

# Best Practices for Association Management

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## *Review The Basics*



This e-memo and those that follow throughout 2011 are meant to reinforce the basic elements of results oriented association management. Professional management companies have learned from years of experience that care of the community is directly correlated to board members' understanding of fiduciary duties, adherence to community legal documents, continued education of owners, board members and managers as well as care of the association's finances.

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## New Legislation Impacts Board Operations

Recently, Governor Brown signed Senate Bill 563 which amends the Open Meeting Act and becomes effective January 1, 2012. The intent of this Bill is to provide increased transparency to association members concerning Board actions. We believe this Bill restricts the Board's ability to accomplish the business of the Association on a timely basis. However, after reviewing legal opinions and summations, we believe that with some planning, Boards will be able to continue to operate efficiently and effectively.

Quite simply, the new amendments make the following substantial changes:

- The Board may not take action on any item of business outside of a meeting. In essence, the ability to take action by unanimous written consent (generally by email) is eliminated.

An emergency meeting may be called; however, the Board must define what constitutes an emergency. There are no notice requirements for an emergency meeting.

If all Board Members agree by resolution at a regularly scheduled Meeting to hold emergency meetings when necessary, then these meetings may be conducted through email or other electronic means. Unanimous written consent is no longer a requirement for emergency action. A quorum of the Board can approve any emergency action.

- Executive Session Meetings must be noticed (accompanied by the Agenda) at least two days prior to the meeting.
- Regular or Open Meetings of the Board may be held by teleconference as long as one Board Member is present at a physical location wherein association members can hear and listen to Board deliberations. (This is

not a change in Civil Code, but a more defined ability by the Board to make decisions by teleconference.)

How can the Board respond to these changes?

1. To facilitate the decision making process, consider the implementation of the following:

- Define Emergency Action to include litigation, collection and/or delinquency matters (including Short Sales), and emergency maintenance items presenting potential threats to member and property safety.
- Obtain Board Members' approval for a waiver of notice for Emergency Meetings and transmission of materials and vote by electronic transmission or teleconference.
- Authorize the Board President and/or Vice President to make decisions regarding most procedural items limited to an association expense of a predetermined amount.
- If Board action is delayed due to a simple clarification, correction or confirmation, authorize action at Regular Board Meeting by motion, subject to Board President reviewing and approving final item.
- Document these decisions in the Minutes of the next Regular Meeting.

2. In terms of the Executive Meeting Agenda and posting of the notice, best management practices generally address this requirement. Most Executive Agendas are very basic to prevent inadvertent disclosure of private member issues or items considered attorney-client privileged. Many Boards hold their Executive Sessions before or after Regular Meetings.

3. Establish a central location from which to orchestrate teleconferences and confirm that each Board Member has access to conference call system requirements.

For more information regarding SB563, please feel free to contact [info@waltersmanagement.com](mailto:info@waltersmanagement.com).

Interested in a complimentary Board Member Orientation? Please email us at [info@waltersmanagement.com](mailto:info@waltersmanagement.com).

