

## Checklist for Effective Board Meetings and Corporate Minutes

With proper preparation, organization, and follow through, a board of directors meeting can function efficiently and productively. The following checklist will assist you with your meetings:

### Before the meeting

**Check Your Corporate Bylaws.** Most of the requirements for board meetings can be found in your corporate bylaws. Follow closely these requirements and state statutory requirements governing your corporation. To the extent these requirements are not followed, such as not having a proper quorum for the meeting, actions taken at the board meetings could be invalid.

**Send Notices.** There are two types of board meetings: regular and special. Regular meetings are those held at a fixed time, such as on a specified day of each month. Special meetings are those held in addition to regular meetings, often in response to an unanticipated event. Sending written notices of meetings to directors is usually required for special meetings, but not for regular meetings. However, as a matter of practice and to improve attendance, many boards send notices for all meetings. Notices should state the date, time and location of the meeting, and, if required by the bylaws, the purpose of the meeting.

**Confirm Attendance.** Prior to the meeting, confirm the attendance to be sure there will be a quorum. A quorum is the minimum number of directors whose presence is required to transact business at a meeting. The number is usually stated in the bylaws. For many corporations, a quorum is a majority of all the directors. Confirm whether attendance by teleconference is permitted and whether any directors will be attending in that manner. Without a quorum, the board cannot meet or bind the corporation.

**Prepare Agenda.** There is no one correct way to prepare an agenda. However, most corporations have established a custom of the types of items and level of detail required for their agenda. At a minimum, an agenda should contain an approval of previous minutes, a conclusion of old business, and a report of new business. Other topics for an agenda may include the following:

- Nomination and election of officers
- Review of operations, financials, budgets
- Salaries and bonuses
- Loans and repayments
- Purchases of equipment
- Bank accounts
- Contracts and leases
- Pension plan
- Employee manual and provisions
- Insurance
- Taxes
- Periodic review of policies
- Old business/new business
- Ratification of director's and officer's acts

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*This checklist is designed to provide helpful information concerning the subject matters covered. However, if legal advice or other professional assistance is required, the services of a competent professional advisor should be sought.*

**Prepare Resolutions.** In many situations, it is helpful to draft in advance the resolutions to be considered by the board. This should reduce the problem of drafting complex resolutions during the meeting. It has the added benefit of helping the corporate secretary prepare accurate minutes.

**Send Meeting Materials.** A board meeting will probably be more efficient and productive if directors receive meeting materials before the meeting. Directors should be given sufficient time to fully review the materials prior to the meeting. The materials may contain:

- Minutes of prior meetings, summary of important developments since the last meeting
- Agenda for the upcoming meeting
- Copies of agreements, documents and resolutions to be discussed
- Copies of financial and special reports

**Make Arrangements.** You should handle details at the meeting, such as seating arrangements, teleconferencing equipment, notaries, staff presentations and any other special items, before it starts.

### **At the meeting**

**Bring Proper Materials.** Have the following at the meeting:

- Agenda, necessary meeting materials, corporate record book
- List of officers and directors
- Articles, bylaws and other corporate documents
- Annual reports, financial statements and other resource documents
- Ballot forms for any elections

**Call to Order.** The Chairman of the Board should commence the meeting and confirm attendance and a quorum. Confirm that there is a corporate secretary or other appropriate individual present to take minutes.

**Follow the Agenda.**

**Follow Parliamentary Rules.** Although many smaller boards use an informal decision-making process, most larger boards use a formal voting procedure, which includes motions, seconds, and votes. These formal procedures, although seemingly unnecessary for a small board, can be useful for any board. They help directors delineate between board discussion and board action. In addition, they can lead to more clearly articulated decisions, avoiding the problem of providing vague directions to officers.

**Follow Proper Voting Procedures.** The number of votes required to make a decision is usually stated in the bylaws. Most corporations require the vote of a majority of directors present at that meeting, as opposed to a majority of the total number of directors. For example, on a board of nine directors, only five need to attend to make a quorum. Of those five, only three need to vote on any action to bind the corporation.

## After the meeting

**Prepare the Minutes.** Minutes of the board meeting serve a number of useful functions. They remind directors of the business transacted at the meeting; they advise absent directors of the actions taken at the meeting; and they serve as a historical record of corporate actions.

**What to include in Minutes.** They typically contain the following items:

- The date, time, and place of the meeting
- The nature of the meeting (regular or special) and whether notice was required, given or waived
- The names of all present and the existence of a quorum
- The name of the officer presiding and the person taking the minutes
- A statement as to whether the minutes of the last meeting were approved or amended
- Ratification of significant officer actions for the prior year or time period
- The actions taken at the meeting
- Adjournment and, if customary, the date, time, and place of next meeting
- Annual meetings (required by statutes for corp.)
- Elections of officers, directors, managers
- Issuance of stock/interests to new and existing shareholders/members
- Purchase of real property
- Approval of office lease
- Authorization of loan or line of credit
- Approval of loans to and from shareholders
- Adoption of stock option plan, fringe benefit plans, determination of profit sharing
- Federal or state tax elections
- Business transactions in which a director has an interest
- Anything requiring supermajority approval in shareholder/operating agreement or articles.
- Results of corporate valuations required to be updated by the buy-sell agreement
- Review of legal status of corporation (check online with appropriate Sec. of State)
- Approval and accrual of officers' bonus

**What Not to include in Minutes.**

- No day to day decisions
- No more detail than that required to demonstrate care and consideration by the Board
- No personal observations by Board Members
- No inaccurate or inflammatory statements

**Distribute the Minutes.** The minutes should be distributed to the directors as soon as possible after the meeting to confirm their accuracy and assure that any mistakes are promptly identified and corrected.

**Notify Officers of Board Actions.** The proper officers and other corporate employees should be timely advised of board decisions so they can implement them.

**Minute Books/Corporate Records.** They should typically contain:

- minutes, unanimous majority consents
- documents and reports presented at meetings, financial statements, tax returns
- stock ledger and stock certificate facsimile with restrictions
- Articles and certificate of authority
- Executed shareholder/operating agreement