

# in the boardroom

BOARD MEMBER TIPS AND TRENDS

## 1 BOARD MEETINGS

The Board may not “meet” with other board members except under certain conditions. For most corporations, rules concerning board meetings are contained in the Corporations Code and the bylaws. Rules regarding CID boards are also regulated by the Davis-Stirling Act, which defines a board meeting as, “any congregation of a majority of members of the board at the same time and place to hear, discuss or deliberate upon any item of business scheduled to be heard by the board, except those matters that may be discussed in executive session.”



## 2 MEMBER PARTICIPATION IN BOARD MEETINGS

See sidebar at right.

## 3 ELECTION RULES

Civil Code §1363.03(a) requires an association to adopt and follow Election Rules to ensure equal access to association media and meeting space for communication of election issues, and to specify qualifications for candidates and nomination procedures; qualifications for voting; the authenticity, validity and effect of proxies; voting period, including times when polls will open and close; and the method of selecting an Election Inspector(s).

## 4 AVAILABILITY OF MINUTES

The minutes, draft minutes or a summary of minutes (except executive session minutes) shall be available to members within 30 days of the board meeting.

## 5 DISCLOSURE DOCUMENTS TO MEMBERS

The pro forma budget and summary of reserves, along with several other documents, must be distributed to all members between 30 and 90 days prior to the fiscal year end.



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By working with a professional community manager, associations can rest assured that the following must-do items are taken care of. Specifically, CACM certified managers, or CCAMs, are educated in state-specific laws that are the basis for this list. However, for boards that are self-managed or managed by someone less experienced, these items can become a minefield of potential legal issues if not administrated properly.

Board members need to understand what the association is required to do and ensure that those requirements are being met for the benefit of all homeowners. The most effective way to do this is to retain a certified manager for the association; however, if the board has decided to go it alone, be aware of these must-do items.

## 7 RESERVE STUDY

California Code requires the board order a study of reserve requirements to be conducted at least every three years if the total replacement costs of the components are equal to or greater than one half the annual gross budget for the association, excluding the association's reserve account for that period.

## 8 ASSESSMENT INCREASES

Any increase in regular assessments must be provided by first class mail to owners not less than 30 nor more than 60 days prior to the increase becoming due. (Be aware that if you are taking advantage of the ability to mail the budget out 90 days prior to FYE, the assessment notice must be mailed separately between 60-30 days.)



## 9 EXECUTIVE SESSIONS

Executive sessions of the board are for sensitive items that are not appropriate to be discussed in open session. Items include litigation, discussing third-party contracts, personnel matters, member discipline, member assessment disputes (if requested by the member), etc.

## 10 TAX RETURNS

Associations are subject to federal and state income taxes, federal employment taxes, property taxes, special tax district taxes and sales tax. Not filing returns can be costly to the association and owners.

## Participation by Members of the Association: Civil Code §1363.05

Any member of the association may attend meetings of the board of directors of the association, except when the board adjourns to executive session.

Civil Code §1363.05 CIDOMA (Common Interest Development Open Meeting Act) outlines specific rights of members regarding meetings of the board.

Any member of the association may attend meetings of the board of directors, except executive sessions.

Matters discussed in executive sessions shall be "generally noted" in the minutes of the following meeting.

Minutes shall be made available to members within 30 days of the meeting.

When members are notified that the pro forma budget is distributed, they must also be told of their right to have copies of meeting minutes and how to obtain those copies.

Members shall be given four days' notice of the time and place of a meeting, except emergency meetings. Notice must either be posted in a prominent place or be delivered by mail, newsletter, or similar means. The notice shall contain the agenda for the meeting.

Emergency meetings for unforeseen circumstances that require immediate attention may be called by the president, or any two directors, of the association.

Members shall be permitted to speak at any meeting of the association or board of directors, except for executive sessions. A reasonable time limit may be set for speakers.

With limited exception, at a non-emergency meeting, the board may not discuss or take action on any item of business that was not included on the agenda published with the notice.