

HOW TO CONDUCT BOARD MEETINGS

Presented by

DAMON R. TALLEY, General Counsel
Kentucky Rural Water Association, Inc.

At

2011 Water Personnel
Training Seminars

PSC

KRWA



ACT I

BOARD MEETINGS

ACT II

ROLE OF WATER
DISTRICT COMMISSIONERS

A stage with red curtains and a spotlight on the floor. The text "ACT I" is centered in the middle of the image.

ACT I

Board Meetings



Board Meetings

- Preparing for . . .
- Conducting . . .
- Documenting . . .
(Minutes)

Regular Meetings

- Adopt a regular meeting schedule
 - Set time, date and location
- Inform the Media (radio, print, television)
- Inform the Public (bills, website, newsletter)

Preparing for Meetings

“Give me six hours to chop
down a tree and I will spend
the first four sharpening the
axe.”

A handwritten signature in cursive script, reading "A. Lincoln", set against a light blue rectangular background.

Preparing for Meetings

- Develop an Agenda
- Prepare an Information Packet for Board Members
 - Delivered in advance (between two days and one week)
- Contents
 - Meeting Agenda
 - Minutes of prior meeting
 - Operational, Managerial & Financial Reports
 - Other information

Conduct of Meetings

- Follow the Agenda
- Use Parliamentary Procedure
- Voting by Chairman or President
- Abstaining from Voting
- Public Comments
- Closed (Executive) Session

ABSTAIN

or

RECUSE

?

ABSTAIN or RECUSE

ABSTAIN = Board Member

RECUSE = Judge

WHY Abstain?

- Avoid conflict of interest
- Avoid being removed from office for violating KRS 74.020(3)
(Participating in official action which results in direct financial benefit to Commissioner)
- Avoid appearance of impropriety

HOW to Abstain

1. Alert Chairman or Presiding Officer in advance
2. Announce intent to abstain and a brief reason as soon as Chairman announces the agenda item
[Disclose Conflict]
3. Leave the room before discussion starts

Con't.

HOW to Abstain ...

4. Stay out of the room until **AFTER** vote has been taken and announced
5. Follow-up with Secretary to ensure that Minutes disclose your conflict and document your abstention

Reports

- Different Types
- Tailored to Fit
- Board Action Required?

Types of Reports

- Financial
- Operational
- Managerial
- Other

Financial Reports

- Check Register
- Monthly Income & Expense
 - Debt Service Transfer
 - Depreciation Transfer
- Comparisons & Trends
 - Prior Year
 - Budget
- Balance Sheet

Operational Reports

- Water Production (Purchases)
- Line Loss
- New Customers
- Turn-Offs
- Others

Managerial Reports

- Safety
- Human Resources
- Special Projects
- Policy Implementation
- Others (e.g. Overtime Hours)

Reports Tailored to Fit

- Line Loss
 - Actual Cost in \$
- Specific Needs
- Understandable
- You Are The Boss

Board Action

Required?

- Usually ~~Not~~
 - Manager Presented
 - Board Received

- Sometimes Yes
 - Audit
 - Committee Report

Special Meetings

- Who calls a special meeting?
- Notice of meeting
 - Board Members, Media, General Public
- Agenda – action limited to agenda items
- How much advance notice is required?

What Are MINUTES?

- Official Record
- Much, Much More . . .



MINUTES

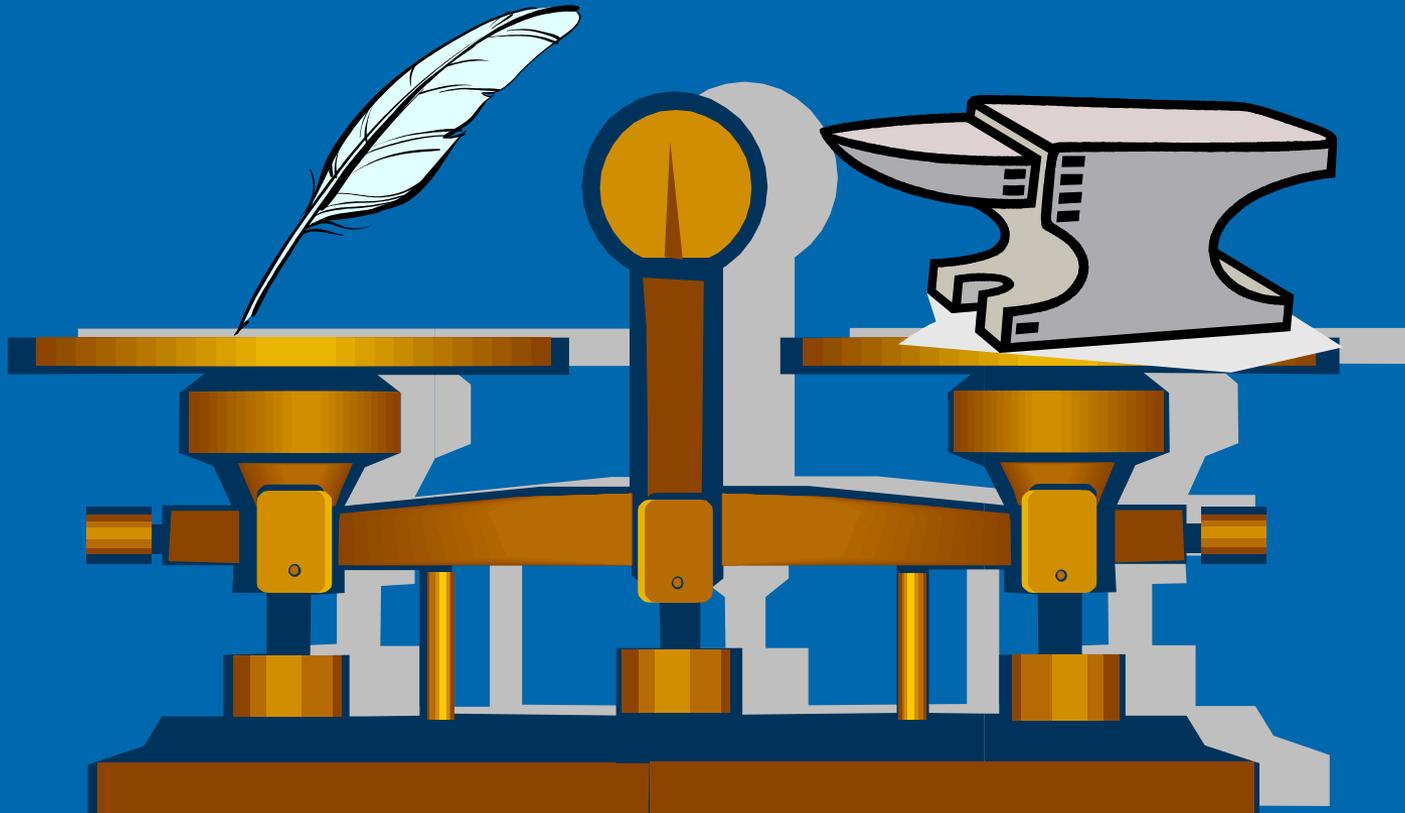
EXCERPT FROM MINUTES

“Motion was made by Commissioner X and seconded by Commissioner Y to hire Commissioner Z to perform water line inspections on the Knob Hill Project at an hourly rate of \$20.”

**AN OUNCE
OF
PREVENTION**

=

**A POUND
OF CURE**



Board Minutes

- A Board “speaks only through its minutes.”
- War Stories:
 - Construction contract not awarded
 - Ownership of water line and service of disputed territory
 - Careless Conversations

Preparation of Minutes

- Who prepares minutes?
 - Board Secretary or Staff
- Who edits minutes?
 - Staff or legal counsel
- Are meetings recorded on audio and/or video?
- Signing of Minutes
- Approval of Minutes

ADJOURNMENT

There being no further business to come before the meeting, motion was made by Commissioner Steven Douglas and seconded by Commissioner Henry Clay to adjourn the meeting. Motion carried unanimously.

Respectfully submitted,

BY: _____

Henry Clay, Secretary

**ABRAHAM LINCOLN WATER
DISTRICT**

DATE APPROVED: _____

BY: _____

Jefferson Davis, Chairman

APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Abraham Lincoln Water District at a meeting held on the date shown below:

ABRAHAM LINCOLN WATER DISTRICT

BY: _____

JEFFERSON DAVIS, CHAIRMAN

DATE

APPROVED: _____

Board Minutes

A complete set of APPROVED Minutes SHALL be maintained at the utility office for inspection by the general public, regulators and the media.

When are the Minutes considered in “final form” and available for public inspection?

Minutes

What **MUST** be Included?

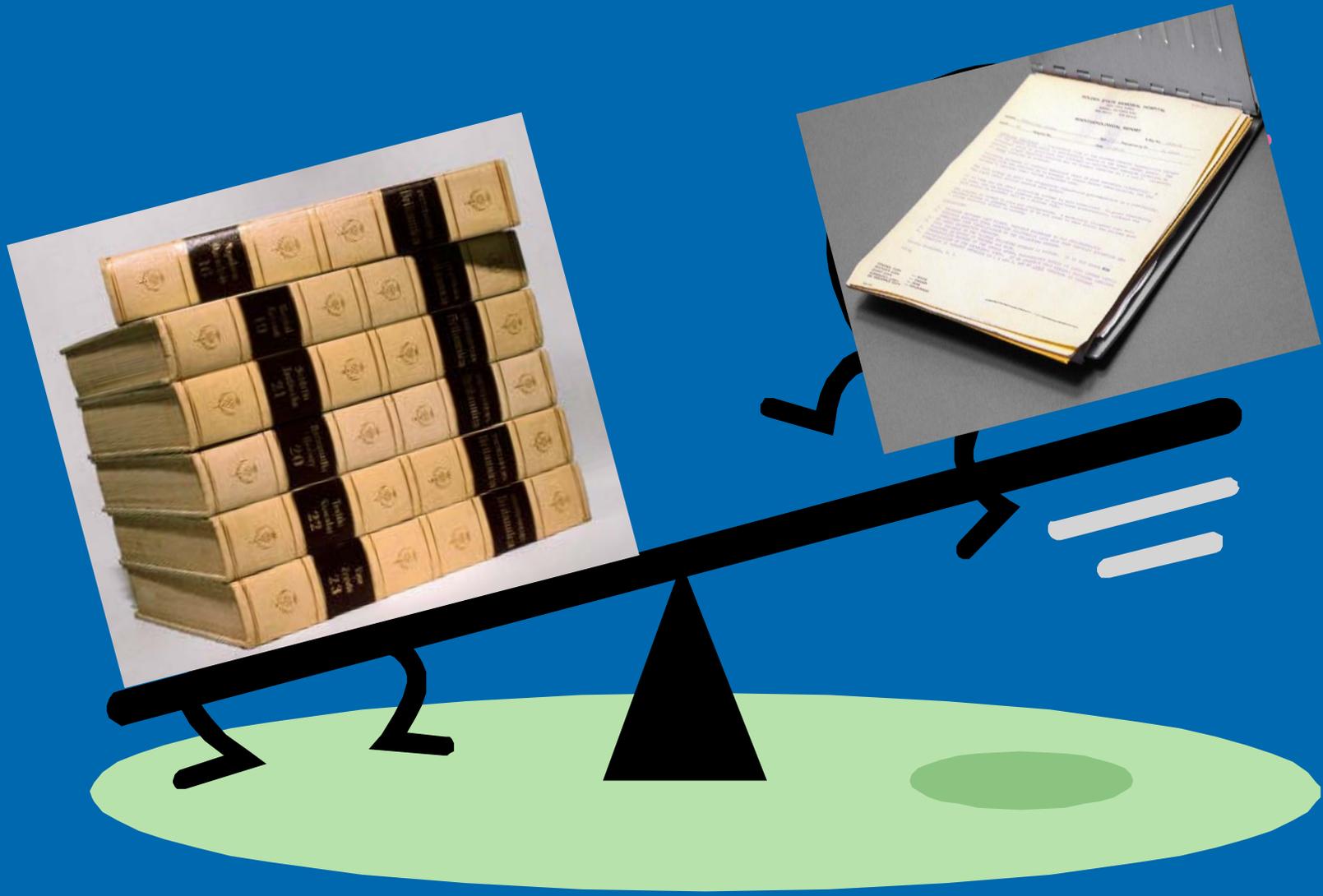
- Official Actions

Minutes

What **SHOULD** be Included?

- Acknowledge Guests (Visitors)
- Official Actions
- Acknowledge Receipt of Reports
 - PSC Inspection Report
- Summarize **Some** Discussions

How much information **SHOULD** be included in the **MINUTES**?



Minutes

How MUCH is too MUCH?

- No definitive answer
- Art not a science

Con't.

Minutes ...

How MUCH is too MUCH?

- Guidelines . . .
 - Minutes are **NOT** a transcript
 - Minutes are **NOT** the Congressional Record
 - Include rationale for action taken if it might avoid lawsuit

“Conversations are
NOT official actions
of the Board.”

Virginia W. Gregg
PSC Staff Attorney

Conversations

WHY include summary of conversations in Minutes?

- Document Board's due diligence
(e.g. Use of safety equipment; Training of Staff re confined space entry)
- Document Board's Oversight Role
(e.g. Implementation of ID Theft Prevention Program)
- Avoid or Win Litigation

TALLEY'S

TIPS

TALLEY'S TIPS

Prepare Minutes for a Reader

...

1. Who did not attend the meeting.
2. Who will not read the Minutes until at least one year later.

A stage with red curtains and a spotlight on the floor. The text "ACT II" is centered on the stage.

ACT II

**ROLE OF WATER
DISTRICT
COMMISSIONERS**

To Govern...

not

...Manage.

General Duties of a Board

1. Oversight
2. Oversight
3. Oversight

Specific Duties of a Board

- Hire, evaluate and compensate a Manager
- Adopt Policies
- Adopt and Amend Budgets
- Adopt Long-range Plans
- Adopt Rates, Rules & Regulations (Tariffs)

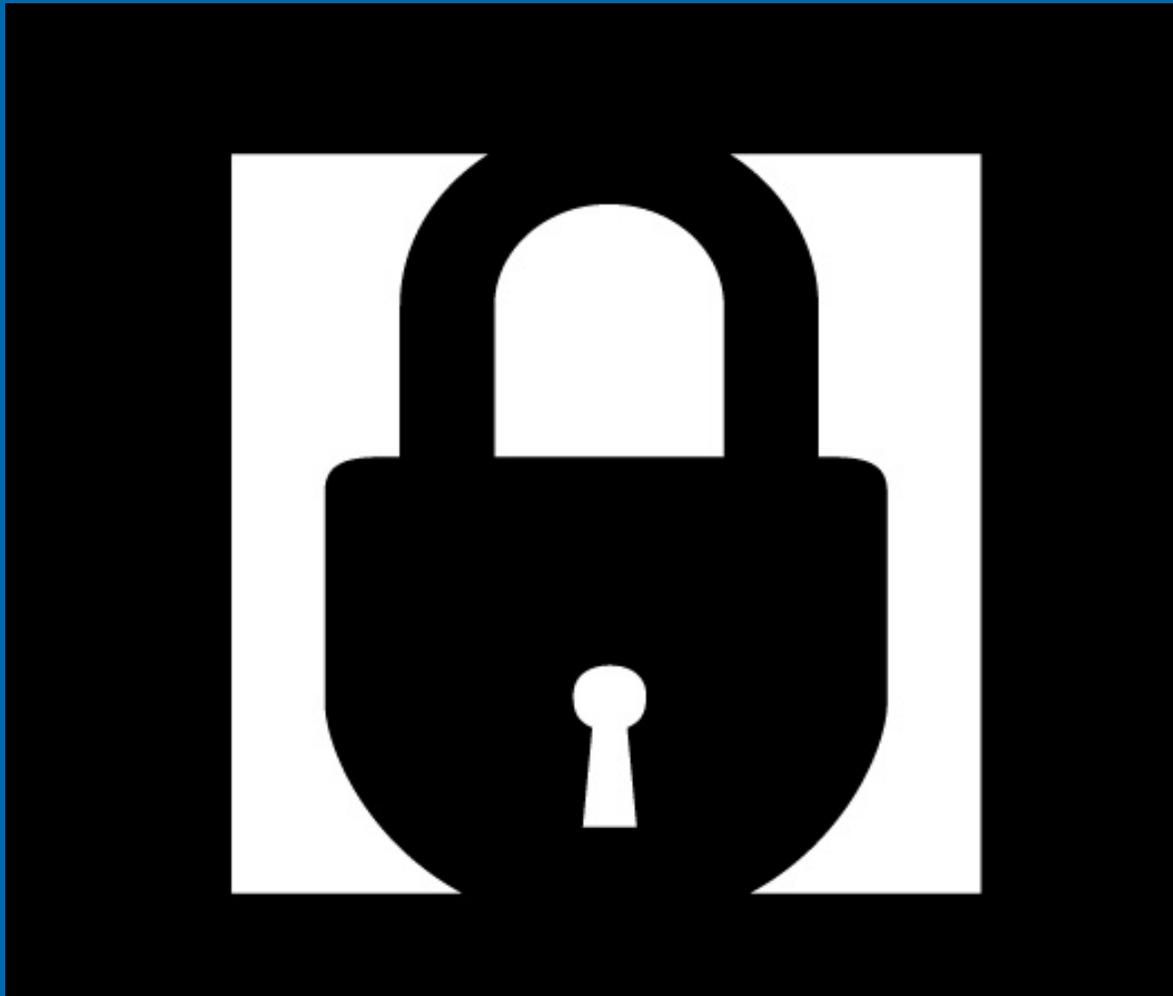
Individual Board Members...

**... act in the best
interest of the utility.**

Specific Duties of Board Members

- Stay informed
- Attend meetings regularly
- Perform tasks assigned by Board
- Support decisions of the Board
- Keep Board matters confidential
- Avoid Conflict of Interest

IDENTITY THEFT



IDENTITY THEFT PREVENTION PROGRAM

1. Develop Written Program

- Detect
- Prevent
- Mitigate

2. Approved by Board

3. Oversight by Board or Senior Management

WHAT SHOULD YOU DO?

BOARD MEMBERS:

- Direct Management to prepare written summary of existing safeguards
- Evaluate existing safeguards
- Work with Management to improve safeguards
- Adopt policy
- Oversee implementation of policy

WHAT SHOULD YOU DO?

MANAGEMENT:

- Prepare written summary of existing safeguards
- Evaluate existing safeguards
- Work with Board to improve safeguards
- Recommend policy for adoption by Board
- Implement policy
- Train Staff

Board Officers

Offices of a Water District

KRS 74.020(5)

- Chairman
- Vice Chairman
- Secretary
- Treasurer
- Others

Board Officers

Offices of a Water Association

KRS 273.227 & Bylaws

- President or Chairman
- Vice President or Vice Chairman
- Secretary
- Treasurer
- Others

Board Officers

Offices of a Utility

Commission KRS Chapter 96

➤ Class of City and Ordinance

- Chairman
- Vice Chairman
- Secretary
- Treasurer

Duties of Officers

Chairman or President

- Preside over meetings
- Prepare meeting agendas
- Call special meetings
- Execute documents approved by Board
- Perform other duties assigned by Board
- Approve Disbursements (KRS 74.050)
- Perform other duties specified in

Duties of Officers

Vice Chairman or Vice President

- No statutory duties (Water District or Utility Commission)
- Preside over meetings in absence of Chairman or President
- Perform other duties assigned by Board
- Approve Disbursements (KRS 74.050)
- Perform other duties specified in Bylaws or Ordinance

Duties of Officers

Secretary

- Cause the Minutes of all meetings to be prepared
- Act as custodian of official records
- Authenticate official records
- Perform other duties assigned by Board
- Approve Disbursements (KRS 74.050)
- Perform other duties specified in

Duties of Officers

Treasurer

- Cause all funds to be disbursed according to law and procedures adopted by Board (KRS 74.050)
- Perform other duties assigned by Board
- Perform other duties specified in Bylaws or Ordinance

Action By Individual Board Members Outside of Meetings

- Officers
- Other Board Members

Legal Standard of Care

The “PIG” Rule

If it seems “piggish” to you, it probably is!
...so keep your snout in your own trough!



Legal Standard of Care

Water Districts & Utility Commissions

No statutory standard of care but the case law standard requires...

- Good faith
- Reasonable care and diligence
- Acting within the scope of authority

The statutory standard of care for water association directors is instructive for water districts and utility commissions.

Legal Standard of Care

Water Associations (KRS 273.215)

A Director shall discharge his duties:

- In good faith
- On an “informed basis”
- In the best interests of the Association

Legal Standard of

Care

“Informed Basis” KRS 273.215(2)

A director shall be considered to discharge his duties on an informed basis if he makes, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the corporation or into a particular action to be taken or decision to be made.

Legal Standard of

Care

Reliance on Information KRS 273.215(3)

A director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

- Officers or employees of the corporation whom the director honestly believes to be reliable and competent;
- Legal counsel, public accountants or other experts as to matters the director honestly believes to be within that expert's area of expertise; or
- A committee of the board of directors of which he is not a member if the director honestly believes the committee merits confidence.

Legal Standard of Care

Exceptions may be made in instances where a director possesses special knowledge that indicates alternative action is prudent and necessary.

Parting Thought

Every utility's Board should develop and adopt a "Board Governance & Policy Manual."



QUESTIONS?

drtalley@windstream.net

270-358-3187