

MEETING OF THE BOARD OF TRUSTEES
September 10, 2013 5:30-8:00 PM (tentative time)
Wood River Insurance

- I. Call to Order and Welcome and Introductions
- II. Verse
The meaning of one's life, to live in accordance with nature and spirit, not to lose oneself in the external hurry of life, to avoid everything that brings restlessness and haste into one's life. To do nothing rash, yet not to be inwardly idle. To see in life the means for working for higher development and to act accordingly.- Rudolph Steiner
- III. Any Additions, Corrections, Modifications or Substitutions to the Current Agenda
- IV. Action Agenda
 - a. Approval of minutes from August 2013
 - b. Nomination of Greg Bloomfield as Board member.
 - c. Nomination of Dick Springs as Advisory member or Board member.
 - d. Nomination of Randy Flood as Advisory member or Board member.
 - e. Nomination of Kate Sokoloff as Advisory member or Board member.
- V. Information Agenda
 - a. Update from Dr. Gervase: Petition, conference call with Alison about Certificate
 - b. Advisory committee discussion
 - c. Prospective Board members and Advisory Board Members discussion
 - d. Committee Updates:
 - e. Review/adjustment to Pre-opening Timeline (attached)
 - f. Next steps for the Board: Fundraising, PR, etc.

- VI. Next board meeting date: October 8, 6:30 PM
- VII. Adjournment of September Board Meeting

Advisory Board v. Board of Directors - A Distinction with a Difference

A nonprofit corporation is required to have a board of directors. States can vary among respective requirements of a board of directors but the general idea is the same: there must be a board of directors that serves as the ultimate governing body of the corporation. In addition to being legally responsible for the overall management of the corporation, a director is legally required to perform his or her responsibilities subject to the fiduciary duties of care, loyalty, and obedience to the nonprofit corporation. (See, e.g., California Corporations Code Section 5231 which states duties must be performed “in a manner that the director believes to be in the best interest of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.”).

Sometimes, a board of directors will elect to set up an “advisory board.” To an outsider, this advisory board may look very similar to the board of directors in some respects – for example, some advisory boards attend all board meetings, participate in discussions on important matters of the board of directors, and are composed of important stakeholders such as past directors and valuable donors. Although this group of individuals may be referred to as an advisory board, this “board” is not synonymous with the type of “board” that constitutes the board of directors. It is actually a committee created by the board of directors for advisory (or honorific) purposes but given a title that includes the word “board.” Accordingly, an advisory board is not the legal governing body of the organization and does not carry the same legal responsibilities and fiduciary duties as the board of directors. Additionally, in most cases, an advisory board tends to be a non-board committee, which means that it cannot act with the authority of the board of directors and may not be relied upon to the same extent as a board committee.

While an advisory board can provide valuable assistance to an organization and its board of directors, a problem occurs when the line between the two groups becomes blurred in practice. Understanding the difference between an advisory board and board of directors is important for ensuring proper oversight of the organization and for directors in satisfying their fiduciary duties. Below we’ve outlined common missteps and potentially important considerations for an organization using or contemplating the use of an advisory board.

Other considerations

In her article, [“What is an Advisory Board and Should We Have One?”](#) Jan Masaoka highlights four common reasons for creating an advisory board: fund raising, programmatic input, prestige, and fiscal sponsorship. There can be a wide array of reasons beyond these four and accordingly, looking at the purpose for the advisory board can raise a variation of additional

considerations. For example, if the organization is seeking fund raising prestige, it may not want or expect much interaction with the advisory board with respect to meetings of the board of directors or participating in non-fund raising discussions. Alternatively, if it is foreseeable that members of an advisory board will someday become part of the governing board, there is likely a greater importance in having procedures in place to groom potential candidates for a director position during their service in only an advisory capacity. Depending on the purpose of the advisory board, other considerations may include:

Executive Sessions

Determining whether or when to allow advisory board members, if any, to be involved in executive sessions is a precautionary step to address prior to an executive session given that these sessions are often used to discuss sensitive matters outside of the presence of the staff and other non-director individuals. It may be helpful for directors to discuss questions such as:

- Should an advisory board be allowed to sit in on executive sessions?
- When might this be appropriate? When would this not be appropriate?
- Does allowing such participation help the advisory board to better help the board of directors or does it cause more potential problems than benefits?

Engagement

Although advisory board members are legally different from members on the board of directors, one similarity they share is likely being perceived as walking billboards of the organizations to the public. Advisory boards are viewed as ambassadors of the organization and their involvement may be widely known, for example, through publication on the organization's website or letterhead, or through their individual communications with others about their role on the organization's advisory board. Especially for advisory boards that are intended to garner attention and prestige, an organization may want to consider message training or other activities to keep the advisory board engaged, knowledgeable, and good advocates of the organization. Consider strategies for addressing issues such as:

- Are the members of the advisory board aware of the organization's mission, activities, and values?
- Do they have the tools to effectively communicate this information to outsiders?
- Do they have opportunities for staying engaged in and passionate about the organization?

Testing the Waters/Training Ground

Advisory boards are often subject to less rules and procedures commonly attached to a board of directors such as terms, term limits, nominations and election procedures, and removal processes. This can be expected when there is a purposeful intention to create a less formal structure and less demanding commitment, such as an advisory board intended for outgoing directors or individuals who are seeking less time commitment to the organization or for an organization that has no plans for the individuals beyond the advisory board. However, in some situations,

involvement in an advisory board may be the precursor to someday joining the board of directors. For example, organizations may want the advisory board to serve as (1) an opportunity for individuals to test the waters of their fit with the organization, availability, and other commitment factors; and (2) a training ground for finding and grooming potential directors. The board of directors should consider what types of additional procedures may be appropriate through questions such as:

- How might the advisory board evolve in the future?
- Is or should the advisory board serve as a mechanism for developing future directors of the organization?
- If so, is the advisory board set up in a way that will help the organization find the best candidates and facilitate such a transition?

For more on committees, please see our previous post, "[Everything You Wanted to Know About Nonprofits & Committees, Part One.](#)"

Taken from the Non-profit Law Blog:

<http://www.nonprofitlawblog.com/home/2011/04/advisory-board-v-board-of-directors-a-distinction-with-a-difference.html>