

**HANDBOOK:**

**Introduction to**  
**Board of Directors Meetings**

**For Emerging Not-for-Profit Illinois Corporations**

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## Chapter 1

### INTRODUCTION & ASSUMPTIONS

The Community Economic Development Law Project of the Chicago Lawyers' Committee for Civil Rights Under Law is pleased to provide you with this Introduction to Board of Directors Meetings. It was developed in response to the many requests the Community Economic Development Law Project has received from its non-profit clients for such guidance.

This Handbook provides information that directors can use to run their meetings and take care of their organization's business in an efficient and productive manner. It explains who the major players are and their role in the governance of a small not-for-profit organization. It explores the different types of Board meetings and some types of action taken at those meetings. It also explains how to take action at those meetings through the use of the "motion." The Handbook also includes a Glossary of key terms applicable to small non-profit organizations. Finally, in the Appendix, there are some helpful forms and examples, a table of procedural motions, and sources of additional information on the Boards of non-profit organizations.

#### **The materials in this Handbook assume the following about your organization:**

1. Your organization is a non-profit Illinois corporation in good standing with the Illinois Secretary of State.
2. Your organization is not a membership organization. If your non-profit organization has members who have authority under the organization's bylaws to affect the decisions of your

organization, you should consult an attorney as to whether and how this Handbook applies to your organization.

3. Your organization has observed all necessary corporate formalities and has had at least one meeting of its Board of Directors already. Specifically, this means that your organization's Board of Directors:

- **has adopted bylaws<sup>1</sup>** which, among other things, list the number of directors and types of officers on your organization's Board of Directors and describe the duties of those officers;
- **has elected persons to fill those director and officer positions;** and
- **has Board resolutions and records from that initial Board meeting which show the above matters in writing.** Appendix A has an example of a non-profit organization's initial Board meeting resolution. Appendix B has examples of meeting minutes.

4. Your organization's directors are volunteers. They are not being paid nor have they been promised any kind of payment for their services to the organization – aside from actual direct expenses associated with performing their duties as directors. These expenses typically include such costs as making copies of documents, or for transportation to and from the Board of Directors or committee meetings.

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<sup>1</sup> While the adoption of bylaws by an Illinois nonprofit is voluntary, both the Internal Revenue Service and the Charitable Trust Bureau of the Illinois Attorney General's Office request copies of the bylaws for each nonprofit incorporated in Illinois. Accordingly, you are strongly encouraged to adopt bylaws.

Before relying on any of the procedures and rules in this Handbook, you should check your organization's bylaws. The bylaws take precedence over any information provided in this Handbook and must be followed by your Board. **Failure to follow your bylaws may result in legal challenges to any actions of the Board of Directors and the non-profit organization and/or render such actions invalid.**

This Handbook is only an introduction to the corporate governance system for an Illinois non-profit organization. Every organization is different and has its own special needs. Rarely is there only one way to accomplish a task or to run a meeting (unless that one way is required by law). Please read and apply the information in this Handbook with a view toward the special needs of your organization.

## Chapter 2

### WHO ARE THE DIRECTORS, OFFICERS AND STAFF?

#### A. *Who Are the Directors?*

The Board of Directors is the group of people responsible for the overall management, oversight, and control of the organization. As a group, the Board directs, but does not participate in, the day-to-day activities of the organization. The people on the Board may be called “directors” or “members” of the Board. Generally, directors are not employees of the organization and do not receive a salary for their services.

The bylaws of your organization, its formal, written rules and regulations, will specify: the required number of directors, who is qualified to serve as a director, and how the directors are elected, removed, and replaced. Directors are generally elected at an annual meeting of the organization. Finally, in Illinois, there must be at least three Board members.

In small non-profit organizations, it is common for a single person to participate in many different positions within the organization. Thus, a founder of an organization may be a director on the Board, hold an officer position, and be an employee of the organization. However, when a director holds several positions within the organization, it is imperative that such director observe his or her fiduciary duties as a director, and put the interests of the organization ahead of his or her own personal interests.

Illinois law and court decisions impose certain powers and obligations upon directors. For example, among other things, the Board is empowered under Illinois law to sue, purchase



and sell assets, borrow money, and enter into contracts on behalf of the organization. For more information, there are many publications that explain in detail the responsibilities of the Board and the directors of a non-profit organization. Appendix C lists sources of information on this and other topics.

The Board's principal purpose, and the role of its directors, is the determination and fulfillment of your nonprofit's organizational mission and purpose. To that end, it is the Board's responsibility, among other things:

- to select the organization's executive staff;
- to oversee the staff's actions and day-to-day management of the organization;
- to provide organizational planning and establish organizational goals;
- to provide review and evaluation of such plans and goals; and
- to review, plan, and oversee the organization's finances.

Directors may fulfill their roles through regular meetings, special meetings and the establishment of committees.

***B. Who Are the Officers?***

The bylaws of your organization will specify who your officers are and how they are to be elected, removed, and replaced. Illinois law requires only one officer, a "Corporate Secretary," who is responsible for certifying the organization's bylaws, resolutions, and other official documents. Typically, however, officers also include a chairperson, president, treasurer,

and one or more vice-presidents. As noted above, in smaller non-profit organizations, the officers often serve as directors as well. Officers are generally elected or appointed by the Board at an annual meeting of the organization. Depending on the bylaws, these positions may or may not be filled by the same person.

The Board's Chairperson is responsible for presiding over each Board meeting. In many large non-profit organizations, the Chairperson and President are two separate positions with two distinct roles, which may be filled by the same or different persons. However, in many small non-profit organizations, the terms chair and president are used interchangeably, and there is only one position with one set of duties and responsibilities. This Handbook takes the latter approach because it is primarily intended for smaller non-profit organizations.

The roles of the various officers are described in Chapter 3.

### ***C. Who Are the Staff?***

Persons responsible for day-to-day operation of the organization are employees or volunteers who are not members of the Board. An executive director is usually hired by the Board to operate the programs of the organization. Most organizations' bylaws do not give a Board vote to the executive director, however, the executive director is often invited to attend Board meetings. If your executive director does have a vote on the Board, you will need to watch for any conflict of interest issues that may arise. Conflict issues are discussed in Chapter 3, Section G. Employees of the organization may be hired by the executive director, if the bylaws or Board so authorize. The bylaws may also require that the Board approve the employees' terms of employment.

## Chapter 3

### ROLES OF DIRECTORS IN RUNNING A BOARD MEETING

#### **A. *Board of Directors Meetings***

Board meetings usually take place at least annually, but often occur more frequently, e.g. on a quarterly or monthly basis. Additional, “special” Board meetings may also be held on an as-needed basis. Finally, under Illinois law, the organization shall hold at least one Board meeting per year; however, no meeting may be held if all voting members agree that such annual meeting should not be held.

#### **B. *Board Roles***

There are many publications that explain in detail the responsibilities of the Board and its directors. Appendix C lists sources of information on this and other topics.

#### **C. *Role of the Chair/President of the Board***

##### *1. Who Is the Chair/President?*

The Chair/President of the Board of Directors plays an important role in your organization, both in setting its overall mission and helping it to achieve its goals. Additionally, the Chair/President is responsible for presiding at Board meetings and ensuring that the Board functions effectively and efficiently in accordance with the organization’s bylaws, e.g. by making sure that the agenda is followed. The Chair/President also sees that the Board and management work together to fulfill the organization’s purpose. The Chair/President may have

other roles as well. For instance, the Chair/President may serve as the spokesperson for the organization and play a lead role in fundraising activities.

2. *What if the Chair/President Is Absent?*

If the Chair/President is not present at a meeting, the bylaws should determine who presides. Otherwise, the directors at the meeting might decide to appoint an Acting Chair/President from among the directors present at the meeting. The motion to appoint an Acting Chair/President is discussed in Appendix D under: “Motion to appoint an acting officer of the Board.”

**D. *Role of the Secretary of the Board***

1. *Who Is the Secretary?*

Each Board should have a Secretary. Any director may be the Secretary, though the Corporate Secretary of the organization, described in Chapter 2(B), often serves as the Secretary of the Board. In this Handbook, the term “Secretary” will refer to the Secretary of the Board only, unless otherwise stated. The organization’s bylaws usually establish how the Secretary is appointed and his or her role within the organization.

2. *What Does the Secretary Do?*

In general, the Secretary:

- (i) takes attendance at meetings;
- (ii) is responsible for the minutes of the meetings, as described below;

- (iii) is responsible for having the agenda and other materials relevant to the next meeting circulated to the directors in a timely manner before each meeting;
- (iv) supervises custody of the Board's records and minutes;
- (v) certifies, if also the Corporate Secretary, organization bylaws, resolutions, and other official documents as true and correct copies thereof; and
- (vi) performs any other jobs assigned by the Board, or as set forth in the bylaws.

3. *What if the Secretary Is Absent?*

If the Secretary is not present at a meeting, then the directors present should appoint an Acting Secretary from among those directors present at the meeting. The motion to appoint an Acting Secretary is discussed in Appendix D under: "Motion to appoint an acting officer of the Board."

The Board may also choose to appoint a Recording Secretary. This is usually a staff person (not a member of the Board), who is good at taking notes and putting them into the proper format for the Secretary's approval.

4. *What Are the "Minutes" of a Board Meeting?*

The Board must keep written records ("minutes") of all its meetings. It is important that all authorizations and actions be properly recorded. The Secretary is responsible for keeping the minutes of each meeting, and the Board is responsible for approving the minutes at the following meeting. Because the minutes are the Board's official record of all actions taken, the minutes

and other records should be well organized and made available to all voting members of the organization.

To “keep minutes,” the Secretary (or Recording Secretary) should take detailed notes during the meeting to allow for the preparation of formal minutes. Afterwards, the minutes should be typed into a written document based on the Secretary’s notes from the meeting.

The minutes should include the following information about each Board meeting:

- (i) the type of meeting (e.g. telephonic) and the date, time, and place of the meeting;
- (ii) the names of Board members present, and that a quorum (as described below) was established;
- (iii) the names of any absent Board members;
- (iv) a summary of the meeting, including a recount of all items discussed, and the results of all votes taken (including on what issue, and the number of Board members in favor, opposed, and abstaining); and
- (v) unfinished matters to be followed up at a later meeting.

The minutes are not a transcript of the meeting and typically do not include details of discussions and individual statements, unless a director specifically requests certain details and/or individual statements be included. For examples of minutes from different types of Board meetings, see [Appendix B](#).

***E. Role of the Board with Regard to Finances***

The Board is charged with overseeing the finances of the non-profit organization. It is usually the Board Treasurer's responsibility to perform or oversee that the organization maintains adequate books of account for the organization, maintains a full and accurate account of receipts and disbursements in the financial records, and that all moneys and other valuable effects are deposited to the credit of the organization in such banks of deposit as the Board may designate. The Treasurer may also perform such other duties that may be assigned from time to time by the Board, or as set forth in the bylaws.

***F. Role of the Vice-Chair/Vice-President***

The Vice-Chair/Vice-President presides over meetings of the Board when the Chair/President is absent, and performs such other functions that may be assigned by the Board, or as set forth in the organization's bylaws.

***G. Conflict of Interest Issues***

*1. What Is a Conflict?*

A conflict of interest arises whenever the interests of the organization are potentially at odds with the business or personal interests of a director or officer. The director or officer involved is known as the "interested" party. A director's or officer's business or personal interests may encompass members of his or her family or other organizations with which the director or officer may be involved. For instance, the Board might be considering engaging in a transaction with an entity with which a director or officer is affiliated in some way. Examples would include the purchase, use, or lease of a piece of property in which a director has a

financial interest, or obtaining fundraising consulting services offered by a director or a director's family member. A conflict situation is frequently referred to as an "interested party transaction."

Other examples of potential conflicts, include:

- An interested party owns, controls, or works for a business that will do work for the non-profit organization.
- An interested party's family member owns property that the non-profit organization will use, rent, or purchase.
- A person who is both a director and an employee of the non-profit organization is an interested party. In such a situation, any decisions made by the Board about personnel and staffing create a potential conflict.

## 2. *Decision-Making When a Conflict Is Apparent*

Interested party transactions are not uncommon and are generally acceptable so long as the transaction is in the best interests of the organization and the Board's decision to enter into the transaction is made in an objective and informed manner. When such transactions are not conducted in an appropriate manner, the organization and the directors open themselves to potential lawsuits and public mistrust. Either situation is clearly undesirable.

Accordingly, when a conflict of interest does exist, the first step the Board should take to protect itself from even the appearance of impropriety is to require the interested director or officer to more fully disclose his or her interest in the transaction to the Board. Generally, full



disclosure consists of making the Board aware of all material facts of the transaction and of the nature of the director's or officer's interest involved. Second, interested directors may not vote on the interested transaction. The Board should excuse the interested director or officer from that portion of the meeting when discussing or voting on the conflicted transaction takes place to ensure that the Board's consideration of the interested party transaction reflects a negotiation at "arm's length." The interested party transaction must be approved by a majority of the disinterested directors, and such approval should be specifically noted in the Board's minutes.

Other actions may also be taken by the Board to ensure objective and informed judgment. First, the Board could refer the transaction to a committee comprised of disinterested directors to make a recommendation to the Board about whether the transaction is in the best interests of the organization. Second, the Board could establish a system of competitive bids to ensure that the organization receives a fair value in the transaction. Any or all of these and other actions together help to insulate the Board from even the appearance of impropriety.

It is advisable for all organizations to adopt a conflict of interest policy. Appendix E sets forth a short form of guidelines a Board might adopt for conflict of interest situations.

## Chapter 4

### TYPES OF BOARD MEETINGS AND DIRECTORS' ACTIONS

#### A. *Regular Meetings*

##### 1. *General*

Under Illinois law, every not-for-profit organization must have at least one regular meeting per year, unless waived unanimously by all voting members. Typically, however, organizations hold regular meetings every quarter or every month. The procedures for holding and conducting a regular meeting are almost always provided by the bylaws. Any business of the organization may be discussed and voted upon at such a meeting. This is true especially for those organizations that have only one meeting per year. However, where there is more than one meeting per year, one annual meeting is often reserved for the Board to hear annual reports of the officers and committees, for the election of officers and directors, and for the approval of the organization's actions during the prior year.

##### 2. *Election of Directors*

The procedures for the election of directors are usually set forth in the organization's bylaws and Illinois law, which set forth: whether candidates are to be elected or appointed, who is authorized to call an election, who has the right to vote, the method of voting to be used, and where and when the election will occur. Under Illinois law, the organization must provide notice of the regular meeting between five (5) and sixty (60) days prior to any meeting. The Board must follow these procedures to properly elect a director.

A director is then appointed or elected to serve some specified term by the other Board members. The directors may all be elected at one time or a smaller slate of directors may come up for election on a yearly basis with each director serving for more than one (1) year.

### *3. Election / Appointment of Officers*

It is the Board's responsibility to elect or appoint the officers of the organization. The procedures for the election or appointment of an officer should also be set forth in the organization's bylaws. The Board must follow these procedures carefully to ensure the proper election or appointment of an officer.

## ***B. Special Meetings***

### *1. General*

A special meeting is a separate meeting of the Board held at a time different from its regularly scheduled meetings. These meetings are called so that the Board may consider and vote on important matters that may arise between regular meetings. For instance, the Board may call a special meeting to discuss and approve an important initiative for the organization such as a fundraising opportunity. As might be expected, special meetings are more common for those organizations that have infrequent regular meetings.

Under Illinois law, the bylaws must provide the procedures by which a special meeting may be called and conducted. A special meeting, like a regular meeting, requires that notice be given a certain time in advance of the meeting. At a minimum, the notice should provide the date, time and place of the meeting and also the purpose for which the special meeting is being called.

At special meetings, it is good practice for the Board not to take action on items not listed on the agenda posted for that meeting. The Board can discuss an item that is not on the posted agenda so long as no action is taken. The reason for this practice is two-fold. First, state laws may prohibit action on certain issues unless proper notice is given, such as, in Illinois, the removal of a director. Second, directors who were not able to attend the special meeting may find fault with the process when they find out action was taken on an issue that was not on the agenda. On the other hand, when all directors are present, it may be appropriate to take action on more routine or minor matters that arise at the special meeting.

## 2. *Removal of Directors*

The procedures for the removal of a director are generally set forth in the bylaws, and the Board must follow these procedures carefully to ensure the proper removal of a director. Where no provision is made for the removal of a director in the organization's bylaws, removal will be governed by Illinois law. Generally, the same group of persons authorized to elect or appoint the director is authorized to remove the director. Further, in removing directors, Illinois law requires at least twenty (20) days' notice of the meeting, including the name of the director(s) to be removed.

## 3. *Removal of Officers*

The procedures for the removal of an officer are also usually set forth in the bylaws, and, again, the Board must carefully follow these procedures to ensure the proper removal of an officer. Where no provision is made for the removal of an officer in the organization's bylaws, removal will be governed by Illinois law, which allows for a simple majority of the Board to remove any officer. However, removal may constitute a breach of the officer's contractual rights

where an officer has an employment contract with the organization. In Illinois, removal must be without prejudice to the officer's contractual rights. The Board should consult an attorney before removing any officer.

### ***C. Executive Sessions***

#### *1. What Is an Executive Session?*

An executive session is a private meeting of the Board to discuss sensitive or confidential issues. Participants are limited to those members of the Board who are not staff or executive directors of the organization. Therefore, executive sessions give those officers of the Board and other Board members an opportunity to discuss matters in private. Because one of the Board's primary responsibilities is to assess the performance of the organization and its management, a Board may often need to discuss sensitive issues or issues related to the performance of the officers or executive director in private. The presence of staff or an executive director may prevent directors from honestly speaking their mind with regards to performance issues. Further, some critical situations may best be assessed with the protection of confidentiality before being brought in front of the entire Board, staff, or outsiders. Open deliberation in these situations may prevent Board members from being totally forth-coming and candid.

Some examples of where the Board may benefit from withdrawing to an executive session to gain information and hold candid discussions amongst themselves include:

- Evaluating the executive director, and establishing the executive director's compensation (whether salary, bonus or otherwise);

- Investigating concerns or complaints about the executive director, or reviewing a report from a management consultant;
- Addressing conflicts between two Board members, or investigating alleged improper conduct by a director;
- Planning for major endeavors, such as significant organizational changes;
- Attending to any matters where personal or organizational confidentiality is requested or prudent; or
- Discussing financial issues with an auditor.

2. *When Should the Board Meet in Executive Session?*

Meeting in executive session can result in tension toward and among the members of the Board. A director not invited to participate in an executive session may feel excluded and disregarded. Further, staff members may feel that the secrecy of executive sessions indicates bad news for the organization. To avoid these feelings, the Board should develop a straightforward policy regarding executive sessions and openly communicate their function and purpose. Routine executive sessions are also an effective way to avoid tension. If the Chair/President includes an executive session on every agenda or on several agendas per year, it may in time be viewed as an accepted portion of traditional Board meetings. In any case, the Board should not feel uncomfortable asking staff to be excused for part of any meeting if a situation arises where an executive session is warranted.

It is important for executive sessions to remain effective and appropriate. For that reason, such sessions should only be held for their determined purpose, and the Board should not use the private opportunity to further discuss or hide issues which should be presented openly to the entire Board. When the agreed issue has been adequately addressed, the executive session should conclude, and the normal Board meeting should resume.

### 3. *Managing Minutes of Executive Sessions*

The minutes of a Board meeting should indicate that the Board met in executive session and report the topic of the discussion. However, the specifics of the executive session may remain confidential. It is advisable to keep a written record of the executive session proceedings. These minutes should include the date and place of the meeting, the names of the persons present, any actions taken, and any abstentions from voting if voting took place. However, this information may appear in a set of confidential-to-the-Board minutes to be distributed only to those directors who participated in the executive session.

After the executive session is concluded, any actions, specific conclusions or recommendations that resulted from the session should be communicated to the entire Board, and if appropriate, to the officers, executive director and staff. Further, this information should be reported in the public minutes of the Board meeting, however it may be phrased in a way that is sensitive to the fact that the minutes are public documents.

**D. *Taking Action at a Meeting***

*1. Requirement of a Quorum*

In order for the Board to take any action, there must be a quorum of directors present. A quorum is the minimum number, as set forth in the bylaws, of directors present for the organization to take action officially. The usual rule is that a majority of directors then in office constitutes a quorum. A majority is fifty percent (50%) of the Board plus one (1). For example, if there are ten (10) directors on the Board, the Board meeting will meet the quorum requirement if six (6) directors are present.

*2. What Is the Difference Between Resolutions and Motions?*

Motions, which are described in greater detail in Chapter 5(B), are the formal way by which a Board governs discussions, approves or adopts agenda items, and proposes to take action within and among the Board, whereas resolutions are the formal statement and documentation of an action taken by the Board and/or the organization, such as the approval or adoption of a program or a contract. For instance, a resolution can be an authorization of a prior act of the organization, an authorization for the officers to take an action, or an instruction to the officers that they must take an action. In other words, the Board may have a discussion about an agenda item, a director may make a motion to pass a resolution for some action on that agenda item, and the Board may pass a resolution authorizing an action. Appendix A contains a number of sample resolutions for various Board meetings.



***E. Taking Action Without a Meeting***

Provided the directors agree unanimously, action can also be taken by written consent of the directors without a meeting. Examples 3 and 4 of Appendix A set forth resolutions for taking action without a Board meeting.

***F. Role of Agendas***

An agenda is an order of business or plan in which the items of business to be considered at a Board meeting are taken up. Agendas help the Board conduct business in an orderly and efficient manner. To help facilitate an effective meeting, agendas should be distributed to directors for review prior to each meeting, along with any other documentation that will be relevant at the meeting, such as committee reports. Section A.1 in Chapter 5 has further discussion on agendas.

The Chair/President should have the directors address the items on the Board's agenda for that meeting from the first item to the last, in part because some items may require immediate Board action that meeting. For example, there may be an agenda item to approve a contract. Other items on the agenda may not require action by the Board, such as an agenda item requiring only that the directors listen to an oral report (e.g. the Treasurer reporting on fund-raising). However, the order of items on the agenda can be switched, if necessary, for example, to accommodate a guest speaker's schedule.

Appendix F has an example of an agenda for a Board meeting. While that example may be helpful as a starting point, agendas should be flexible and tailored to fit the particular needs of your organization.

## Chapter 5

### UNDERSTANDING BOARD DISCUSSIONS AND MAKING MOTIONS

#### A. *Meeting Style – Formal or Informal?*

As with most business meetings for many small organizations, Board meetings for small non-profit organizations generally operate informally. Directors frequently kick around an idea, get everyone's input, and then try to reach a consensus on how to handle a particular matter. Informal proceedings are perfectly acceptable most of the time.

The key to effective yet informal meetings is to make sure everyone is encouraged to participate. If someone has not contributed to the conversation, the Chair/President should ask that person what he or she thinks about the issue. Otherwise, a couple of people may do all of the talking, and then those same people assume that what they have expressed represents the views of everyone.

Here are two important ideas to keep in mind in determining how formal you may want to be, or need to be, in running a meeting of the Board:

1. Make sure that any final actions taken are read aloud to the group and then recorded in the minutes, even if the directors are unanimous in their decision. For example, if the Board agreed that Mary should look into having the organization apply for a grant to start a new program, then the Chair/President should say aloud something like: "So, are we all agreed that Mary should find out about this grant and get back to us?" In this case, the

Board has not really taken any action that authorizes the organization to do something. Instead, the Board has simply asked Mary to do some research and report back.

Having heard this, a director may say: “You know, we’re not going to meet again for two months and that doesn’t give us enough time to prepare the application. I move that Mary be authorized, in her discretion, to work with the Executive Director and, if possible, to go ahead and submit a grant proposal that they both agree upon on behalf of the organization.” Notice that this motion takes the discussion in a different direction, and *does* propose that the Board take action. This motion, whether passed by unanimous consent or by a majority vote of the directors, must be recorded in the minutes for the meeting.

2. Some situations call for proceedings that are formal. Here are some examples:

- Electing or removing directors or officers of the Board.
- Where you need a resolution to give to another party as proof of authorization to take a particular action – for example, to authorize the organization to open a bank account, purchase real property or to dispose of any asset of the organization.
- Adopting or modifying the annual budget.
- Personnel matters – i.e., hiring or firing decisions, changing employee benefits, etc.

- Any time a subject is controversial – using some form of parliamentary-type procedure helps to ensure that the will of the majority viewpoint controls, while at the same time helping to ensure that all viewpoints are heard and treated fairly.
- Where time is limited – for example, if there are numerous items on the agenda that actually require Board action and several people want to speak about one or more of the matters. In this case, the Chair/President may want to set time limits for discussing individual items. Any Board member always has the right to object to setting those limits, thus bringing the issue of time limits to the Board for a vote.

***B. What Are Motions?***

*1. A Motion Is a Proposal for the Board to Take Action*

A motion is a proposal that the Board take a particular action regarding the current agenda item at a meeting (or a particular action regarding an issue closely related to the agenda item currently being discussed at the meeting). There can be more than one motion for any item on the agenda, and if there is an issue that is not on the agenda, then generally a director must first move to put the item on the agenda (and that motion must be passed) before the Board can discuss and take action on that issue at the meeting.

Appendix D contains a table of procedural motions. Rules of procedure, or “parliamentary procedures,” help people get things done in meetings. They also help ensure that all participants are treated fairly and have a chance to be heard, while allowing for the meeting to proceed in an orderly and timely manner. The best rules of procedure for a specific type of

meeting are rules that have been tailored to that type of meeting. This Handbook very briefly provides sample procedures that may be used in Board meetings of small non-profit organizations. However, before relying on any of the procedures and rules in the Handbook, you should check your organization's bylaws. Those bylaws may already establish specific rules of procedure according to which you must run your Board meetings. If any of these conflict, then you must amend your bylaws before using the procedures in this Handbook. Further, some of the procedures may be required by Illinois laws that apply to non-profit Boards. Before you make any changes to your bylaws, you should consult an attorney. In using rules of procedure, try to apply them with common sense. Too strict adherence (except to rules required by law) can make things harder, not easier.

## 2. *Any Voting Director of the Board Can Make a Motion*

A motion may be made by any voting director of the Board, even one who is not in favor of the motion. When a director makes a motion, it means that the director supports a discussion about and/or a vote on the motion, not necessarily that the director is in favor of (or will vote to pass) the motion.

## 3. *How to Make and Second a Motion*

A director makes a motion by saying something like: "I move to" or "I move that...." As long as the directors are clear about what is being discussed and what action the director is suggesting, these rules do not require that a director use any specific wording to make a motion. However, the Chair/President can ask a director to clarify his or her motion. Also, any director can move to have a motion put in writing. At any time during discussion of an item, a director may make a motion on the item currently being discussed.

Some motions, in order to be considered for debate, require the support of one person in addition to the person who made the motion (the movant). This requirement is called a “second,” and serves to ensure that only those matters/motions that have the support of multiple directors are debated at the meeting. If a motion requires a second, another director seconds the motion by saying something like: “I second the motion,” or “Second.” When a director seconds a motion, it means that the director supports discussion about or a vote on the motion, not necessarily that the director is in favor of (or will vote to pass) the motion.

#### 4. *Most Motions Are Debatable*

Most motions are debatable, that is, all directors have the right to state their opinion about the motion. A motion that is not debatable goes straight to a vote or action without discussion. Check [Appendix D](#) to see which motions are debatable and which are not.

#### 5. *How to Debate a Motion*

An open discussion is basically an open conversation among the directors, with the directors having the right to talk about and discuss the current agenda item for as long as desired. We suggest that open discussion be the general rule for your Board meetings.

The Chair/President may decide on his or her own, or any director may move, to limit discussion of a particular item to a specific amount of time or to a particular number of speakers in favor of and opposed to the motion. A limited discussion is most useful for: (a) items that are so controversial that they are best discussed in a tightly controlled format; or (b) items that have already been fully discussed but the directors want a last chance to quickly state their positions

before a vote is taken. The directors may override the Chair/President's decision by passing a motion to either limit or extend discussion.

Some organizations may use a more formal mode of conducting business, by alternately recognizing speakers in favor of the motion and those opposed to the motion. Regardless, in all discussions, whether formal or informal, the Chair/President should limit discussion to the subject matter of the item. If a director brings up matters unrelated to the motion being considered, the Chair/President on his or her own initiative, or by a director requesting a "point of order" from the Chair/President, may rule the director out of order, effectively limiting discussion to the motion under consideration. Discussion ends when the directors pass a motion taking action on an item in a way that addresses it conclusively for that meeting.

#### *6. Other Information About Motions*

Some Boards use a form for tracking the status of motions, though this practice is quite formal, and you may find it unnecessary in connection with your Board meetings. Appendix G contains a sample form for tracking motions

#### *7. Amending Motions*

If a more formal approach is adopted by your Board, you should be aware that while a motion is being discussed, a director may move to amend the motion itself. Appendix D discusses which motions are amendable as well as sets forth the procedures for a motion to amend.

However, amendments must be germane to the subject presented in the motion that is currently being discussed. The Chair/President makes the determination whether an amendment is sufficiently related to the subject of the motion to be allowed.

**C. *Approving or Disapproving Motions***

*1. Without a Vote*

Certain actions may be taken or a motion may be passed by common assent of the directors. If the Chair/President thinks there is no opposition, he or she may say something like: “If there is no objection, the motion shall be passed by the consent of the directors.” The directors then show agreement by remaining silent. If anyone objects a vote must be taken. This is helpful when there is a non-controversial or routine matter before the Board, such as a motion to approve the minutes of the prior Board meeting. In such case, the matter can be handled quickly and fairly by posing two simple questions to the Board: (1) “Are there any corrections or additions to the report/minutes?” [if so, make the changes agreed upon], then: (2) “If there are no objections [pause to allow possible comments or objections], the report/minutes is/are approved.”

*2. How to Vote*

With respect to voting on a motion, the Chair/President calls for the directors to vote “yes,” “no,” or “abstain.” A vote can be done by voice, show of hands, speaker phone (as long as both sides can hear and speak to each other), or roll call.



### 3. *Who Can Vote?*

Only the directors (not those officers who do not serve as directors) may vote at a board of directors meeting. Every director, including the Chair/President, may vote, except where conflict of interest rules require a director to abstain from the vote. Sometimes the bylaws may provide that the Chair/President votes only to break a tie vote.

As a general rule, a director with a conflict may not vote on an interested party transaction. Thus, a vote will pass only if a majority (or other required number) of the disinterested directors approve of the motion. For further discussion of conflict of interest issues, please refer to Chapter 3, Section G.

### 4. *When Does a Motion Pass or Fail?*

Voting is carefully controlled by Illinois law and the bylaws of the organization. For example, Illinois law requires at least a majority of present voting members (excluding abstentions) in a quorum to pass any resolution, but allows for the bylaws to require a higher, super-majority vote. There are two basic ways to calculate a majority vote. First, the number of votes that constitute a majority may be determined by calculating the majority of directors serving on the Board, not the majority of directors present at any particular meeting. This is the same basic rule for determining whether there is a quorum (as discussed in Chapter 4, Section C.1 above) and may be used in those situations where the bylaws require that a quorum be more than fifty percent (50%) of the directors serving on the Board. However, the second and more common method is that any vote over fifty percent (50%) of the directors who are present at the meeting constitutes a majority vote – assuming, of course, a quorum is present.

The more common method works as follows: If there are ten (10) directors on the Board, the Board meeting will meet the quorum requirement if six (6) directors are present. For a motion to pass, at least four (4) for the six (6) directors present at the meeting must vote in favor of the motion. If the motion receives three (3) votes or less, then the motion fails.

Another example: If the Board consists of three (3) directors, and a motion requires a majority vote to pass, then if two (2) or more directors vote in favor of the motion, it passes. If fewer than two (2) directors vote in favor of the motion, it fails.

A vote to “abstain,” while counted towards the quorum, reduces the number of votes needed to constitute a majority. For instance, where six (6) directors are present and there are three (3) votes to pass, two (2) to not pass and one (1) to abstain, the motion passes. Note how, if that abstaining director instead had voted to not pass, the motion would have failed with only three (3) “pass” voters, lacking a majority. Thus, the one abstention shifted the majority requirement from “four out of six” to “three out of five.”

Finally, a super-majority may be required for certain actions, such as changing the articles of incorporation or bylaws, or limiting discussion on an issue. The general rule is that two-thirds ( $\frac{2}{3}$ ) of those directors either present at the meeting or serving on the Board constitutes a super-majority. The Board should refer to Illinois law and the organization’s bylaws for rules requiring super-majority voting. Check [Appendix D](#) for general guidelines as to which motions require a majority vote and which do not.

## 5. *More Information on Voting*

It is very important to be specific and clear about what the directors are voting on. Accordingly, it may be a good idea for certain motions to contain very specific wording, and even to be put in writing for all the directors to read before voting. The Chair/President should restate the motion, including any amendments, before a vote is taken.

### ***D. Announcing the Result of the Motion***

The Chair/President should announce the result and the effect of the motion. Additionally, the Secretary should be sure to record the result of each vote. For example, after the Board votes to pass a motion to table the second item on the Board's agenda for that meeting, the Chair/President should say something like "The motion to table item number 2 on the agenda has passed. That item is tabled. The Board will now discuss item number 3 on the agenda." When an item is "tabled," it means that the item will no longer be addressed and the meeting will move on. An item that has been tabled can be addressed again at the same meeting only after a motion to take up the tabled item has been passed. The Secretary should record the result of the motion in the minutes.

### ***E. Documenting a Director's Opposition to a Motion***

To properly document a motion, follow the guidelines set forth in Section D.4 of Chapter 3 relating to minutes and the form for tracking the status of a motion in Appendix G.

## GLOSSARY

The definitions set forth below are tailored specifically for use with this Handbook. For any other information, please refer to [Appendix C](#) or contact the Community Economic Development Law Project.

**Acting Officer** – A person appointed or elected for a limited period of time (e.g., a single meeting) to perform the duties of an absent officer.

**Agenda** – A written document, usually just one page, which lists the items of business the directors will address at an upcoming Board of Directors meeting. The agenda should be distributed to the directors in advance of the Board meeting. *See* “Role Of Agendas.”

**Articles of Incorporation** – The corporate charter which, once approved and certified by the Secretary of State, gives legal existence to the non-profit entity. The articles of incorporation set forth the name of the non-profit corporation, the name and address of the Registered Agent and Registered Office, the initial Board of Directors, the corporate purpose(s), the name and address of the Incorporators, and other provisions including possible limitations of authority or special powers.

**Board of Directors (Board)** – The group of persons vested with providing direction to and management of the affairs of the non-profit corporation but who do not run the day-to-day affairs. The scope of the Board’s authority is subject to any restrictions or limitations set forth in the applicable statutes, articles of incorporation, or bylaws of the non-profit corporation.

**Bylaws** – The formal, written rules adopted for the regulation or management of the affairs of the non-profit organization. The bylaws must not be inconsistent with applicable law or the articles of incorporation.

**Chairperson** – The person responsible for presiding at a particular non-profit organization meeting. Each meeting should have a Chairperson responsible for running the meeting. For instance, the Chairperson of a particular committee presides over the meetings of that committee.

**Chairperson of the Board** – The person responsible for presiding at meetings of the Board of Directors. In many small non-profit organizations, the Chairperson of the Board is often referred to as the President. For that reason, this Handbook uses the term “Chair/President” when referring to the Chairperson of the Board of Directors. *See* “Role of the Chair/President of the Board.”

**Chair/President** – *See* Chairperson of the Board.

**Committee** – A group of persons elected or appointed to consider, investigate, report upon, and sometimes act upon, a matter or category of business activities referred to it. Committees may be created by the bylaws, by the Board of Directors, or by designation of the Chair/President.

**Conflict of Interest (Interested Transaction)** – A situation that arises whenever the interests of the non-profit organization may potentially be at odds with the business or personal interests of a

director or officer. A director or officer's business or personal interests include, for instance, dealings with members of his or her family or organizations with which the director or officer may be involved. *See* "Conflict of Interest Issues."

**Corporation** – A legal entity created by state law which acts to meet a stated purpose(s). A corporation exists separately from its several members, officers, directors, and employees and continues to exist despite changes in these persons. When one shareholder (or member or director) leaves, it does not destroy the existence of the corporation

**Director** – A person appointed or elected to serve on the Board of Directors in accordance with the bylaws, articles of incorporation, and any applicable Illinois law.

**Executive Session** – A meeting of non-managing Board members in which staff and the executive director is not present.

**Executive Director** – An individual hired by the Board of Directors to operate the programs of the organization. The executive director is not normally a voting member of the Board. *See* "Who Are the Staff?"

**Fiduciary Duty** – A legal duty obligating Board members to act with loyalty, care, honesty, and in a manner consistent with the best interests of the organization. For additional information on a directors Fiduciary Duties, please contact the Community Economic Development Law Project.

**Incorporators** – The persons who sign the articles of incorporation and swear to the truthfulness of the information therein.

**Meeting** – An assembly, in person or by phone or videoconferencing, of the directors of the Board or the members of a committee for the purpose of discussing or acting upon a matter or affair of the non-profit organization.

– **Annual Meeting** – A yearly Board of Directors meeting required by law for the purpose of discussing and acting upon the affairs of the non-profit organization, including the annual election of directors and officers and the approval of the prior year's activities. *See* "Annual Meeting."

– **Regular Meeting** – A Board of Directors meeting held on a recurring basis (e.g., monthly, bi-monthly or quarterly) for the purpose of discussing and acting upon the ongoing affairs of the non-profit organization.

– **Special Meeting** – A Board of Directors meeting held at a time different from a regular or annual meeting for the purpose of considering important matters that may arise between regular meetings (e.g., removal of a director). *See* "Special Meetings."

– **Committee Meeting** – A meeting of a group of persons elected or appointed to consider, investigate, report upon and sometimes to act upon, a matter or category of business activities that is referred to it. Committee meetings are run by the Chair of the particular committee.

**Minutes** – A record of the business transacted at a meeting in the form of a written memoranda or notes kept in a book or file that is called the “Minute Book.” Minutes are the official memory, recollection, and record of the organization. *See* “What Are the ‘Minutes’ of a Board Meeting?”

**Motion** – A formal proposal made at a Board meeting that the directors consider and follow with a particular action regarding the current agenda item (or a particular action regarding an issue closely related to the agenda item currently being discussed). *See* “What Are Motions?”

**Non-Profit Organization (Not-For-Profit Organization)** – A corporation organized for other than profit-making purposes such as religious, charitable, scientific, testing for public safety, literary, educational, prevention of cruelty to children or animals, or to foster national or international sports. No part of a non-profit organization’s income is distributable to its members, directors, or officers.

**Officer(s)** – Any person elected or appointed, usually by the Board at the annual meeting, to an office set by the bylaws in a non-profit organization. A non-profit organization officer performs the duties of his or her office allocated to that officer in the organization’s bylaws. An officer’s duties may also be set by the organization’s articles of incorporation or by applicable state laws.

– **President** – The chief elected officer of the non-profit organization. The President is vested with general supervision and control of all the affairs of the non-profit organization. In small non-profit organizations the President often also fills the role of the Chairperson of the Board of Directors. *See* “Role of the Chair/President of the Board.”

– **Secretary** – The keeper of the official records of the organization. The basic function of the Secretary is to take minutes at meetings, and to maintain and keep the corporate records, minutes, and seal. The Secretary performs such other functions as may be assigned to the officer by the bylaws or the Board of Directors. *See* “Role of the Secretary of the Board.”

– **Treasurer** – The person responsible for the disbursement and accounting of the non-profit organization’s moneys. The Treasurer performs such other functions as may be assigned to that officer by the bylaws or the Board of Directors. *See* “Role of the Board in Treasurer Activities.”

– **Vice-Chair/Vice-President** – The officer whose duty is to act in the capacity of the President when the President is absent. The Vice-Chair/Vice-President performs such other functions as may be assigned to that officer by the bylaws or the Board of Directors. *See* “Role of the Vice-Chair/Vice-President.”

**Quorum** – The smallest number of directors who may meet and transact business which will be legally binding on the Board of Directors and the non-profit organization. Generally, a majority of the directors then in office constitutes a quorum. *See* “Requirement of a Quorum.”

**Recording Secretary** – A person who is good at taking minutes and putting them into the proper format for the Secretary’s approval. *See* “What if the Secretary Is Absent?”

**Registered Agent** – The person or organization designated in the Articles of Incorporation to receive official correspondence from the Secretary of State, and who is designated by law to receive service of process in all legal actions.

**Registered Office** – The location designated in the Articles of Incorporation where official correspondence from the Secretary of State is sent, and where service of process in all legal actions is received.

**Resolution** – A formal expression or statement, usually documented in writing and signed by the directors, of an action taken by the Board of Directors. *See* “What Is the Difference Between Resolutions and Motions?”

**Vote** – The method by which the Board of Directors or a committee takes action.

– **Majority Vote** – A majority vote is the necessary number of votes required for the approval of most motions. A majority vote is generally defined as either fifty (50) percent plus one (1) of those directors present at a meeting (excluding abstentions) when a quorum is met or fifty (50) percent plus one (1) of those directors serving on the Board of Directors. *See* “When Does a Motion Pass or Fail?”

– **Super-Majority Vote** – A super-majority vote is the necessary number of votes required for a limited number of more serious actions, such as amending the bylaws. A super-majority is generally defined as either two-thirds ( $\frac{2}{3}$ ) of those directors present at the meeting when a quorum is met or two-thirds ( $\frac{2}{3}$ ) of those directors serving on the Board of Directors. *See* “When Does a Motion Pass or Fail?”

# **APPENDIX**

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APPENDIX A

SAMPLE FORMS FOR RESOLUTIONS

EXAMPLE I

This example contains an example of a not-for-profit organization's annual meeting resolution.

CONSENT OF DIRECTORS  
OF \_\_\_\_\_

The undersigned, being all of the directors of the above-named corporation in lieu of holding a formal annual meeting on the following date: \_\_\_\_\_, 20\_\_\_\_.

1. Consent to the election of, and elect, as directors of the corporation, to hold office until the next annual meeting and until their successors are elected and qualify:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Consent to the adoption of, and adopt, the following resolution:

**RESOLVED**, that the acts and doings of the directors and officers of the corporation from \_\_\_\_\_  
\_\_\_\_\_, 20\_\_ to the date hereof, be and they hereby are, ratified, approved and confirmed.

**RESOLVED**, that the name of the corporation be changed from " \_\_\_\_\_"  
\_\_\_\_\_ to the " \_\_\_\_\_".

The undersigned, being all of the directors of the above-named corporation, in lieu of holding a formal annual meeting on the above date, hereby consent to the election of, and elect, as officers of the corporation, to hold office until the next annual meeting of the directors and until their successors are elected and qualify:

President

Vice President:

Treasurer:

Secretary:

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**DIRECTORS**

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**EXAMPLE 2**

This example contains an example of a not-for-profit organization's initial meeting resolution.

**CONSENT TO ACTION  
BY THE BOARD OF DIRECTORS OF  
ILLINOIS NOT-FOR-PROFIT CORP.**

The undersigned, being all of the Directors of \_\_\_\_\_ Association, an Illinois not-for-profit corporation (the "Corporation"), acting pursuant to Section 108.45 of the Illinois General Not-For-Profit Corporation Act of 1986 (the "Act"), do hereby adopt the following resolutions by giving their express, written consent thereto:

I. Articles of Incorporation

RESOLVED, that the Articles of Incorporation for the Corporation filed with the Secretary of State of Illinois hereby are approved and adopted as the Article of Incorporation of the Corporation, and that the filing of such Articles of Incorporation with the Secretary of State of Illinois is hereby ratified and confirmed.

II. Ratification

RESOLVED, that these resolutions hereby ratify and confirm whatever actions the incorporators for the Corporation have taken prior to this date to effect the transactions contemplated herein including, without limitation, the execution of the Articles of Incorporation, and any or all amendments or documents related thereto.

III. Bylaws

RESOLVED, that the bylaws in the form attached hereto as Exhibit A hereby are adopted and approved as the bylaws of the Corporation.

IV. Election of Officers

RESOLVED, that the following persons hereby are elected to the offices of the Corporation set forth opposite their respective names, to serve for the term provided in the bylaws:

- \_\_\_\_\_ - President
- \_\_\_\_\_ - Vice-President and Secretary
- \_\_\_\_\_ - Treasurer

V. Organization and Financing Expenses

RESOLVED, that the officers of the Corporation hereby are authorized and directed to pay all of the charges and expenses relating to the organization of the Corporation out of the funds of the Corporation, including the funds received by the Corporation as consideration for its stock.

VI. Qualification in Foreign States

RESOLVED, that the Board of Directors hereby adopts, as is expressly set forth herein, the form of any resolutions required by any authority to be filed in connection with any applications, consents to service, issuer's covenants or other documents if (i) in the opinion of the officer of the Corporation so acting, the adoption of such resolution is necessary or advisable and (ii) the Secretary or any Assistant Secretary evidences such adoption by filing with this consent of the Board of Directors copies of such resolutions, which shall thereupon be deemed to be adopted by the Board of Directors of the Corporation and incorporated in this consent as part of this Resolution with the same force and effect as if presented herein in full.

VII. Bank Depository

RESOLVED, that each of the Officers of the Corporation is hereby authorized to:

- i. designate one or more banks, trust companies or other similar institutions as depositories of the funds, including, without limitation, cash and cash equivalents, of the Corporation;
- ii. open, keep and close general and special bank accounts, including, without limitation, general deposit accounts, payroll accounts and working fund accounts, with any such depository;

- iii. cause to be deposited in such accounts with any such depository, from time to time, such funds, including, without limitation, cash and cash equivalents, of the Corporation as such Officers may deem necessary or advisable, and to designate or change the designation of the Officer or Officers and agent or agents of the Corporation who will be authorized to make such deposits and to endorse checks, drafts or other instruments for such deposit;
- iv. designate from time to time or change the designation of the Officer or Officers and agent or agents of the Corporation who will be authorized to sign or countersign checks, drafts or other orders for the payment of money issued in the name of the Corporation against any funds deposited in any of such accounts, and to revoke any such designation;
- v. authorize the use of facsimile signatures for the signing or countersigning of checks, drafts or other orders for the payment of money, and to enter into such agreements as banks and trust companies customarily require as a condition for permitting the use of facsimile signatures;
- vi. make such general and special rules and regulations with respect to such accounts as such Officers may deem necessary or advisable; and
- vii. complete, execute and/or certify any customary printed blank signature card forms to exercise the authority granted by this resolution and any resolutions printed thereon shall be deemed adopted as a part hereof; and

RESOLVED, that any such depository to which a copy certified by the Secretary or any Assistant Secretary of the Corporation of these resolutions shall have been delivered shall be entitled to rely thereon for all purposes until it shall have received written notice of the revocation or amendment of these resolutions by the Board of Directors of the Corporation.

VIII. Fiscal Year

RESOLVED, that the fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

IX. General Authority of Officers

RESOLVED, that the officers of the Corporation are hereby authorized and directed to execute and deliver all such documents and instruments, and to take all such actions, for and in the name and on behalf of the Corporation, as may be necessary or convenient to carry out the foregoing resolutions.

X. Registered Agent and Registered Office

RESOLVED, that \_\_\_\_\_ in the City of \_\_\_\_\_, County of \_\_\_\_\_, be and hereby is designated as the registered agent for the Corporation in the State of Illinois.

Dated: \_\_\_\_\_, 20\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Being all of the Directors of the Corporation

**EXAMPLE 3**

This example contains an example of a not-for-profit corporation's resolution in lieu of Board meeting.

**CONSENT OF DIRECTORS  
IN LIEU OF  
MEETING OF DIRECTORS OF  
[NAME OF CORPORATION]**

The undersigned, being all of the directors of [name of corporation], an Illinois Not For Profit Corporation (the "Corporation"), pursuant to Section 108.45 of the Illinois Not For Profit Business Corporation Act of 1986, do hereby consent to the adoption of the following resolution for and on behalf of the Corporation as of the date set forth below:

[Insert language of the decision]

IN WITNESS WHEREOF, the undersigned, constituting all of the Directors of the Corporation, have executed these presents and direct that the executed copy thereof be filed with the corporate records of the Corporation as of \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EXAMPLE 4

This example contains another example of a not-for-profit corporation's resolution in lieu of Board meeting.

**RESOLUTION  
IN LIEU OF MEETING  
OF THE BOARD OF DIRECTORS OF  
[NAME OF ORGANIZATION]**

The undersigned, being all of the directors of [name of organization], an Illinois Not For Profit Corporation (the "Corporation"), acting pursuant to the General Not For Profit Corporation Act of 1986 of Illinois, do hereby consent to, approve and adopt the following resolution:

RESOLVED, that upon the recommendation of the Board of Directors of the Corporation, that the Articles of Incorporation of the Corporation shall be amended to change the Registered Agent and Registered Office of the Corporation as follows:

IN WITNESS WHEREOF, the undersigned have executed these presents and directs that the executed copy hereof be filed with the \_\_\_\_\_ of the \_\_\_\_\_ Corporation as of \_\_\_\_\_ records of the \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**EXAMPLE 5**

This example contains another example of a not-for-profit organization's initial meeting resolution.

**RESOLUTIONS REGARDING ORGANIZATIONAL ISSUES**

The Board of Directors of \_\_\_\_\_ hereby adopt the following resolutions:

Articles of Incorporation

RESOLVED, that the Articles of Incorporation of the Corporation filed in the Office of the Secretary of State of the State of Illinois on or about \_\_\_\_\_ are hereby approved and ordered to be filed in the minute book as part of the permanent records of the Corporation.

Bylaws

RESOLVED, that the Bylaws, a copy of which has heretofore been presented to and reviewed by each Director, are hereby adopted as the Bylaws of the Corporation and a copy thereof shall be filed in the minute book as a part of the permanent records of the Corporation.

Application for Recognition of Exemption

RESOLVED, that the proper officers of the Corporation were authorized to submit to the Internal Revenue Service an application to have the Corporation recognized as a tax exempt organization under Section 501 (c)(3) of the Internal Revenue Code, and in connection therewith such officers were authorized to execute all documents and take all actions necessary or appropriate to secure a ruling from the Internal Revenue Service as to the Corporation's tax exempt status.

Election of Directors of the Corporation

RESOLVED, that the following named persons be and they hereby are elected to Directors of the Corporation to serve for the terms provided in the bylaws of the Corporation:

<u>Name</u>	<u>Term of Office</u>
-------------	-----------------------

Director:

Director:

Director:

Election of Officers

RESOLVED, that the following named persons be and they hereby are elected to the offices of the Corporation set before their respective names, to serve for the terms provided in the bylaws of the Corporation:

Office

Name

President:

Vice President:

Treasurer:

Secretary:

Opening of Bank Accounts

RESOLVED, that the officers of the Corporation are hereby authorized to open an account at \_\_\_\_\_ located at \_\_\_\_\_ and to execute any and all signature cards and other documents required by that institution.

Authorization

RESOLVED, that the Corporation and its officers are authorized to take appropriate action to engage in activities to accomplish those purposes set forth in the Articles of Incorporation and the Bylaws. This consent may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Being all of the Directors of the Corporation.



Controller accepted (\_\_\_\_, 20\_\_)  
Fund-Raising Coordinator accepted (\_\_\_\_, 20\_\_)

**Review of Financial Condition and Status**

Discussion took place regarding the timing of funding to include cash flow through \_\_\_\_\_, 20\_\_, the potential for increased funds through current fund-raising strategies. Questions were asked and full discussion ensued.

\_\_\_\_\_  
Secretary

EXAMPLE 2

This example contains another example of a not-for-profit organization's detailed form minutes of a board meeting.

**MINUTES - BOARD MEETING**

**Monday, \_\_\_\_\_, 20\_\_**

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Present:

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Absent with notice:

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Others present:

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1. Opening – The meeting was opened at \_\_\_:\_\_\_ a.m.
2. Minutes of Previous Meeting The minutes from the \_\_\_\_\_, 20\_\_ meeting were presented for reading and approval. A couple of corrections were noted. The motion to approve the minutes was carried.
3. Treasurer's Report – \_\_\_\_\_ presented the Treasurer's Report, as corrected, which is hereby made a part of these Minutes.

4. Finance Committee –

A. Quick Books. The Committee discussed the financial reports and also how the reports are created, along with the fact that \_\_\_\_\_ uses a spreadsheet program instead of an accounting package. \_\_\_\_\_ recommended Quick Books as a software program, which is being used by \_\_\_\_\_ with great success. The Finance Committee recommended the purchase of Quick Books to be used by \_\_\_\_\_.

B. New Computer. The Finance Committee also recommended that the Communications/Administration Committee look into the purchase of a new computer and to bring the results of their research to the next Board meeting. The motion was carried.

C. Copier. The Finance Committee reported that we had a quote in of \$\_\_\_\_\_.00 to repair the copier: the drum is scratched, one paper tray and the manual feed are not working.

D. Audit. \_\_\_\_\_ made the motion that we follow the Finance Committee's recommendation to authorize up to \$\_\_\_\_\_.00 for an audit, for tax exemption purposes. \_\_\_\_\_ seconded the motion. This audit is required annually and will be for 20\_\_\_\_. With respect to the review by \_\_\_\_\_, we still have not received the pre-1999 files. The motion was carried.

5. Old Business –

A. Line of Credit – \_\_\_\_\_ went together to Bank [x]. \_\_\_\_\_ gave the bank the background and information with respect to \_\_\_\_\_ and was hoping to hear from them today, but did not. \_\_\_\_\_ went to Bank [y] and they are very eager to be chosen. \_\_\_\_\_ received the application; the rate would be prime plus \_\_\_\_%. They need financial statements from us along with the tax value of the property and by-laws; they also need financial information from the guarantor of the loan. No other banks have been contacted. The consensus was that we need a third bank.

B. Fund-Raising Report – Questions were raised again about the sufficiency of the fund-raising strategy to meet the cash demands of the organization.

C. Yearly Plan – Need to submit something to the \_\_\_\_\_ advising them what we are about this year. Developing a list of priorities will serve as the first year plan submitted with a 3-year plan.

E. Lights – \_\_\_\_\_ has received comments that the lights in the parking lot are sufficient, and others that the light on the roof of the needs to be repaired because the parking lot lights are not sufficient. Additionally, the light on the north side of the building by the main entrance is not working. It is estimated that it will cost up to \$ \_\_\_\_\_.00 to fix that light.

6. New Business.

Sign – \_\_\_\_\_ brought up the need for a new sign. \_\_\_\_\_ stated that this would have to go through the Building and Grounds Committee.

7. Committee Reports –

A. Communications/Administration – \_\_\_\_\_ stated there was nothing to report.

B. Building and Grounds – \_\_\_\_\_ stated that he tried to reach \_\_\_\_\_ who has the figures and the name of the contact with respect to the roof repair. The boiler needs a pressure valve. \_\_\_\_\_ will get the estimate of the amount needed to get this valve. A packet from a real estate company was attached to the door knob of the building. \_\_\_\_\_ is fixing the pipes.

C. Fund-Raising – Covered earlier.

D. Finance – Covered earlier

E. Newcomers – \_\_\_\_\_ reported that there has been an increase in the organizations members from the last meeting.

F. Outreach Committee – \_\_\_\_\_ is now the chair of the Outreach Committee and \_\_\_\_\_ is co-chair. Nothing new to report from the last time.

8. Meeting Review – \_\_\_\_\_ thought that the meeting went quite well.

9. Adjournment & Dismissal – \_\_\_\_\_ closed the meeting at \_\_\_\_ : \_\_\_\_ p.m.

Respectfully submitted,



\_\_\_\_\_  
Secretary

### EXAMPLE 3

This example contains another example of a not-for-profit organization's general form of minutes of a board meeting.

#### **Minutes of the Meeting of the Board of Directors of XYZ Nonprofit Corporation held on June 16, 2002**

The meeting was held in the conference room of the XYZ Nonprofit Corporation and was called to order by the Chair at 7:05 p.m. Directors present were: Judy Jay, Chair; Jim Jewel, Secretary; Delores Delmonico, Treasurer; Ezelle Etkins and Avery Ammons. Directors absent were William Wannabe (excused due to illness) and Lisa Leftout. Also in attendance was Suzanne Spiffy, Executive Director.

The minutes of the previous meeting held on March 20, 2002 were read and approved. The report of the Executive Director was received. The financial report was presented by the Treasurer, Delores Delmonico. Avery Ammons moved and Judy Jay seconded that the financial report be approved as presented. After discussion, the report was approved by unanimous consent.

Jim Jewel moved that the organization sponsor a hilarious costume fundraising event in August, and Avery Ammons seconded the motion. After discussion, the motion failed by a vote of 2 in favor and 3 opposed.

The board agreed to the next meeting being held at the Burger Palace on 227 State Street on August 9, 2002.

There being no further business to discuss, the meeting was adjourned at 7:35 p.m.

Respectfully submitted,

Jim Jewel, Secretary

## APPENDIX C

### A LIST OF SOURCES OF INFORMATION ON NONPROFIT BOARDS

#### I. PRINT RESOURCES

1. *The Board Chair Handbook*, William M. Dietel & Linda R. Dietel (National Center for Nonprofit Boards, 1<sup>st</sup> prtg. 2001).
2. *The Board Meeting Rescue Kit : 20 Ideas for Jumpstarting Your Board Meetings*, (National Center for Nonprofit Boards, 1<sup>st</sup> prtg. 2001).
3. *CarverGuide, 5, Planning Better Board Meetings*, John Carver (Jossey-Bass 1996).
4. *The Complete Guide to Nonprofit Management*, (Smith, Bucklin & Associates, Inc., 2d ed.).
5. *Guidebook for Directors of Nonprofit Corporations*, (American Bar Association, 2d ed. 2002).
6. *Nonprofit Enterprises: Corporations, Trusts, and Associations*, Marilyn E. Phelan (West 2001).
7. *Nonprofit Governance and Management*, Judith A. Cion et al (American Bar Association 2002).
8. *Nonprofit Resources – A Companion to Nonprofit Governance*, Victor Futter (American Bar Association 2002).
9. *Not-For-Profit Corporations*, Jonathan T. Howe et al. (Illinois Institute for Continuing Legal Education 2001).
10. *Parliamentary Law and Practice for Nonprofit Organizations*, Howard L. Oleck & Cami Green (American Law Institute-American Bar Association, 2d ed. 1991).
11. *Reinventing Your Board: A Step-By-Step Guide to Implementing Policy Governance*, John Carver (Jossey-Bass 1997).
12. *Starting A Nonprofit Organization In Illinois: Doing It Right The First Time*, Kathryn M. Vanden Berk ed. (Nonprofit Financial Center 1999).

#### II. HELPFUL WEBSITES

1. <http://www.boardmember.com>
2. <http://www.carvergovernance.com>
3. <http://www.mapnp.org>

4. <http://www.ncnb.org>
5. <http://www.nonprofitfinancial.org>
6. <http://www.nonprofits.org>

### **III. BOOKS ON ROBERTS RULES OF ORDER AND ON PARLIAMENTARY PROCEDURES**

There are lots of books on Robert's Rules of Order in particular, and parliamentary procedures in general. Your local bookstore will probably have at least one version. Some books to consider are:

1. Robert's Rules of Order is an international standard for rules of parliamentary procedure. Robert's Rules of Order have a long history and are time-tested, but are, in general, too complicated for board meetings. The United States House of Representatives has its own set of rules of order. So do the U.S. Senate, the Illinois legislature and almost all other government bodies and public groups that have meetings to run. Sometimes laws set restrictions on the rules of order for some types of meetings.
2. The A-B-C's of Parliamentary Procedures, (Channing L. Bete Co., South Deerfield, MA, 1974).
3. Handbook on Parliamentary Law, Joseph T. Karcher, L.L.B. (illustrated ed. 1959).
4. Robert's Rules of Order, Newly Revised (Sarah Corbin Robert et al., eds., 10<sup>th</sup> ed. 2000).
5. Robert's Rules of Order, Simplified and Applied (Webster's New World, Robert McConnell Productions, 2d ed. 2001)
6. Robert's Rules in Plain English, Doris P. Zimmerman (Harper Perennial, 1997).

Robert's Rules of Order are rules of procedure designed to help people get things done in meetings and ensure that all participants are treated fairly and have a chance to be heard. However, except for extremely large governing bodies, strict adherence to Robert's Rules of Order will likely cause significant problems and actually hinder a fair and efficient process. Rather, the best rules of procedure for a specific type of meeting are rules that have been tailored to that type of meeting.

Before relying on any of the procedures and rules in the Handbook or in Robert's Rules, you should check your organization's bylaws. Those bylaws may already establish specific rules of procedure according to which you must run your Board meetings. If any of these conflict, then you must amend your bylaws before using these procedures to run your Board meetings

## APPENDIX D

### TABLE OF PROCEDURAL MOTIONS

<b>Name of Motion</b>	<b>Who can make the Motion</b>	<b>Is a second required?</b>	<b>Is the Motion Debatable?</b>	<b>Is there a vote in order to pass the Motion?</b>	<b>Additional Information</b>
Motion to table a motion	Any Board member.	Yes.	No.	Yes, a majority vote.	
Motion to take up a matter previously tabled	Any Board member.	Yes.	Yes.	Yes, a majority vote.	
Motion requesting information concerning a motion	Any Board member.	No.	No.	No.	The Chair/President must respond to a "Point of Information."
Motion to refer a matter to a committee	Any Board member.	Yes.	Yes.	Yes, a majority vote.	
Motion to require that a motion be put in writing before it is voted on	Any Board member.	No.	No.	No.	The Chair/President must immediately put the motion in writing.
Motion to clarify the current motion	Any Board member.	No.	No.	No.	The Chair/President must respond by stating, as clearly as the Chair/President understands, what the current motion is.
Motion to protest breaking of rules or improper conduct (Point of Order)	Any Board member.	No.	No.	No.	The Chair/President must immediately ask the member who made the motion what his/her concern is. Then the Chair/President should make a decision about the concern.
Motion to appeal the ruling of the Chair/President	Any Board member.	Yes.	Yes.	Yes, a majority vote.	

Name of Motion	Who can make the Motion	Is a second required?	Is the Motion Debatable?	Is there a vote in order to pass the Motion?	Additional Information
Motion to reconsider a previous vote	Any Board member.	Yes.	Yes, when the motion to be reconsidered is debatable.	Yes, a majority vote.	A vote should not be reconsidered when certain action has already been taken pursuant to it.
Motion to amend a motion that is already on the table	Any Board member.	Yes.	Yes.	Yes, a majority vote.	
Motion to call the question	Any Board member.	Yes.	No.	Yes, a majority vote.	This motion, if seconded and passed, ends discussion and forces a vote.
Motion to suspend a rule of order	Any Board member.	Yes.	Yes.	Yes, a majority vote.	This motion cannot be used to suspend operation of any bylaws.
Motion to extend/limit debate	Any Board member.	Yes.	No.	Yes, a 2/3 supermajority vote of those at meeting.	
Motion to amend the agenda	Any Board member.	Yes.	Yes.	Yes, a majority vote.	
Motion to discuss an item not on the agenda	Any Board member.	Yes.	Yes.	Yes, a majority vote.	
Motion to recess the Board meeting	Any Board member.	Yes, except if the Chair/President makes the motion, it does not have to be seconded.	No.	No.	This motion passes immediately after it has been seconded or immediately after the Chair/President has made the motion.

Name of Motion	Who can make the Motion	Is a second required?	Is the Motion Debatable?	Is there a vote in order to pass the Motion?	Additional Information
Motion to adjourn the Board meeting	Any Board member, so long as no other speaker has the floor or a vote is pending.	Yes.	No.	Yes, a majority vote.	This motion passes after a majority votes yes. The Chair/President can also declare adjournment without a motion, after which the meeting ends unless a member makes a motion to appeal the Chair/President's ruling to adjourn.
Motion to appoint an acting officer of the Board (e.g., an acting Chair/President or Secretary)	Any Board member.	Yes.	No.	Yes, a majority vote.	

## **APPENDIX E**

### **SHORT FORM GUIDELINES FOR CONFLICTS OF INTEREST SITUATIONS**

An organization's policy on handling conflicts of interest has three essential elements.

**1. FULL DISCLOSURE**

Directors, officers and staff members should fully disclose their interest, if any, in a transaction in which the organization is entering. Full disclosure consists of making the organization aware of all material facts of the transaction and the director's or officer's interest involved.

**2. ABSTENTION FROM DISCUSSION AND VOTING**

Interested directors, officers and staff members may not participate in the discussions of or vote on matters affecting transactions between the organization and the entity in which the director, officer or staff member has an interest.

**3. APPROVAL BY A MAJORITY OF THE DISINTERESTED DIRECTORS**

The interested transaction must be approved by a majority of the disinterested directors.



## APPENDIX F

### SAMPLE AGENDA FOR BOARD MEETING

This example agenda contains an example agenda for a general board meeting. However, this agenda may be easily tailored to fit any type of meeting the Board is having.

#### GENERAL BOARD MEETING

The Meeting will be held on [DATE] at [hour].

The location for Meeting will be: \_\_\_\_\_

The Agenda for the Meeting is:

1. Call to order (the start of the meeting)
2. Roll call (which directors are present, which are absent)
3. Approval of the minutes of the board's last meeting
4. Officer's reports (which might include a report from the Chair)
5. Committee reports
6. Other items, such as:
  - a. Business previously put into this meeting for consideration
  - b. Unfinished business (from previous meetings)
  - c. New business
9. Announcements (such as the date of next meeting)
10. Adjournment (the end of the meeting)

**Note:** Although it helps to have a regular order of business that is used at all meetings, if there are important matters that must be discussed, the Board should feel free to put them on the posted agenda or to vote to add them to the agenda at a regular meeting.

**APPENDIX G**

**SAMPLE FORM FOR TRACKING THE STATUS OF A MOTION**

Board of the \_\_\_\_\_ not-for-profit corporation

MOTION [FORM] # \_\_\_\_\_

Date: \_\_\_\_\_

Motion Made By: \_\_\_\_\_

Seconded by: \_\_\_\_\_

Motion: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RESULTS: \_\_\_\_\_ TO \_\_\_\_\_ = \_\_\_\_\_, MOTION CARRIED? YES \_\_\_ NO \_\_\_  
                   Yes        No    Abstain    Absent    Total

**RECORD OF VOTES ON MOTION**

Board Person	Yes	No	Abstain	Absent
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				

Signed \_\_\_\_\_ Date \_\_\_\_\_ # OF VACANCIES \_\_\_\_\_

## NOTES