



Fundamental Duties of Directors

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Duty of Obedience

- Obey the law – i.e. laws applicable to your organization
- Ensure the organization follows all reporting and regulatory requirements
- Follow the organization's governing documents (articles, bylaws, etc.)
- Comply with applicable policies (Code of Conduct)
- Educate members on governing documents and policies
- Ensure restrictions on donations are honored
- Ensure the agency's purposes are adhered to

Duty of Loyalty

- Fundamentally act for the benefit of your organization and not for the benefit of yourself, your family, or another organization in which you have a financial or other interest
- Do not usurp agency opportunities for personal gain
- Avoid engaging in interested transactions without board approval
- Maintain the organization's confidential information

Duty of Loyalty

- A conflict of interest arises when the agency enters into a transaction with a Board member, the member's family member, or an organization in which the member has a financial or other interest.
- How to satisfy the Duty of Loyalty:
 - Approve a conflict of interest policy and complete disclosure annually
 - Fully disclose a potential conflict of interest to the Board when it arises
 - Recuse yourself from voting on the transaction
 - Ensure the transaction is fair and reasonable for the agency
 - Consider whether other bids should be solicited
 - Ensure the transaction is approved by the majority of non-interested members in good faith

- This means a director must perform their duties:
 - In good faith
 - In a manner they reasonably believe to be in the best interests of the agency; and
 - With the care an ordinarily prudent person would exercise under similar circumstances
- A director can reasonably rely on information presented by officers, employees, legal counsel, accountants, and other experts, unless they know such reliance is unwarranted

Thank You!

Carol Olson

Board Chair