

**CAI – Wisconsin Chapter Community LEADER
Volume VIII, Issue IV – Winter 2012**

The CAI Board Member Tool Kit

Part Two

*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 points 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 at 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 Two of a summary of information contained in Chapters 6 through 10 of the publication.

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.

In Part One I summarized what a Board Members needs to know about Governing Documents (Declaration, Bylaws, Articles, Rules & Resolutions, etc.) and the Roles of the Board, President, Secretary and Treasurer. In Part Two I will summarize what a Board Member needs to know about Working with Professional Partners, Meetings, Elections and Finding Volunteers, as follows:

Working with Professional Partners

Whether the association is self-managed by volunteers or benefits from the services of a professional management company the Board will need the services of other professional partners such as an attorney, accountant, insurance agent and reserve specialist.

Of primary importance is the selection of an attorney, who should have expertise in community association law and should not be a member of the association. As the attorney and association manager will need to work closely with one another they should have a positive and productive working relationship. Also, to control fees and minimize

confusion and miscommunication, the Board should designate one individual to interact with the attorney.

Attorneys can serve the Association in the following ways:

- Review Documents (governing documents, rules, contracts, amendments)
- Provide legal opinions (interpret grey areas in the documents, recommend and write amendments)
- Educate (attend meetings to answer questions or explain legal concepts)
- Collect delinquent assessments
- Enforce deed restrictions
- Litigate

Another professional customarily used by an association is the certified public accountant. While a volunteer, manager or management company may collect assessments, pay bills and produce monthly financial statements a CPA should be used to:

- Prepare tax returns and year-end financial statements (audits, reviews or compilations)
- Developing accounting policies and procedures (mainly for self managed associations)
- Formulate or opine on investment policies
- Overall, serve as a consultant on all matters financial.

Yet another professional that an association customarily uses is an insurance agent, who should possess expertise in community association insurance and should be able to write insurance for both the association and individual Owner in an effort to dovetail coverage.

A few of the most important services that an experienced insurance agent can provide include:

- Review and understand the association documents and recommend the legal minimum insurance requirements.
- Verify the property replacement values, through in insurance company survey or a recommended appraisal.
- Explain to the Board, in plain English, the coverage required and provided by the Association and individual Owners.

A fourth professional that should be on the Association management team is a Reserve Specialist, who will prepare studies that provide Boards with guidance on how to keep the association's physical assets from deteriorating faster than its financial assets increase. Basically, a reserve study will include a list of all physical assets, their remaining useful life, their ultimate replacement cost, and a recommended plan for funding the replacements.

The "Tool Kit" includes several lists and forms that will help you develop requests for proposal from professional partners and how to evaluate the proposals. Additionally, CAI publishes several Guide for Association Practitioners (GAP) reports that address the selection and use of professional partners.

The Importance of Meetings

As previously stated the Association is a legal entity and must be run as a business, a business that requires meetings of its shareholders, i.e., Owners and its Directors. Board meetings must be productive, orderly, free of disruption and open to members and residents except for executive sessions, which should only be convened to discuss pending litigation, personnel issues or contract negotiations)

The primary purpose of Board Meetings is to:

- Set policy
- Review operations
- Resolve disputes
- Listen to residents
- Plan for the future
- Vote on business discussed in executive session (executive session discussion should not be recorded, only the ultimate decision)

The primary purpose of Annual Meetings is to conduct the business of the Association as required by the governing documents, such as:

- Present the annual budget
- Elect Directors
- Deliver committee reports
- Build community by bringing neighbors together

Special Meetings (sometimes called town meetings or informational meetings) are used to discuss, in open forum, a particular project or Board decision, and or gain support or input from the Owners, specifically:

- Focus on one particular item of concern or interest
- Present sensitive or controversial matters to residents
- Garner support for large projects or clarify unpopular decisions
- Provide a structured venue in which residents can explore issues and express opinions
- Get resident feedback before the Board takes action
- Reach consensus or resolve an issue
- Gain valuable insights into the character and value of the community

All meetings should be conducted with the aid of some form of parliamentary procedure. It can be as basic or formal as the Association desires, and or as dictated by the governing documents, so long as it provides sufficient structure to keep the meeting orderly, fair and productive. The advantages of parliamentary procedure include:

- Staying on the agenda
- Discussing one subject at time
- Giving each participant a chance to speak
- Speaking only on the issue being discussed

- Speaking only when recognized by the chair
- Addressing questions and comments to the chair
- Deciding issues through motions, seconds and votes

Before official meeting business can be transacted certain criteria must be met., specifically,

- Members must be notified
- A quorum must be achieved
- Actions must be recorded in Minutes

The “Tool Kit” contains a sample Meeting Agenda and a sample set of Meeting Minutes. Basically, the agenda should include:

- Open Owner Forum (limited in time / 3 minutes per Owner 15 minutes total)
- Minutes approval
- Financial report
- Reports from Management, Officers, Committee Chairs, etc.
- Old business
- New business
- Adjournment.

Allocating specific times to each agenda item will help keep things on track and it is the Presidents responsibility to do so. The Minutes should follow the agenda and should record actions, keeping discussion to a minimum.

Electing Board Members

Community associations are democratic entities governed by Boards elected by Owners. Proper election procedures are essential to the successful operation of the community and are customarily dictated in the governing documents. Basically, the election process should include the following:

- Seek nominations (month or two prior to meeting, nominating committee, previously groomed candidates)
- Conduct the election (early in the agenda)
- Appoint inspectors (usually three Owners with no interest in the outcome to collect and count ballots)
- Introduce candidates (qualifications either prior to the meeting or at the meeting)
- Conduct the election (formal written ballot)
- Vote by ballot or proxy
- Tabulate the vote (all should understand the process)

The “Tool Kit” contains a sample Proxy form and Proof of Meeting Notice for your use. Also, CAI publishes a Guide for Association Practitioners (GAP) report addressing Meetings and Elections that will prove helpful.

Finding Volunteers

Whether an association is self-managed or benefits from the services of a professional management company, volunteer service is required. As previously stated, while the Board and management address most of the day to day management affairs of the association they cannot do it all. Further, current Board Members will not serve forever and replacements need to be groomed. For these reasons, the Board should always be recruiting volunteers and should have a program to do so. Your “Tool Kit” discusses:

- The elements of a successful recruitment program (clear, simple, attention grabbing, repeated)
- Popular recruitment methods (personal invitation, Newsletter articles, special mailings, we bite announcements)
- Recruitment Techniques (link interests with tasks, educate downside of poor participation, explain volunteer duties)
- Ways to keep volunteers motivated (facilitate, thanks publicly, make it fun)

The “Tool Kit” includes a Committee Interest Form, a Worksheet for Developing a Committee Charter and a Sample Committee Charter that can be revised and used for your particular Association. CAI also published a Guide for Association Practitioners (GAP) report that expands upon the subject of Volunteers.

This concludes Part Two of the Board Member Tool Kit summary. Look for Part Three of the Summary in the next issue of the Community Leader addressing such topics as Finances, Reserves, Selecting Contractors, Communicating with Residents and Rules.