

COMMITTEES - ARE YOU GETTING THE MOST FROM THEM?

Many boards of directors have a love/hate relationship with their committees in an HOA. We hear often that Committee members are “Out of control” or have “gone rogue”. When the association has a Committee Charter for every committee, this means that a committee has strayed from their charter and the authority that the charter gives them.

Why do you think that is? Sometimes a committee has simply lost relevance or outlived their original intent. If used correctly, committee can be an indispensable tool for boards to facilitate information gathering, decision making, and overall good community governance. A robust committee structure also allows the board and community members to encourage volunteerism, evaluate leadership and develop a pool of future potential members of the board.

A good definition of a committee would be “a body of persons delegated to consider, investigate, take action on, or report on some matters, in other words, an advisory committee.” NRS 116 does not address Committees, other than that they can hold hearings for the board. NRS 116.31031, Section 8, but NRS 82.206 is more specific.

NRS 82.206 Committees of board of directors: Designation; powers; names; membership.

1. Unless otherwise provided in the articles or bylaws, the board of directors may designate one or more committees which, to the extent provided in the bylaws or in the resolution or resolutions designating such committee or committees, have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers on which the corporation desires to place a seal.

2. The committee or committees may have such name or names as may be stated in the bylaws or as may be determined from time to time by resolution adopted by the board of directors.

3. Each committee must have at least one director. Unless it is otherwise provided in the articles or bylaws, the board of directors may appoint natural persons who are not directors to serve on the committees.

4. No such committee may:

(a) Amend, alter or repeal the bylaws;

(b) Elect, appoint or remove any member of any such committee or any director of the corporation;

(c) Amend or repeal the articles, adopt a plan of merger or a plan of consolidation with another corporation;

(d) Authorize the sale, lease or exchange of all of the property and assets of the corporation;

(e) Authorize the voluntary dissolution of the corporation or revoke proceedings therefor;

(f) Adopt a plan for the distribution of the assets of the corporation; or

(g) Amend, alter or repeal any resolution of the board of directors unless it provides by its terms that it may be amended, altered or repealed by a committee. (Added to NRS by [1991, 1267](#); A [2009, 1687](#))

The active formation and use of committees can help the board expedite research and information gathering that can help the board with decisions during open meetings, creating more efficient and effective governance of the association.

There are 4 types of committees:

I. **Mandatory Committees** – Required by the Governing Documents. These will be identified in the CC&Rs or Bylaws. They may state that the board "shall" appoint an Architectural Committee or a Nominating Committee. These are not an option of the board to choose to exercise and the board must take steps to appoint members to serve on these committees.

II. **Standing Committees** of the board – These are permanent committees formed by the board to consider, investigate, act on, or report to the board on a specific area of concern that has continued and community-wide relevance. Examples of standing committees can be a finance committee, social committee, or a landscaping committee.

III. **Adhoc committees of the board,** - These are temporary committees formed by the board for a specific task or objective and dissolved after the completion of the task or purpose. Examples of this type of committees would be a painting Committee, budget committee, governing document revision committee or a special project committee

IV. **Executive Committees,** – These are composed entirely of board members (at least two) who serve at the discretion of the board. Board may delegate authority to these committees who act on the board's behalf in specific matters. The use of an executive committee can be an effective way for a board to deal with compensation or personnel issues, litigation matters, and executive meeting agendas. This committee can also isolate rogue board members or members who openly breach board confidentiality. Helpful tip – An executive committee composed of less than a quorum of directors is exempt from the requirements of our open meeting act.

With the increasing scrutiny of homeowner association board meetings and the tendency of our State Legislature to increase HOA regulation, committees can be an effective way to support boards and owners. A robust committee structure informs, and speeds board decisions making and maximizes productivity during board meeting and enhances community governance.

There are several critical factors, however for the formation and effective use of these committees.

I. Before appointing a committee or soliciting volunteers, develop and establish a formal committee charter. No matter what type of committee you are appointing, this is the critical first step. The Committee charter is a written document that details the committee name, type, its purpose, its responsibilities, terms, number of members, how members are selected, how the committee is organized, its relationship to the board, its relationship to the community manager and its meeting and reporting requirements.

II. Be sure to understand what the state requirements are for the committee you are appointing and communicate them clearly to the Chair and members. If the committee has decision making and spending authority, it may be required to comply with other requirements.

III. To encourage transparency and avoid misconceptions of committee purposed and authority, add a standing agenda item for Committee Reports on the board meeting agendas. List

the active committee and be sure to allocate enough time for adequate reports and board member follow up.

IV. Review all committee charters annually, and don't be afraid to decommission a non-performing committee or a committee that has lost its purpose of relevance. Make sure, however, to thank them for their service to the community and show them that they have been appreciated.

V. Ensure that your insurance company is aware of the Committee Members so that they can be included on the insurance policy. Some companies required you to list them by name as there has been fraud in coverage when some boards have quickly appointed someone to a committee to get insurance coverage for a prior act, etc., This is a good discussion to have with your Broker/Agent to insure coverage for all volunteers as necessary.

Having said all of that, it is important to know that if you can't get volunteers that the board may have to serve as the Committee. Be really careful about making board decisions at this meeting as it could be a violation of Nevada law.