills*

*What are the traits of a weak Board Member?*

*Unable to put the welfare of the community first, works behind the Board, impulsive or quick tempered, has a personal or hidden agenda, puts personal interests first, little or no experience in management, leadership or service, unable to work with others for the common good and ineffective with others.*

Governing the affairs of an association is not easy and the Board should enlist the assistance of other, non-Board Member Owners through the use of Ad Hoc and Standing Committees. AD hoc committees are those that are created to address a particular task where as Standing committees are those that serve on a continuing basis. Ad hoc committees are formed for Special Projects like redecorating, roofing, siding, etc. Standing Committees are formed and maintained for Budget Preparation, Financial Oversight, Rules Enforcement, Newsletter production, etc.

Enlisting the use and assistance of Committees, Board Members can avoid premature burn-out. The “Tool Kit” contains a 20 question Board Burnout Test. Take the time to answer the test questions and share the questions with other members of your Board.

Perhaps it's time for some of your Board Members to resign or seek help in governing their association.

### **Role of the President**

The Presidents primary roles are those of leader and manager, who, more than any other Board Member or Officer, must know the governing documents while he or she leads and manages the association as both a community and business according to the governing documents and democratic principles of government.

The President...

- Oversees operations
- Speaks for the Board and Association (*Management, Channel 6 News*)
- Works with and leads the other Officers, Board Members, committee volunteers
- Works with professionals such as Management, the Attorney, the Insurance Agent, etc.
- Protect the assets of the Association by fulfilling fiduciary obligations of the Board such as adhering to the budget, maintaining an adequate reserve fund, collecting assessments, maintaining adequate insurance, etc.

CAI publishes a Guide for Association Practitioners (GAP) report that expands upon the roles and responsibilities of the President. This report should be read by every President, if not by all Board Members. The entire GAP library of 28 reports is available through CAI for the Member price of \$327.00. I own the library and I refer to it often.

### **Role of the Secretary**

The Secretary is responsible for preserving the association's history, maintaining its records and protecting it from liability. The Secretary should be efficient and well organized. While many of the Secretary's tasks can be assigned to a manager, the task of recording minutes should be completed by the secretary. Minutes should be recorded for all meetings, including Board Meetings, Special Meetings Annual Meetings and Committee Meetings. Ideally, such minutes should record actions and why they were taken, note Board Member's voting records and state the authority by which the action was taken, citing the documents granting such authority.

While the manager or other individuals may perform some or most of the Secretary's tasks, the Secretary is still legally responsible for the accurate and timely completion of such tasks, which include:

- Prepare meeting notices and agendas (Timely)
- Maintain association records (Retention Schedule)
- Witness and verify signatures (two-signature checks)
- Maintain lists of Owners, Directors, Officers, etc. together with mailing addresses and voting percentages
- Verify proxies (sample proxy)

- File forms with governmental agencies
- Manage correspondence (General, Unit, Project files)

CAI publishes a Guide for Association Practitioners (GAP) report that expands upon the role of the Secretary and every Secretary should read it and maintain it in the Association library for reference by future Secretaries.

### **Role of Treasurer**

The Association Treasurer is responsible for maintaining the finances and ensuring the financial stability of the association. Like the Secretary, many of the Treasurers tasks may be assigned to a manager or other individuals, but the Treasurer's fiduciary obligation dictates that he or she is still legally responsible for the accurate and timely completion of such tasks, like:

- Preparing the Budget (*works with Management or committee*)
- Maintaining Association Accounts (i.e., , keeping financial records, investing association funds, collecting assessments and delinquencies, maintain reserves, filing tax returns, adequate insurance)
- Prepare and understand basic financial statements and reports (i.e., monthly reports of assets, liabilities, member's equity, income & expense statement, accounts receivable and payable, bank and investment statements)
- Implement and maintain a replacement reserve program (i.e., Reserve Study)
- Select a CPA and conduct an audit
- Bookkeeping
- Financial liaison (Board and manager, Committees, CPA, bankers, insurance agents, etc.)
- Maintain records

CAI publishes a Guide for Association Practitioners (GAP) report that expands upon the roles and responsibilities of the Treasurer and should be required reading by every treasure and maintained in the Association library for review by all Board Members.

*This concludes Part One of the Board Member Tool Kit summary. Look for Part Two of the Summary addressing such topics as Working with a Professional Partners, Meetings, Elections, Finances, etc. in upcoming Website updates.*