LevelUp
Co-op Learning Series

Board of Directors – PART 1:
What Makes a Good Board

About LEVEL UP

- The LEVEL UP Learning Series is a partnership between the **Co-operative Housing Federation of Toronto** (CHFT) and the **City of Toronto**.

- CHFT would like to thank the City of Toronto for providing financial support in bringing this series to the co-op housing sector.

Land Acknowledgment

Where we are has been the site of human activity for 15,000 years.

This land is the territory of the Huron-Wendat and Petun First Nations, the Seneca and most recently, the Mississaugas of Credit River. The territory was the subject of the Dish with One Spoon Wampum Belt Covenant, an agreement between the Iroquois Confederacy and Confederacy of the Ojibwe and allied nations to peaceably share and care for the resources around the Great Lakes.

Today, the meeting place of Toronto is still home to many Indigenous people from across Turtle Island. We are grateful to have the opportunity to work in the community, on this territory. We are also mindful of broken covenants and the need to strive to make right with all our relations.

Objectives

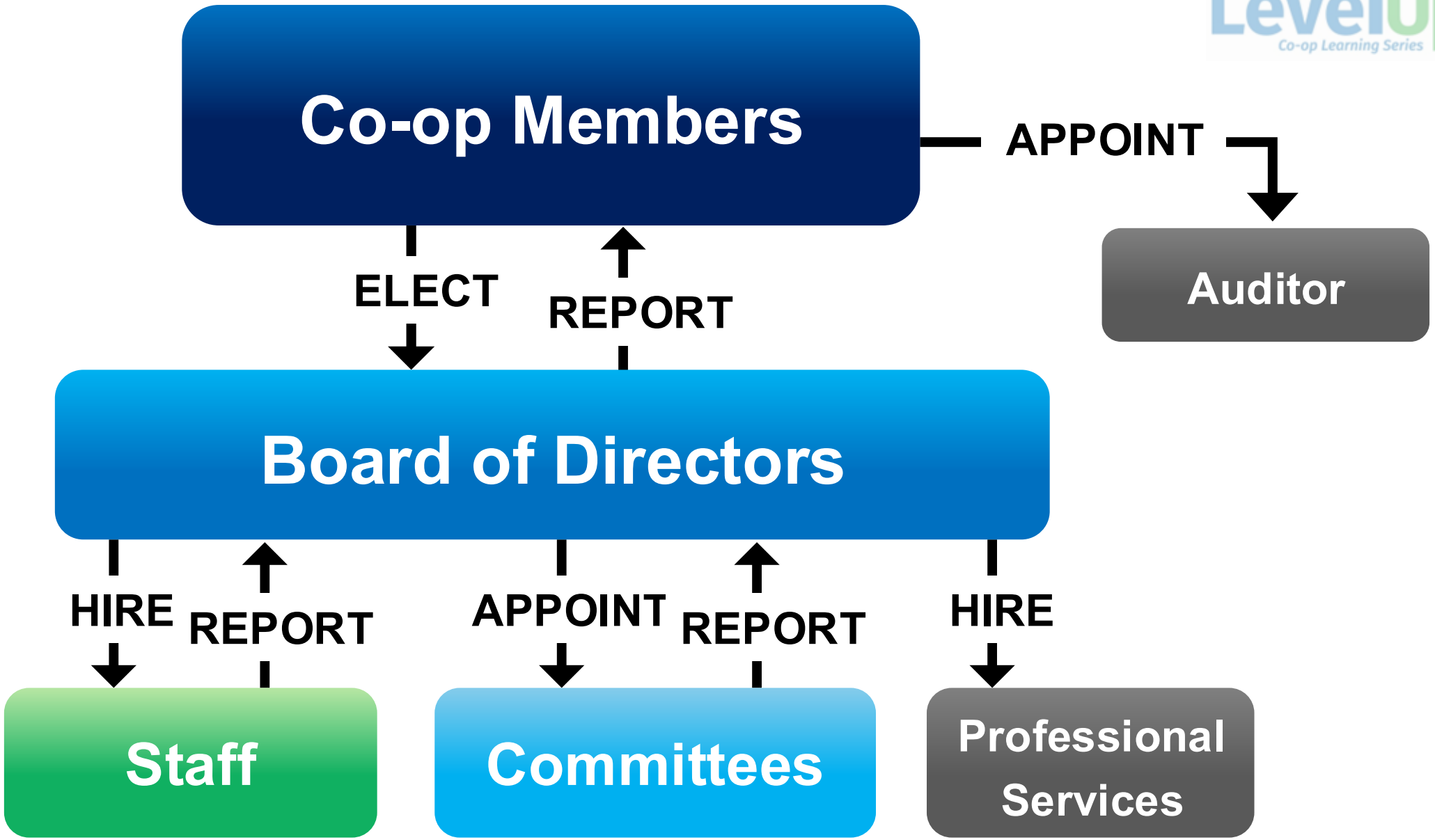
- describe the board's job functions
- clarify the difference between governance and management and identify the Core Management Standards
- identify the board's accountability and legal obligations and the co-op's governing documents
- describe the components of risk management
- explain the role of the board, members and staff
- list the key elements of good meetings

Outline

- Governance and management
- Identify the board's accountability and legal obligations
- Describe the components of risk management
- Board accountability
- Good meetings

Co-op Principles

- open membership
- democratic control
- economic participation
- independence
- co-operative education
- co-operation among co-operatives
- care for community


Co-op Members
APPOINT
Auditor
ELECT
REPORT
Board of Directors
HIRE
REPORT
APPOINT
REPORT
HIRE
Staff
Committees
Professional Services

The board's job

The board's job, along with the members who elect it, is to make sure that:

- the membership association is well governed
- the housing development is soundly managed
- the real estate asset is well maintained and protected
- the asset is an adequately financed housing business
- the community is healthy
- a valuable real estate asset that sustains maximum value over time

What is management?

- Management is taking care of the day-to-day business of the co-op to achieve the goals set by the members and directors.

There are five core management standards

1. managing the finances
2. keeping the co-op in good repair
3. keeping the co-op full
4. meeting legal responsibilities
5. supporting good governance

Keys to getting management right

- identify the desired results
- set high standards
- delegate clearly
- monitor properly
- apply financial controls
- assess results

This is the board's job, and no one else's.

Legal obligations

- Get good advice and training
- Hire professional help for key tasks
- Adopt and observe standard corporate calendar with key legal events and obligations
- Maintain contract logs with summary of renewal terms
- Know the laws that affect the co-op and how

Getting the legal framework right

- Your board and manager's decisions must be consistent with the co-op act, the co-op's by-laws, occupancy agreement and policies.
- These source documents should be available at all board and members' meetings.

Risk management

Risk management means preventing loss by reducing risk to the lowest possible level.

- financial loss
- physical loss

As a board, with your manager's input, make sure that you develop and maintain a risk management strategy.

Financial risk

Boards can reduce the chance of financial loss in two ways:

1. good financial controls
2. a good insurance policy

Financial controls

- Financial controls are systems that safeguard your money.
- They include making sure that:
- Your bookkeeping and banking system are sound
- The members' money is safe and properly accounted for
- Your assets are adequately protected by insurance
- All your finances haven't been left in the hands of one person
- There is low risk of fraud.

Insurance

Make certain that the co-op is adequately insured.

Your policy should cover you against the following risks:

- volunteer accident
- property loss
- loss of revenue (due to property loss)
- general liability against third party claims for damages
- directors and officers liability
- fraud
- robbery and theft

Board and professionals

- seek the best professionals
- make sure they are serving the co-op well
- use reliable, independent resources where necessary and appropriate

What is governance?

Governance is how directors, and the members who elect them, set and control the overall direction of the co-op to ensure its success as a viable business and co-operative community.

Know your role - Board

The board:

- identifies goals, sets priorities and plans
- sets policies or recommends policies for member approval
- selects, supervises and evaluates management
- evaluates outcomes
- approves new members
- enters into contracts on behalf of the co-op
- reports to members at meetings and between them

An accountable board

Accountability means the board is responsible to the members who elected them for actions and decisions of the board.

An accountable board reports to

- the members for the job it does on their behalf
- government
  - to comply with the operating agreement that provides funding to the co-op
  - to keep the co-op's incorporated status

An accountable board

- takes seriously its duty for the guidance and well-being of the co-op
- makes good, honest, fair decisions
- stands by its actions and decisions and takes responsibility for them collectively
- keeps the overall interests of the co-op in mind
- answers to the members
- listens to the members and is responsive to the things that matter to them

Transparency

Transparency means keeping the membership in the picture about what the board is doing.

Especially about any decisions that affect the members as a whole.

You can do this by:

- sharing minutes, financial statements and other reports
- keeping your members up to date at meetings and through the newsletter or website

Board and staff

The board should foster a good working relationship with the co-op manager. This means…

- a well-written contract
- proper supervision
- training
- a safe work environment
- an annual performance review
- positive, open communication

Boards and committees

Committee of **Directors**

Committee of **Members**

Committees and sound management

Co-ops need to think carefully about how much they rely on committees to run the co-op's business.

On the other hand, committees on issues such as

- environmental sustainability
- landscaping and gardening
- welcoming and organizing the social life of the co-op may offer members valuable opportunities for meaningful involvement and leadership in the co-op.

Communication with members

- You'll want member support – in fact, you need it
- Share information and communicate with members in a respectful way
- Listen to what members have to say
- Members deserve to hear accurate honest information about the governance and management of their co-op

Know your role - Members

A co-op's members make key governance decisions that only the members can make.

Members:

- choose the directors
- amend the co-op's by-laws
- adopt special resolutions
- hear eviction appeals
- approve the budgets and housing charges
- appoint the auditor and approve the audit

Good governance means good meetings

1. Realistic agenda
2. Effective chairing
3. Concise accurate minutes
4. Engaged members

Board and members meetings should run smoothly and get things done. They should also be well planned and prepared.

Board's role at board meetings

Board meetings

- be on time
- come prepared (read materials in advance of meeting)
- complete assigned tasks and provide reports as required
- take part in decision-making
- respect other points of view
- act ethically
- support decisions and fellow directors after meetings

Board's role at members meetings

General meetings

- be on time
- be informed about co-op by-laws, policies and meeting process
- help prepare for the meeting
- support board decisions
- lead by example

Agenda

The meeting agenda should:

- include all the items of business the board needs to cover
- be realistic for the time available
- put the most important items first
- reflect the board's role in governance and management

Chairing

- Chairing is a skill – offer training to new chairpersons
- Adopt and follow simple rules of order
- Stick to the agenda
- Board members can help the chair by staying on topic, listening carefully and treating others with respect

Minutes

- are legal documents
- must be recorded and kept
- should be brief and reflect decisions and resolutions
- must be approved by the board

Meeting tips for board meetings

- use the board's time wisely
- distribute board packages with agendas, minutes and reports in advance
- give new board members an orientation on the co-op's business
- provide background information whenever possible
- avoid long and/or frequent meetings
- make sure the board sticks to governance issues
- celebrate achievements

Summary

A good board

- is effective in getting results
- has a strategic focus
- acts transparently
- is accountable
- acts fairly and consistently
- is responsive and respectful to members

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