



Board Orientation

August 1, 2022



Agenda

- 1. Welcome & Introductions**
- 2. Orientation Portal**
- 3. Purpose of Orientation**
- 4. Role of BOD and Fiduciary Duties of Board Members**
- 5. BOD Administration and Expectations**
- 6. NPGA Board Structure**
- 7. Q & A**

Orientation Portal

Mission Statement

Governance Documents

Org Charts

IRS Form 990

Financial Statements

Recent Board Mtg. Minutes

**npga.org/board-orientation-portal/
(hidden link | log in required)**

Purpose of Orientation

To provide newly-elected and appointed NPGA Board members with sufficient information regarding Board member obligations and expectations so that they can function effectively as a member of the Board.

The Board's Role at NPGA

**“Board means the group of persons
vested with management of the business
and affairs of the corporation.”**

— New Jersey Nonprofit Corporation Act

NPGA is a New Jersey 501(c)(6) nonprofit
corporation

“While the term ‘management’ may suggest an operational role, it is understood to refer to supervision and direction of the individuals who manage day-to-day operations, rather than direct operational responsibilities.”

— *Model Nonprofit Corporation Act*

“The board of directors is not expected to operate the corporation on a day-to-day basis. In conventional corporate theory, the responsibility of the board is limited to overseeing operations.”

— *American Bar Association, Guidebook for Nonprofit Directors*

“Reflecting current governance best practices, the appropriate role for the Board is one in which the Board functions as a true oversight board working in partnership with senior management.”

— *Report of ARC Board of Governors*

What does the law expect?

- ✓ Attend and participate in meetings
- ✓ Stay informed of purposes, goals, activities, and finances
- ✓ Approve a budget
- ✓ Exercise independent judgment
- ✓ Make informed decisions
- ✓ Do not seek personal financial gain

— *ABA Guidebook for Nonprofit Directors*

Directors are ALLOWED to:

- ✓ Delegate authority
- ✓ Rely on those to whom authority is delegated
- ✓ Take risks
- ✓ Make mistakes

Fiduciary Duties

What Does Fiduciary Duty Mean?

- Fiduciary comes from the Latin word *fiducia*, meaning “trust.”
- Fiduciary duties are grounded in state law and common law (i.e., court case doctrine).
- In general, fiduciary duty delineates standards of conduct and attention that a Board member must adhere to in the course of carrying out his/her responsibilities to the association.
- There are three primary areas of fiduciary duties:
 - The Duty of Care,
 - The Duty of Loyalty, and
 - The Duty of Obedience.

Duty of Care

- The Duty of Care describes the level of competence that is expected of a Director, and generally requires:
 - “Good faith”: demands honesty, fair dealing, and is measured by reviewing objective facts and circumstances.
 - “Ordinary prudence”: the care that an ordinarily prudent person would exercise in a like position under similar circumstances.
 - “Due diligence”: requires directors to take an active—not passive—interest in the association’s activities.

Duty of Care Examples

- **Active Participation:** Directors should pay attention by actively participating in the management of the association, including setting direction, attending Board meetings, and evaluating reports.
- **Committees:** Directors should serve on and actively participate in committees.
- **Board Actions:** Directors should actively participate in discussions pertaining to proposed actions before the Board and make informed decisions.
- **Meeting Minutes:** Directors should ensure that minutes accurately reflect Board discussions and actions.

Duty of Care Examples, cont'd.

- **Charter Documents:** Have working knowledge of the association's Constitution, Rules and Procedures, policies, books, and records.
- **Safeguarding Assets:** Assure that internal controls are adequate to safeguard the association's assets and help prevent fraud.
- **Resources:** Assist the association in obtaining adequate resources to enable it to further its mission.
- **Investigations:** Investigate warnings or reports of illegalities and/or mismanagement.

Duty of Loyalty

- The Duty of Loyalty is a standard of faithfulness; a Director must give undivided allegiance when making decisions affecting the association.
- A Director is prohibited from using their position as a Director or information concerning the association in a manner that allows them to secure a personal gain, e.g., a pecuniary benefit (including a family member or close associate).

Duty of Loyalty Examples

- **Conflict of Interest:** When a Director's private interest interferes with the interest of the association as a whole. Proper clearance pursuant to association policy is required.
- **Loans:** Loans from the association to Directors are largely prohibited by law and are disfavored as a matter of good corporate governance.
- **Corporate Opportunity:** Directors may not divert a corporate business opportunity from the association unless the association decides not to engage in it and proper conflict of interest procedures are followed.
- **Confidentiality:** Maintaining the confidentiality of information about the association.

Duty of Obedience

- **The Duty of Obedience** requires the Board to be faithful to the association's mission; that is, to carry out the purposes of the association.
- **Obedience to Applicable Laws:** Directors should be familiar with federal, state, and local laws relating to non-profits, e.g., tax laws, IRS requirements, employment laws, non-discrimination laws, etc.
- **Governing Documents:** Directors should ensure adherence to the association's Constitution, Rules and Procedures, and other governing documents.

BOD Administration & Expectations

Having a Board with Diverse Experience

- **Different View Points Anchored In:**

- Diverse Professional Experience
- Historical Perspective of NPGA and the industry
- Individual Vision for Association
- Personal Background, Beliefs, Politics, etc.

- **Challenges:**

- Everyone must prepare to compromise
- Read material prior to BOD meetings
- Ask relevant questions
- Stay in the NOW:
 - **Focus on** topics and motions as they are discussed
 - **Avoid** “Last time I was on BOD...” & “We used to...” statements

Board Meeting Cycle

“Regular” BOD Meetings

- Fall / Winter / Summer Board meetings.
- BOD Members receive registration and hotel reservation email approximately 2 months before each meeting.
- **Preliminary** agenda is sent at the same time.
- Board materials go out approximately 2 weeks prior to meeting.
- Draft minutes are typically presented for approval at the following Board meeting.

Upcoming Board Meetings

Fall Board Meeting

September 26 – 28, 2022

Scottsdale, Arizona

Winter Board Meeting

January 30 – February 1, 2023

New Orleans, Louisiana

Summer Board Meeting / Propane Days

May 22 - 24, 2023

Washington, DC

Board Expectations

Attendance

- BOD members are expected to make BOD meetings a priority.
- With that said, scheduling conflicts sometimes occur.
 - Incumbent state directors and the Canada and Mexico directors must attend at least one Board meeting per year in order to be eligible to run for reelection.

Board Expectations

- To share your expertise, leadership, and knowledge of the industry.
- To determine membership needs and be prepared to describe them and offer recommendations.
- To serve as a vital two-way communications link between the Board and your constituents.
- To be familiar with the major issues facing the association and industry.
- Encouraged to volunteer on NPGA committees and recruit other committee members.
- When possible, to speak at state or regional PGA meetings.

Board Expectations

- Not expected to be expert in all subjects brought before the Board, however,
 - Study the agenda, committee reports, and other meeting materials;
 - Consult with your constituency on matters of vital interest prior to the meetings;
 - Participate in discussions at the meetings;
 - Cast votes in the best interests of the industry; and
 - Bring issues or ideas to the table as warranted.
- Adhere to the NPGA Code of Conduct and all applicable NPGA policies.



Board of Directors

Officers

Chair
Chair-Elect
Vice Chair
Treasurer

Elected Directors

By Geography

State Directors	50
District Directors	8
Canada	1
Mexico	1

By Membership Section

Producers & Wholesalers	9
Manufacturers	15
Services	4
Distributors	4
International	1
Individual/Employee	1
Dispenser	1
Transportation	1

Appointed Directors

At-Large	24
PropanePAC Steering Committee Chair	1
Standing Committee Chairs	6
Audit Committee	
Conventions	
Governmental Affairs	
Member Services	
Propane Supply & Logistics	
Technology, Standards & Safety	

Emeritus Directors

Past Chairs

Q&A

When? Why? How?
WHAT? WHERE?
When? Who?
WHERE?
Why? When? How?
WHEN? Where?
Where? WHEN?
WHERE? When? What?
How? What? WHERE?
When? HOW? When?
When? WHERE? When?
What? HOW? When?
WHEN? When?
WHAT? Why?