



The Importance of Board Minutes

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Introduction

While the minutes of your cooperative board meetings will never make the bestseller list, they are one of the most important documents that you read. Good minutes document the fact that directors are fulfilling their responsibilities. The best rule of thumb is that minutes should provide a thorough record of what the board decided and what was considered in making those decisions. Board minutes provide a lasting record of actions and decisions that can be referenced to easily in the future, or allow cooperative members to understand the board's activity.

What Are Board Minutes?

Board minutes are an official record of corporate business. They provide a record of action or evidence of interaction. Copies of the Articles of Incorporation, bylaws, and minutes of recent board meetings are the primary documents subpoenaed when the cooperative is involved in any legal action. It is imperative that board minutes are always considered a priority and recorded professionally.

Why Are Board Minutes Important?

As previously mentioned, minutes serve as a legal paper trail in case of litigation and serve as a record of the factors considered in decision-making. Minutes are an internal documentation procedure to help provide information to new directors. They also serve as a reminder to meeting participants of deliberations and/or actions, and as an update for members unable to attend. Finally, the minutes provide documentation for manager's follow-up.

What Must Be in Board Minutes?

- Name of Cooperative
- Type of Meeting (i.e. "Monthly Board of Directors Meeting")
- Date and time
- Time of call to order and adjournment
- Location
- Attendees
 - o Office
 - o Name
 - o Total number
- All agenda items
- Record of action on agenda items

What should be Left out of Board Minutes?

Cooperative bylaws frequently discuss who has access to the board minutes. In general, any member of the organization has the right to inspect the organization's board meeting minutes if they can show a valid business purpose. Confidential information such as individual employee compensation or a patron's accounts receivable balance should therefore be omitted from the minutes. A good rule of thumb is to avoid specific financial information that would not be provided at an annual meeting. This decreases the likelihood that confidential information will be passed on to members or introduced in legal proceedings. If there is a valid legal reason to examine confidential information, a court can always request the information separately. It is important to remember that informal communications should be left out of the official minutes. The minutes should not reflect, and those outside the board should not be privy to, the content of the individual board member's comments and deliberations that lead up to the official board actions reflected in the minutes.

Recording Executive Session Activity

Most boards periodically hold executive sessions at which employees (including the general manager) are not present. Board secretaries frequently ponder how the session should be reflected in the minutes. The minutes should reflect the fact that the board went into executive session and the time period of the session. The minutes should also include any actions or decisions resulting from the executive session. If the session is lengthy, it may be appropriate that the minutes state that an in-depth discussion was held on a particular topic. However, a fine line exists when determining if the discussion is informal, and reflects a specific board member's attitudes and deliberations. Policy actions resulting from the executive session should also be recorded because it is very essential that policy be followed in the future.

Recording Committee Actions

Most cooperative boards have standing committees such as the audit committee, the annual meeting committee or the finance and budget committee. Boards also form ad-hoc committees to research issues surrounding a particular decision. The question often arises as to how the actions of these committees should be reflected in the board minutes.

In many cases the committee's actions result in a report and recommendation to the full board. In these instances, the board minutes should reflect the recommendation and the committee's report should be attached to the minutes. In other instances, such as an audit committee, the committee's functions are on-going. In this case, it may be preferable for the committee to maintain a stand-alone set of minutes for the committee meetings. Before deciding to maintain a separate set of committee minutes, the board should be confident that the committee is going to meet and function in a consistent fashion. Any advantage in accountability in forming a separate audit committee or ethics committee is lost if the committee minutes do not reflect the fact that the committee met regularly and discharged its responsibilities.

Supporting Documents

Unless there are confidentiality issues, copies of feasibility studies, consultant's reports and other material used in making decisions should generally be attached to the board minutes. There are advantages and disadvantages of referencing (but not attaching) confidential reports. Referencing the existence of a feasibility study or outside report provides evidence of the board's due diligence in decision making. The disadvantage is that it increases the likelihood that members will request the report or that the report will be included in court proceedings.

Taking Minutes during the Meeting

If ever there was a gap between a job's glamour and its importance, such is the case for a board secretary. It is of utmost importance to have the right person taking the minutes. Usually cooperative boards appoint a board secretary who records minutes during the meeting, transfers the minutes into a professional, readable format, and submits the minutes to the board for approval at the subsequent meeting.

Unfortunately, recording good minutes during the meeting may prevent the board secretary from adequately contributing to the discussion. Some cooperatives have adopted the method of allowing an employed recording secretary to fulfill the duties of recording the working minutes during the meeting, and transferring them to readable form. Having a recording secretary to take care of this predominantly clerical job will allow the corporate secretary to fulfill his/her entire responsibility, not just a narrow portion of it. This way, the board secretary can focus on the business of the meeting without the distraction of writing minutes during discussion.

Another advantage to this method of using the services of recording secretary is that consistency and continuity is better achieved. Due to the nature of the board of directors of cooperatives, most maintain a considerable turnover rate. New board secretaries are appointed relatively often, and with every new secretary, comes a new method of recording and formatting board minutes. Because board minutes are

often referenced in the future, continuity is an important consideration. By employing a recording secretary, continuity can be maintained through board secretary rotations. The major disadvantage of hiring a clerical recording secretary is maintaining confidentiality. This may be an insurmountable issue in a small rural community.

Another method to improve the quality of the minutes is asking for a second board member or advisory board member to help record the minutes. During the meeting, this individual will record a second set of minutes in addition to the notes the board secretary takes. The board secretary reviews both sets of working minutes, formats the information to a readable format and presents the final draft at the subsequent meeting. This second set of working minutes also provides an un-biased "double-check" of what occurred at the meeting. Information that one recorder missed was probably picked up by the other.

Approving the Board Minutes

All board members are responsible for assuring the accuracy of the minutes before approving them. Draft minutes are usually held confidential. Consider whether the minutes disclose any confidential information when reviewing for approval, and if they demonstrate an adequate paper trail of the board's due diligence. It is imperative to check the by-laws of the cooperative, which will help discern the level of disclosure to be made in the minutes. If the laws do not restrict disclosure options, minutes can be regarded as one way for the cooperative to demonstrate accountability. Most of what the board discusses is important to gain trust from members and potential members in the community.

A good guideline to remember is that it takes less time to review good minutes than it does to review bad minutes. Ease of reading is very important to the effectiveness of the minutes reported. Minutes carry the responsibility of being both concise as well as complete. Nothing needed should be left out of the minutes. The skill of the board secretary is demonstrated by providing a complete but concise summary of lengthy discussions and resulting board actions.

Conclusion

Board minutes may be referenced in future legal actions. This is one of the main reasons that the minutes must be accurate and thorough. Board minutes should provide a clear and concise summary of the meeting and reflect the board's due diligence in decision making. While the minutes should reflect the major discussions and decisions of the board, they should not contain confidential or protected information. Minutes should record the occurrence, but not the content of executive sessions and be accompanied by relevant supporting documents. The board is responsible for reviewing and approving all minutes.

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