

MANUAL  
FOR  
BOARD OF DIRECTORS  
2011

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This manual has been prepared to assist Directors in understanding their duties and authority as provided for in the Grand Lodge Statutes. It should be remembered that each Lodge has the authority to assign other duties to the Directors of that Lodge pursuant to Section 12.070 and may even withdraw certain functions from its Directors. A review of your Lodge's By-Laws is therefore necessary.

**"Section 12.070. The Board of Trustees, or the Board established in accordance with the provisions of paragraph 6 of Section 16.020** (emphasis added), after each annual installation shall meet and organize by electing a Chairman and Secretary, who shall be members of the Board. The Chairman of the Board of Directors shall attend all District Deputy Clinics unless excused for good cause by the District Deputy. The Board subject to control by the Lodge shall have the following powers: (a) control of the funds, investments and real and personal property of the Lodge, not otherwise provided by law, and shall receive and collect the income and rents therefrom, (b) execute all leases, contracts or other papers when ordered by the Lodge. The Board shall not have authority for listing of Lodge real estate for sale and/or entering into any sales contract prior to approval of such action by a majority vote of the Lodge. The Board shall hold at least one regular meeting each month and needed special meetings called by the Chairman. They shall keep minutes of each meeting of the Board. The Exalted Ruler shall be given the same notice of all meetings of the Board, and in the same manner, as is given to the other members of the Board. It shall also keep a record of investments made under direction of the Lodge, which shall show original cost, the due dates and amount of interest or profit on investments, the date and amounts of deposits made by it and date and amounts of drafts drawn from the bank by order of the Lodge.

It shall purchase all supplies ordered by the Lodge, and all papers, books and stationery needed by the Officers for the performance of their duties. It shall hold the bonds of the Officers, and shall present a monthly written report of its transactions at the first regular meetings each month. It shall establish an Accident Prevention Program, with one member designated as Accident Prevention Manager, to continually review and implement a policy, in concert with Grand Lodge and State Association programs, to protect the Lodge from claims for accidents and injuries. It shall perform other duties as may be required by the Laws of the Order and By-Laws of the Lodge.

The Board of Directors shall present a segregated budget not later than the final regular meeting of the Lodge in April, making appropriations for each of the several objects for which the Lodge must or may provide out of monies known to be in possession of the Lodge or estimated to come into it during the ensuing Lodge year. A budget either in its original or modified form must be adopted by the Lodge at the meeting or at the next regular meeting. After the budget has been adopted, all expenditures during the Lodge year must be kept within the limits of the appropriations made. When a proposal is made for an expenditure in excess of the adopted budget, the proposal shall be promptly referred to the Board of Directors for consideration and written recommendation at the next regular Lodge meeting. The proposal may be adopted by not less than a two-thirds vote of the Members present at a regular meeting. The budget may include an item for contingent purposes to cover emergencies and expenditures therefrom may be approved by a vote of two-thirds of the Members present at a regular meeting. Unexpended appropriations at the end of the Lodge year shall be available for appropriation in the budget for the next Lodge year. In Lodges where a Budget Committee is required by the By-Laws the budget shall be prepared by that Committee. The Committee shall report to the Lodge by the final regular meeting in April."

With the passage of Resolution 33 at the 2011 Grand Lodge Session in Phoenix, all



incorporated Lodges are required to begin using a Board of Directors 30 days after July 21, 2011. Generally, no changes will be necessary in the Lodge By-Laws as Section 12.070 already provides (as highlighted) that it applies to either a Board of Trustees or a Board of Directors. Lodges should obtain a copy of their Articles of Incorporation from their Corporation authority in their State to ensure that those are consistent with the Laws of the Order. REMEMBER, any changes to the Articles of Incorporation MUST be approved by your Area Member of the Committee on Judiciary BEFORE being submitted to the State.

#### DUTIES:

1. After the annual installation, the Board must meet and select a Chair and a Secretary. This cannot be done before the installation since the new Directors cannot vote until after the installation.
2. The Board Chair must attend all District Deputy Clinics unless excused for good cause in advance.
3. Control the funds and investments of the Lodge.
  - A. This does not mean that the Directors decide what can be spent or that the Directors can spend money without first going on the Floor for approval. The Directors are the agents of the Lodge and it is their responsibility to ensure that the directions of the Lodge in regards to the funds of the Lodge are followed.
4. Control the real and personal property of the Lodge unless otherwise provided.
  - A. The Club is under the authority of the appropriate governing body under 16.040.
  - B. Other than the Club, the Directors must make decisions regarding which organizations or individuals use the Lodge facilities, keeping in mind Section 14.130 which requires that the use of the facilities be limited to Members in good standing, their spouses and guests.
  - C. At least annual inventories must be taken by the Directors of all Lodge personal property so that accurate records are maintained in the event of a fire or other disaster.
5. Receive and collect income and rent from the Lodge property.
6. Execute all leases, contracts and other papers when ordered by the Lodge.
  - A. Directors cannot approve a lease or contract without first taking it to the Lodge.
7. Hold at least one regular meeting per month.

8. Keep minutes of each meeting.
9. Purchase all supplies ordered by the Lodge and all papers, books and stationary needed by the Officers.
  - A. The Board cannot authorize a purchase. All purchases must be authorized by the Lodge, even if budgeted.
10. Establish an Accident Prevention Program with one member of the Board being designated as Accident Prevention Manager.
11. Present a segregated budget not later than the final regular meeting of the Lodge in April.
12. If the Lodge By-Laws provide that the Board of Trustees is the managing body of the Club, then the Board of Trustees performs this function, NOT the Board of Directors.
13. If the Lodge By-Laws provides that there be a Governing Board managing the Club, then, even though this is the same people as the Board of Directors, the Governing Board should hold separate meetings, keep minutes of the meetings separate from the Board of Directors meetings, and submit a separate budget. For this reason, when the same Members are operating as a Governing Board, it is recommended that they use the term "Governing Board" to differentiate themselves from their duties as a Board of Directors.

## WHAT THE DIRECTORS CANNOT DO:

1. Authorize or incur any expense against the Lodge without first obtaining Lodge approval - EVEN THOUGH the expenditure may be budgeted. Remember, a budget is a PLAN, not an authorization to spend money. See Opinion 20 to Section 12.070.2
2. Demand access to the Lodge Secretary's records. Directors are required to provide secure space for the Lodge Secretary. Although the Directors may have physical access to that space, files of the Lodge Secretary, whether written or on computer, are not subject to access by the Directors. The Directors may inspect the records at reasonable times. Section 12.050 Opinion 08 and Section 12.070 Opinion 27
3. **Sign checks.** Section 12.060 does allow the Lodge to authorize the Treasurer to designate a member of the Board of Directors to sign checks in its By-Laws. NOTE that this requirement applies only to the first signature on the checks. If the Lodge requires 2 signatures, the 2<sup>nd</sup> signature can be any one not related to the 1<sup>st</sup> signer.

4. Hire or fire any employees. Office employees work for the Lodge Secretary who has sole authority over them. Club employees work for the Club and the governing body has authority over them. Section 12.050 Opinion 02
5. Set the salary for the Lodge Secretary. This must be done in the By-Laws. Section 12.050(n)
6. Purchase, make alterations or encumber the Lodge facilities at a cost of more than \$25,000.00, sell the Lodge facilities, or enter into a lease of the Lodge facilities that lasts for more than 5 years without complying with Section 16.050. NOTE that all of these activities will require Lodge approval but also require Grand Lodge approval.
7. List Lodge real estate for sale or execute a sale agreement without Lodge approval. Section 12.070
8. Impose any requirements on the Auditing and Accounting Committee. Section 13.040 Opinion 03
9. The Chair of the Board of Directors has no special authority other than that provided in Roberts' Rules of Order, which includes the power to call special meetings and the power to set the initial agenda for a meeting. NOTE: Only the Chair can call a special meeting.
10. No Director, including the Chair, may act individually, unless the entire Board of Directors has delegated specific authority during a meeting.

The lists contained in this Manual are not necessarily all inclusive. Directors should always remember that they are agents of the Lodge and must always act in accordance with the instructions of the Lodge. In all matters, the Lodge has final authority over what the Directors do.