

North American Energy Standards Board

Boards: The Good, The Bad & The Ugly
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What is a Board?

- Function
- Membership
- Methods of Selection



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Who Should Serve?

- The Food Chain
- Expertise
- Time
- Deliver the Goods
- Out of the Box



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Duties of Directors

- Specifics are a matter of state law
- Different rules for non-profits
- Liability limitations
- Articles and bylaws

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General Duties

- Duty of Care
- Duty of Loyalty
- Fiduciary Duties
- Duty to Accomplish Organization's Objectives
- Duty to be Well-informed

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Who's the Client?

- Primary duty is to the organization
- Secondary duty is to your employer or the group that elected you
- Conflicts between the two
- Abstention and recusal

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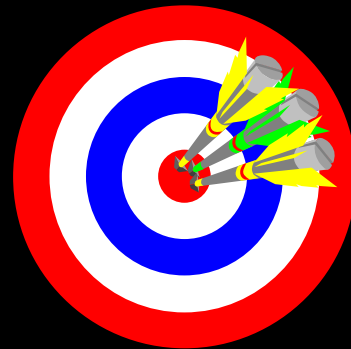
Role of Directors

- Policy Statement
- General Oversight
- Set Budget
- Establish Administration

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Do's

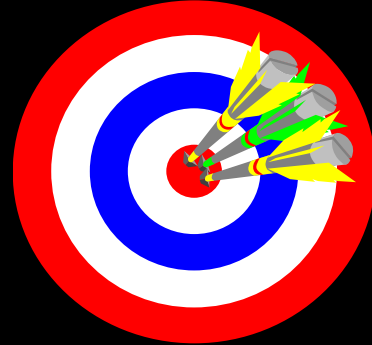
- Know the mission
- Know the financial structure
- Know the administrative structure
- Ask questions



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Do's (continued)

- Prepare for meetings in advance
- Read the agenda
- Listen
- Act in best interest of the organization



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Don'ts

- Be a jerk
- Speak to hear your own voice
- Forget to read the minutes
- Rubber stamp



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Don'ts (continued)

- Dominate the meeting
- Confuse yourself with staff (more about this later)
- Vegetate
- Nit pick (opposite of rubber stamp)

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Don'ts (continued)

- Forget that there are consequences to what you say, when you say it, and how you say it
- Say publicly what might better be said privately
- Assume you know everything (unless you're a lawyer)
- Forget to show up

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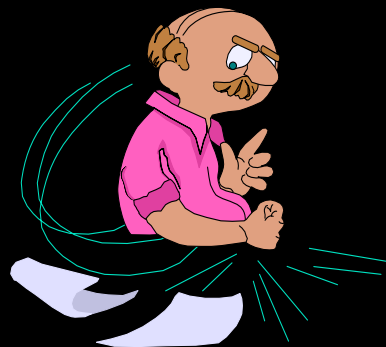
Why So Many Don'ts

- Disruption is worse than inaction
- Most people prefer to avoid confrontation, so:
- Confrontation leads to silence, and:
- Silence means the loudest person gets his way, and

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Why So Many Don'ts (continued)

- If the loudest person gets his way all the time, people won't bother, and finally:
- If people don't bother, the organization suffers and maybe fails



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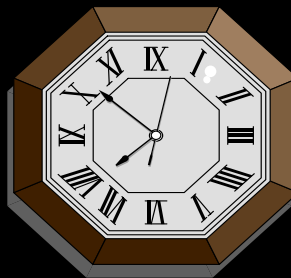
Your Time is Valuable

- How many 1-hour meetings have lasted 4 hours?
- Did the extra time come from ignoring do's and don'ts?
- Did you have a better use for the wasted time?

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Your Time is Valuable (continued)

- Did you start thinking of ways to be busy and miss the next meeting?
- Did the concept of a “hit man” begin to seem less morally objectionable?



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Committees

- Your rifle is your best friend*
- So is a committee

*(Source: Every DI who ever lived)

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What Do Committees Do?

- Focus on discrete issues - finance, procedures, planning, C&B, education
- Research issues more thoroughly
- Vet alternatives
- Make recommendations to the board

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Committee Resources

- Functional staff employees
- Consultants
- Member company assets
- Time to reflect
- Members



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Committee Reports

- Should be circulated in advance of action
- Should describe task, matters considered, alternatives discussed, reasons for recommendations
- Should provide a clear recommendation, preferably coupled with a motion, if board action is required
- Are entitled to deference

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What Does “Deference” Mean?

- Don't rehash the committee's work at a board meeting
- Ask questions before making statements (or even before the meeting)
- Don't assume you know more than the committee

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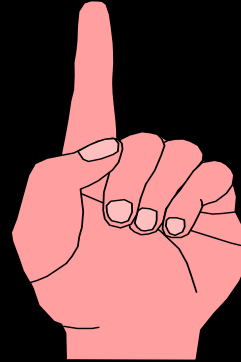
Deference (continued)

- Feel free to disagree after you clarify your issues through questions
- State your reasons for disagreement with precision
- If you agree, say so - committee members like expressions of support - it makes them feel appreciated

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Deference (continued)

- Resolve the issue(s)
- If you can't resolve the issue (s), send them back to committee for further consideration
- Don't beat issues to death



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Deference (The Big One)

- **NEVER, NEVER, EVER**, agree to serve on a committee, fail to attend meetings, and then complain about the result
- If you are ever tempted to do so, read St. Thomas Aquinas or watch a few episodes of *The Sopranos*
- Others will notice



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Don't Confuse Yourself With Staff

- See Don'ts (continued)
- It's not your job
- The executive director is your POC
- She supervises staff
- Staff does not report to you

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Don't Confuse Yourself With Staff (continued)

- If you act like a manager, people will treat you like a manager
- Managers have personnel problems
- Managers get sued
- Board members set policy; managers implement policy

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Don't Confuse Yourself With Staff (continued)

- If you want to implement policy, get a job
- If you don't like the policy, change it
- If it's not working, have the implementer fix it
- If she won't (or can't) fix it, get someone who will or:
- rethink the policy

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Don't Confuse Yourself With Staff (The Big One)

- The very best things a board can do is hire a good executive director, give him/her clear general direction and let her do her job, and pay attention to the results



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No Pay Means Good Behavior

- Board members are accountable
- The organization is accountable for board member actions or lack thereof
- The companies of board members may be liable for malfeasance or misfeasance

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To Do List

- Have D&O coverage for the board
- Make sure your employer lists you on its D&O policy each year in addition to (1)
- Most State laws have “good faith” provisions

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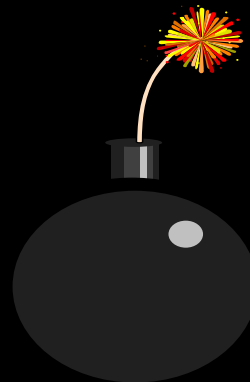
To Do List (2)

- Investigate allegations of wrongdoing
- Have a written policy that directors acknowledge or put it in your bylaws
- Don't be ham-handed - not every allegation is true
- People lie all the time - Rousseau got it all wrong: There are no "noble savages"

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To Do (3)

- Take action and make a record of it
- Directors, like judges, can be removed from office
- They can also resign
- Or they can be replaced



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Rules of Engagement

- Third parties can investigate – the FTC has been overturned
- In this instance permission is preferable to forgiveness
- If people think you're doing the right thing, you probably are
- Call your lawyer

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Rules of Engagement (2)

- Who's the client? -- the organization!
- Who are we trying to protect? -- the organization!!
- Who will get hurt if we don't do it right? -- the organization!!! (and maybe others as well)

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Rules to Live By

- If you wouldn't do it at your own office, don't do it here either
- You are not a minor deity nor are you a prophet, and the hem of your robe is not sacred

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Rules to Live By (continued)

- You're not getting paid for this, so why would you want to pay someone else to defend you for what you did?
- It is true that no good deed goes unpunished. It is also true that bad deeds are generally noticed more often and more often criticized

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Rules to Live By (continued)

- The punishment for a good deed is usually only time and inconvenience. Bad deeds destroy lives.



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My Buddy Winston

- A bad director :

Lord Charles Beresford



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Admiral B.

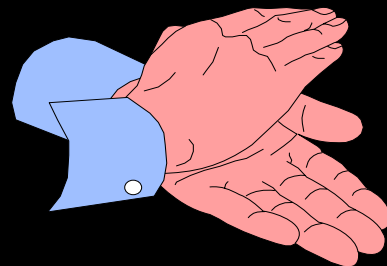
- *“He can be described as one who, before he gets up, does not know what he is going to say; when he is speaking, does not know what he is saying; and when he has sat down, does not know what he has said, but knows it was said well.”*

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Winston's Buddy Bill

- A Good Director NEVER:

WAAP – W/oOAS



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Winston Redux

- *“A cavalry charge is very like ordinary life. So long as you are all right, firmly in your saddle, your horse in hand and well armed, lots of enemies will give you a wide berth.”*
- *“Why is it the ship beats the waves when the waves are so many and the ship is one? The reason is that the ship has a purpose.”*

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Quiz

- **Questions?**

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