

HOLDING SUCCESSFUL ANNUAL MEETINGS

By Sara E. Barry, CMCA PCAM

Director of Operations – Wolf Rifkin Shapiro, Schulman & Rabkin, LLP

How fortunate we are that we have at least one time a year to meet with our owners to celebrate our communities and our successes. This is completely separate concept from the Nevada legal requirement NRS116.3108, Section 1, to hold an annual meeting of the units' owners at least once each year.

The annual owner's meeting is a wonderful time to celebrate the prior year's accomplishments, reward volunteers for their dedication to your community and advise owners of plans for the future.

What can you do to make the process as simple as possible? **START EARLY!** NRS 116 requires that not less than 15 nor more than 60 days in advance of any meeting of the units' owners of and association, the Secretary or other officer specified in the bylaws shall cause notice of the meeting to be hand-delivered, sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit's owner or, if the association offers to send notice by electronic mail, sent by electronic mail at the request of the unit's owner to an electronic mail address designated in writing by the unit's owner. If you've had problems getting a quorum at your Annual Meeting in the past (and who hasn't?), we suggest you get that notice and proxies (if issues will be voted upon) out early rather than the minimum required time before the meeting. That allows you to send out additional reminders at least two or three times again before the meeting, increasing the odds of acquiring enough proxies to accomplish a quorum the first time. The notice of the Annual Meeting should always include a map and/or directions, unless the meeting is to be held within the community at a clubhouse or similar familiar area.

Many associations vote for election of their directors at this meeting, but it should be thought of as a totally separate process from other functions conducted at this meeting as there are specific guidelines that must be followed in election of directors.

If the owners will be voting for directors, the nomination form must be sent to all owners not less than 30 days before the preparation of the ballot for the election of members of the board. This allows all owners who have an interest in responding in time to get their names entered onto the Secret Ballots for member consideration. Those nominated by others should be verified to ensure that the candidate will accept the nomination before wasting time on voting for someone who will not serve.

Before you send out the notice, secret ballot and/or proxies (depending on what you will be doing at this annual meeting), you must, of course, have a date and location set. If you don't have a clubhouse in your community, you will need to find an adequate location near the community. Elementary schools often allow use of their multipurpose rooms for minimal or no fees, but they need to be reserved well in advance. While hotels and casinos have nice meeting rooms, they are often considered too expensive. You must, by law, give members a 15 day time period to return their secret ballots if voting for directors.

NRS 116.3108 requires that any item you know will be up for a vote at the Annual Meeting must be included on the agenda, which *must be sent* with the meeting notice.

If other decisions are to be made at the meeting, such as amendments to the governing documents or a vote regarding earthquake insurance, be sure those items are fully explained in your notice and proxy so that homeowners may mark their proxies intelligently as all proxies must be directed (shown how you wish the proxy holder to vote).

Keep in mind that in Nevada, the person representing the owner by proxy, must receive a ballot at the meeting and vote it exactly the way the owner instructed on his or her proxy. The proxy is not a ballot, but instructs his or representative how to vote at the meeting. The proxy is stapled to the ballot given to the representative to ensure that the voting was cast as directed. Some associations actually make this ballot a different color to help the election inspectors verify that these have been voted properly as directed.

Whenever an item is placed on a proxy or eventually the ballot you had a person for a vote, homeowners should have the option of voting for, against, or abstaining on each issue. Be sure all of those options are available on the proxy and/or ballot. You may now have quorum only proxies, which was very unclear in the past.

Many Associations offer incentives for attendance at Annual Meetings, such as refreshments, drawings for prizes, potluck dinners, etc. While incentives often work, be sure that anything you offer is fair and legal. If you are unsure if an incentive is legal, discuss it with the Association's attorney before it is offered.

When proxies start arriving in the mail, you should be ready for them. Print a sign-up sheet and keep track of homeowners who have returned their proxies on that sheet. If this log is kept up on a daily basis and proxies are alphabetized as they come in and placed into a box or file, you will save yourself a lot of organizational work on meeting day. Proxies may be turned in at the meetings as well, unless your instructions stated otherwise, so be ready for an influx of proxies at the sign-in table. A special area for these individuals to sign in will eliminate long lines at the door. Please remember, however, that proxies **MAY NOT** be used in the voting for directors as the Secret Written Ballot process **MUST** be used.

A week before the big day, all forms that will be needed for the Annual Meeting should be printed and collated. Using different colors helps you to identify the correct documents that may be discussed at the meeting. When a specific issue is discussed, tell your homeowners to take out the "blue" ballot and then discuss the issue with them. This avoids a lot of confusion, especially if there are a number of items that will be decided.

On the day of the meeting, you should review a checklist of items to be sure you have everything ready for the meeting. Following is a list for your review:

1. Sign-in Sheet
2. Signed Proxies Returned to the Association and carried by the proxy holder until the meeting. If the proxy holder does not show up, this proxy is voided and cannot be counted. Your instructions that were sent to the owners should state what will happen with invalid proxies.
3. Extra Annual Meeting Agendas
4. Election Ballot (If the requirement to have them returned is not set before the meeting and if this item is on the agenda for a vote at the meeting.)
5. Extra Blank Proxies*
6. Tally Sheet for Each Ballot
7. Extra Pens
8. Letter
9. Committee Sign-Up Sheet (Separate table with sign clearly above or on the table where owners can see where to sign up to serve their community.)
10. Organizational Agenda Packets for the Board Meeting as it is a separate type of meeting and needs to be clearly identified as such. (If one will be held right after the members' meeting.)

(* You may need the extra blank proxies if you do not have a quorum. I have had individual owners running door to door to get a couple of proxies completed to enable the meeting to proceed. You must comply with what was stated on the documents for returning, however. This is one of the reasons that you put that they can be returned up until the counting starts by the election inspectors.)

If you do not have a quorum at the meeting, homeowners in attendance should be asked to complete a proxy before they leave to ensure a quorum at any Reconvened Annual Meeting if the initial documents were prepared to provide for any continuation of the meeting. If you must reconvene a meeting because of a lack of quorum, be sure to follow the requirements in your Bylaws regarding when the reconvened meeting may be held and what notice, if any, must be given.

The Management team (or Board of Directors if you have a self-managed Association) should arrive at the meeting site at least 45 minutes to an hour before the meeting is scheduled to begin. This will allow you adequate time to get set up. Most schools will set up chairs and tables for you in advance, but some do not. You will most likely have to do some rearranging in any case.

Set up your sign-in sheets, completed proxies, agendas and ballots near the entry to the facility so you are able to catch homeowners as they enter. If refreshments are being served, direct homeowners to the refreshments and Committee sign-up sheets after they sign in. This will make waiting for a quorum easier on everyone.

Some Board Presidents like to run the meeting themselves, while other prefer that management run the meeting. Regardless of who runs the meeting, the President should call the meeting to order, appoint inspectors of election and should close the meeting. Please make sure that the inspectors do not have a conflict. This will eliminate many challenges after the election and no incumbent or family member can handle any election materials when voting for the Board. I used to ask if anyone in the audience had a problem with any of the people who volunteered from serving as an inspector. If they don't speak up now, they will most likely not challenge their ability to serve later.

If you have an active Board (or are self-managed) and the Board wishes to run the meeting themselves, each Board member should have an assigned part in the meeting. With a five-member Board, the President will run the meeting; the Vice President may be asked to discuss the Association's activities and accomplishments over the previous year; the Secretary should read the minutes of the last annual meeting, which will need to be adopted by the members (you no longer need a quorum of members to approve last years members' meeting); the Treasurer should give a brief financial report and answer any questions regarding the financial position of the Association; and the Director at Large may want to discuss committee activities and introduce committee members, thanking them for their contributions to the community. If there are fewer members on your Board, some of these responsibilities may be delegated to committee members. With larger Boards, it may be difficult for each member to participate in the meeting. Often, management will handle those tasks if the Board prefers. Recognition for personal time spent on behalf of the association must be recognized and at times the Manager is the perfect person to do so since they see those individuals who went over and above to fulfill their jobs. If this Manager does not want to handle this function, the President should do so, but be prepared for one of the other directors to thank the President for all of his or her hard work.

Once a quorum is established at the meeting, the President calls the meeting to order and the business is handled. The President should not deviate from the printed agenda as it was published in advance. When members bring up items not on the agenda, no decision can be made as NRS 116 does not permit any decisions to be made by the owners that are not noticed to all owners prior to the meeting.

The agenda usually follows a format similar to that shown below, but remember to follow any Parliamentary Procedures Rule that may have been adopted by the Board:

1. CALL TO ORDER (by the President)
2. INTRODUCTION OF BOARD OF DIRECTORS AND MANAGING AGENT
3. PROOF OF NOTICE AND QUORUM (Give date notice was mailed and proof that a quorum is present at the meeting)
4. APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL MEETING (read by the Secretary or if copies are provided at check in, ask for a volunteer to speak up and make a motion to approve them.)
5. ASSOCIATION ACTIVITIES given by Vice President or other Board Member if the President runs the meeting; by the President if management runs the meeting. The easiest way to compile a list of activities is to review the agendas for the past year - these will usually list all important issues decided by the Board over the past year.
6. FINANCIAL REPORT (Given by the Treasurer - should be brief, since most members are only interested in the bottom line - how are we doing financially??)
7. BUDGET RATIFICATION VOTE – Introduced by the Treasurer. If this is being completed at an annual meeting, it can be a line item on that agenda, but not a line item on a board of directors meeting.
8. ANY OTHER ISSUES ON THE AGENDA TO BE DECIDED BY VOTE (Each issue should be covered in detail and there should be a separate ballot for each item.)
9. ELECTION OF BOARD OF DIRECTORS Owners who are running for the Board of Directors may say a few words, but it is preferable that this be done at a special meeting held prior to this meeting. It can be a

special “Meet the Candidates Night” and will allow those individuals who will not be able to attend the meeting to hear their comments. It will also provide owners to vote for the Board knowledgeably if the election of the Board is not conducted at the annual meeting. A meeting is now required to be held for the election of the Board and the ballots need to be *opened and counted in public* as stated in the notice. One other important change is that no “the incumbent members of the executive board and each person whose name is placed on the ballot as a candidate for a member of the executive board may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the association before those secret written ballots have been opened and counted at a meeting of the association.”

10. APPOINTMENT OF INSPECTORS OF ELECTION OR BALLOT COUNTERS - If you appoint Inspectors of Election to count the votes, it is recommended that three uninterested persons be appointed. Whether or not you appoint Inspectors of Election to count votes, you should have a clear and organized process for tabulating votes. One person reading each document and two others tallying is very useful. If their counts don't match up, the documents are again read and tallied. Some associations are appointing these Election Inspectors prior to the nomination forms being sent out to ensure that the process is conducted from start to finish. At times, it is necessary to have the Manager or another person sit by the person reading the votes to ensure that they are reading them correctly.
11. ANNOUNCEMENT OF ELECTION RESULTS The Election Inspectors should announce the election and any other results. Unless it is really important that the homeowners know how many votes each candidate received, it is probably best not to state the actual number of votes received to eliminate hard feelings. If a candidate received substantially fewer votes than others who were nominated, there is no point in announcing this information. Some contentious elections, however, will require the reading of the number of votes to point out the spread of the votes to prove a point of the wish of the owners. If, however, the Board has determined – in advance – that the person who got the most votes will fulfill a 3 year term vs. 2 or 1 year terms, it may be necessary to announce the number of votes. If your documents were never changed regarding the lengths of the terms and your documents stated they could be for 3 years, your terms can now be 3 year terms (previously 2 was the max.) There are no term limits in Nevada, which means that if the owners keep electing a person back, they could serve forever.
12. ANNOUNCEMENT OF THE ORGANIZATIONAL BOARD MEETING (A brief organizational Board Meeting directly following the annual meeting is a good idea to determine the new officers and sign bank signature cards. If the meeting will be held immediately following the annual meeting, it must be announced in the notice of the Annual meeting so that all members present and unable to attend are aware of the Board Meeting and what will be clearly discussed. If the Board will schedule this meeting for a later date, there is no need to announce it at the Annual Meeting, but NRS 116 requirements must still be met.) This is also a good time to give each new director a binder that will include NRS 116 and the association documents to allow each director to satisfy the provision in NRS 116.31034, within 90 days. The need to sign a form prescribed by the Administrator that he or she has read and understands NRS 116 and the governing documents to the best of their ability. DON'T have them sign the form that night as even directors who have served previous terms have to sign the new form, each time, and should be familiar with any changes in the laws, etc.
13. ADJOURNMENT (The adjournment should be made with a motion, second and a vote to assure that everyone has had the opportunity to bring up any issues they wish to discuss prior to adjournment. Remember that this is the Owners meeting and a good time for them to communicate with the new Board.)

An Annual Meeting is as much a celebration of the Association and its accomplishments as it is a time to handle the necessary business of the Association. If an Annual Meeting is well organized and the Board and management work together, it generally will not run more than 1 1/2 hours. When it is over, everyone should feel good about their Association and if elections are held at this meeting, the people who have been elected to run it. It will also provide an opportunity to solicit committee volunteers who will help the new Board to protect, enhance and preserve the assets of their Nevada Corporation.