

Legal & Fiduciary Obligations of the Board of Directors

1. ANA-Illinois Board of Directors has the statutory authority to manage the affairs of the association.

The exercise of the management functions of the board as stated in the ANA-Illinois Bylaws is vested only when duly convened as a board, rather than as individual members. This principle is explained in terms of the value of consultation, deliberation, and collective judgment of a full board.

2. Directors are fiduciaries of the association; as such, the primary obligation and responsibility of the directors is to ensure the survival and prosperity of the association in perpetuity.

The standards by which the exercise of fiduciary responsibility is judged are:

- a. that directors assure that the use of association resources is consistent with the purposes stated in the Articles of In association and Bylaws
- b. that decisions of the board are within the board's authority to make, are made in good faith, and are uninfluenced by anything other than the best interests of the association. Decisions are those that a "reasonably prudent" individual would make given like circumstances.

3. Directors represent all members.

Board of Directors represent the association. As fiduciaries of the association, board members do not represent any particular geographic or other constituency. The obligation is to fairly address the interest of ALL members and to balance disparate interests for the overall benefit of the association.

4. Directors have a fiduciary requirement of undivided loyalty.

A director cannot serve competing interests and must use individual judgment in recognizing and avoiding potential conflicts of interest. Simultaneous service on more than one organization's Board of Directors must be weighted carefully in light of a Director's obligation to put aside any other concerns while serving on the ANA-Illinois Board. In the event a director feels that there may be a conflict of interest in any matter before the board, the director's obligation is full disclosure to the board of the possibly competing interest. If a conflict of interest is determined to be present, the director is obligated to abstain from participation in any matter relevant to the conflict of interest.

5. Directors role in decision making of the board.

Directors must be reasonably informed, must participate in decisions, and must make such decisions in good faith and with the care of an ordinary person in similar

circumstances. Directors must regularly attend meetings and exercise their independent judgment on all corporate decisions.

With limited exceptions (e.g., when a potential or actual conflict of interests has been identified) a director has a duty to vote on matters before the board. A director should express fully any opposition he/she has to an action of the Board before a vote is taken. Once a vote is taken, a director incurs an obligation to interpret and defend the majority decision, UNLESS:

- a. you feel the action being taken is sufficient to endanger the association. Your obligation in this case is to inform the board of your feelings and to refrain from public dissension.
- b. you may request to file a written minority report. This recourse should occur very infrequently, if at all, since your obligation is to avoid creating confusion and divisiveness among the members. Members have a right to expect cohesive, coordinated leadership.

6. Directors have an obligation to preserve appropriate confidentiality of matters before the board.

Members of the association have the right to reasonably full disclosure of board proceedings. Meetings of the board are normally open to any member. Minutes of the board are also open to review by any member.

The President may, from time to time with respect to certain board actions, authorize only one individual to speak on behalf of ANA-Illinois and the Board of Directors. In that event, unauthorized board members shall not discuss such board actions with the membership, press or public until official notification to members has been made via the summary of board action disseminated through appropriate Association channels.

If the board determines that a matter is of a sensitive nature that requires further protection of confidentiality, or if the matter before the board could not be fully and productively discussed in an open board meeting, an executive session of the board may be called. The board must then determine when external notice of any board action is to be made. Minutes of executive sessions are maintained as confidential and are not open to member inspection.

7. The actions of the board and those of previous boards are binding. A position of record may be changed, but it may not be ignored.

Adopted by Board of Directors
on September 14, 2013