

Board of Directors

Duties of the Directors

Vs.

What the Directors cannot do



Duties

After the annual installation, the Board of Directors must meet and select a ***Chair*** and a ***Secretary***.

This cannot be done before the installation since the new Directors cannot vote until after the installation.

Duties (cont.)

The ***“Board Chair”*** must attend all District Deputy Clinics unless excused for good cause in advance.



Duties (cont.)

Control the funds and investments of the Lodge

This does not mean that the Directors decide what can be spent or that the Directors can spend money without first going to the Floor for approval.

The Directors are the agents of the Lodge and it is their responsibility to ensure that the directions of the Lodge in regards to the funds of the Lodge are followed.

Duties (cont.)

- ▶ Control the real and personal property of the Lodge unless otherwise provided.
- ▶ The Club is under the authority of the appropriate governing body under 16.040.
- ▶ Other than the Club, the directors must make decisions regarding which organizations or individuals use the Lodge facilities, keeping in mind Section 14.130 which requires that the use of the facilities be limited to Members in good standing, their spouses and guests.
- ▶ At least annual inventories must be taken by the Directors of all Lodge personal property so that accurate records are maintained in the event of a fire or other disaster.

Duties (cont.)

- > Receive and collect income and rent from the Lodge property.
- > Execute all leases, contracts and other papers when ordered by the Lodge.

Note: Directors cannot approve a lease or contract without first taking it to the Lodge

Duties (cont.)

- > Hold at least one regular meeting a month.
- > Keep minutes of each meeting.



Duties (cont.)

- > Purchase all supplies ordered by the Lodge and all papers, books and stationary needed by the Officers.

Note: The Board cannot authorize a purchase. All purchases must be authorized by the Lodge, even if budgeted.

Duties (cont.)

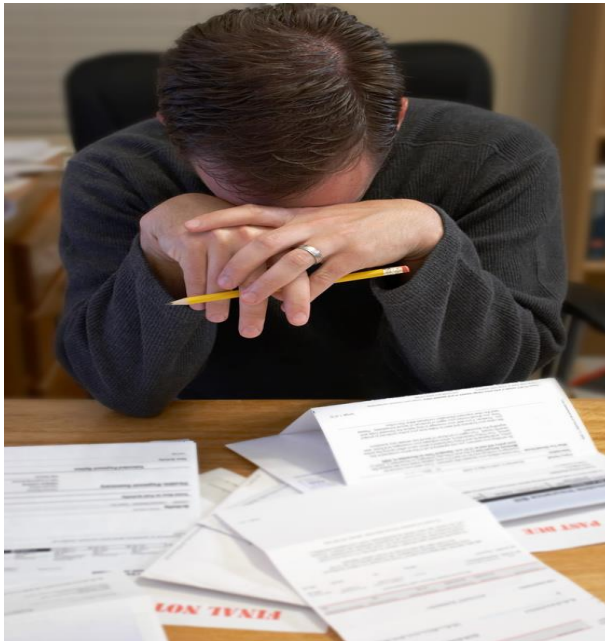
Establish an Accident Prevention Program with one member of the Board being designated as

“Accident Prevention Manager”



Duties (cont.)

Present a **segregated budget** not later than the final regular meeting of the Lodge in April.



Duties (cont.)

If the Lodge By-Laws provide that the **“Board of Trustees”** is the managing body of the club, then the Board of Trustees performs this function, **NOT** the Board of Directors.



Duties (cont.)

If the Lodge By-Laws provides that there be a House Committee managing the club, then, even though this is the same people as the Board of Directors, the House Committee should hold separate meetings, keep minutes of the meetings separate from the Board of Directors meetings, and submit a separate budget.

For this reason, when the same Members are operating as a House Committee, it is recommended that they use the term “House Committee” to differentiate themselves from their duties as a Board of Directors.

Board of Directors **CANNOT**

Authorize or incur any expense against the Lodge without first obtaining Lodge approval - **EVEN THOUGH** the expenditure may be budgeted.

Remember, a budget is a **PLAN**, not an authorization to spend money. See Opinion 20 to Section 12.070

Cannot do (cont.)

Demand access to the Lodge Secretary's records. Directors are required to provide secure space for the Lodge Secretary.

Although the Directors may have physical access to the space, files of the Lodge Secretary, whether written or on computer, are not subject to access by the Directors.

The Directors may inspect the records at reasonable times. Section 12.050 Opinion 08 and Section 12.070 Opinion

Cannot do (cont.)

Sign checks. Section 12.060 does allow the Lodge to authorize the Treasurer to designate a member of the Board of Directors to sign checks in its By-Laws.

NOTE that this requirement applies only to the first signature on the checks. If the Lodge requires 2 signatures, the 2nd signature can be any one not related to the 1st signer.

Cannot do (cont.)

Hire or fire any employees. Office employees work for the Lodge Secretary who has sole authority over them.

Club employees work for the Club and the governing body has authority over them. Section 12.050 Opinion 02

Cannot do (cont.)

Set the salary for the Lodge Secretary. This must be done in the By-Laws. Section 12.050(n)

Purchase, make alterations, or encumber the Lodge facilities at a cost of more than \$25,000, sell the Lodge facilities, or enter into a lease of the Lodge facilities that lasts more than 5 years without complying with Section 16.050. NOTE that all of these activities will require Lodge approval but also require Grand Lodge approval.

Cannot do (cont.)

List Lodge real estate for sale or execute a sale agreement without Lodge approval. Sect 12.070

Impose any requirements on the Auditing and Accounting Committee. Section 13.040 Opinion 03

Cannot do (cont.)

The Chair of the Board of Directors has no special authority other than that provided in Roberts' Rules of Order, which includes the power to call special meetings and the power to set the initial agenda for a meeting.

Note: Only the Chair can call a special meeting.

Cannot do (cont.)

No Director, including the Chair, may act individually, unless the entire Board of Directors has delegated specific authority during a meeting.

In Conclusion

The list of do's and don'ts in this presentation are not necessarily all inclusive.

Directors should always remember that they are agents of the Lodge and must always act in accordance with the instructions of the Lodge.

In Conclusion (cont)

- ▶ Directors are also in a fiduciary relationship with the Lodge and must place the interests of the Lodge ahead of their own interests.
- ▶ In all matters, the Lodge has the final authority over what the Directors do.

A LITTLE QUIZ



Does the Board of Trustees still function as a Board of Trustees responsible for finances, Budget, and facilities/property, or does all functions of the Board of Trustees to include the for mentioned go to Board of Directors?

No, in an incorporated Lodge the Trustees duties are solely as members of the Corporate Board unless the form of Club Governing Body (House Committee) is made up of only the Trustees in which case the Club Governing Body stays the same as before.

If the Board of Trustees make up the House Committee in accordance with By-Laws do they still meet as House Committee or does the Officers become part of the House Committee?

There should be two separate agendas and sets of minutes. The subject matter of each meeting is different The Club Governing Body is not affected by the Lodge being incorporated under 16.020.

Does the Board of Trustees have any function other than being a member of the Board of Directors, and/or House Committee?

No

Can the Board of Directors add members or is the Board of Directors limited to the four Chair Officers and Trustees

The Corporate Board is limited to the four Chair Officers and the Trustees

Is there any cross of duties between the Board of Directors and the House Committee, even if they are made up of the same people?

No

Does the Board of Directors and House Committee have to hold separate meetings and minutes?

Yes

If a Lodge only has 3 Trustees must they increase to five Trustees for the Board of Directors?

No, they may stay with 3 Trustees

Do all the Lodges have to change their By-Laws to show a Board of Directors?

And what do they do with 12.070 Trustee section in the By-Laws? (Keep it in there or eliminate it)

No changes are necessary. New By-Law Booklets provide for either Trustees or a Corporate Board. Two years ago the standard By-Law Booklet was changed to conform with the statutes. As Lodges do their 5-year general revision of By-Laws all will be conformed. Elks By-Laws are designed to work with either an incorporated Lodge or an unincorporated Lodge. As to 12.070, since at least 1933 it has read: The Board of Trustees, or the Board established in accordance with the provisions of Section 170 (now 16.020)...” This is nothing new.

If there is no longer a Board of Trustees
does any member of the Trustees (must)
attend DD Clinic?

**The Chairman of the Board must attend
DD Clinics. That person may or may not
be a Trustee.**

How soon do the Lodges have to convert to this form of Board?

Those Lodges that desire to conform with the statutes should invite the chair officers to the next meeting, elect a Chairman of the Board and start operating with a new quorum requirement.

The price of being an incorporated Lodge is that the governing body of the Lodge now includes the four chair Officers as well as the Trustees.

Those Lodges that have the unfortunate situation of the Lodge being incorporated under 16.020 and having a separate 16.030 corporation that holds the real estate and operates the club will find it very much over complicates the situation.

There is no good reason to have both and there is not one good reason for a Lodge to have a 16.030 corporate entity in 2013.
(Judiciary comment)



QUESTIONS