

Virginia State Association of Parliamentarians

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January 19, 2024

Hon. Michelle Maldonado
Chair, House Labor and Commerce Subcommittee #1
delmmaldonado@house.virginia.gov
Send via electronic mail

RE: Parliamentarians' Opposition to HB 723 (2024)

Dear Delegate Maldonado:

My name is Donald Garrett and I am writing on behalf of the Virginia State Association of Parliamentarians (VSAP). VSAP is the state-level affiliate of the National Association of Parliamentarians (NAP). NAP is a nonprofit whose mission is to be a society dedicated to educating leaders throughout the world in effective meeting management through the use of parliamentary procedure.

As experts in meetings conducted under *Robert's Rules of Order Newly Revised* (hereinafter, "RONR"), **VSAP opposes HB 723**, filed during the 2024 Regular Session of the Virginia General Assembly.

Background of Legislation and Technical Comments

HB 723 seeks to amend the Virginia Nonstock Corporation Act's provisions concerning notice of board of directors meetings. The rationale for the bill states, "Current law allows such meetings to be held without notice of the date, time, place, or purpose of the meeting."

VSAP does not agree with the premise of this rationale. Under current law, directors of nonstock corporations must receive notice of meetings if the corporation's articles of incorporation or bylaws so provide [Va. Code §13.1-866]. In our members' anecdotal experience, most membership-based nonstock corporations adopt *RONR* as its parliamentary authority in its bylaws.

Notice of board meetings to directors is required under *Robert's Rules of Order*: "[A] board can transact business only in a regular or properly called meeting of which every board member has been sent any required notice—or at an adjournment of one of these meetings—and at which a quorum is present" [RONR §49:16, internal citations omitted]. Because most groups voluntarily adopt RONR as its parliamentary authority, we do not believe changes are needed to §13.1-866 of the Virginia Nonstock Corporation Act.

HB 723 Would Eliminate Executive Sessions

VSAP is also opposed to HB 723 because its proposed wording would eliminate the ability of boards to hold executive or closed sessions. The proposed language in HB 723 states that meetings of the board "shall be open to all members of record." Without clarification, the word "members" would refer to members of the corporation and *not* directors of the boards of directors. We believe directors, who must exercise fiduciary oversight over a corporation's operations, should continue to have the option to restrict

meetings only to directors of the board. This would allow a corporation to protect its interests, exercise attorney-client privilege, and conduct deliberations in an earnest manner. Members of nonstock corporations desiring transparency maintain the right to inspect board meeting minutes [Va. Code §13.1-933].

HB 723 Should Instead Focus on Resolving the Conflict Between Title 13.1 and Title 55.1

In the Commonwealth of Virginia, there are some incorporated homeowners' associations that are subject to both the Virginia Nonstock Corporation Act and the Property Owners' Association Act. Both Acts contain language about notice and meetings of the entity's board of directors (*e.g.*, Va. Code §13.1-866 and §55.1-1816).

The language of HB 723 appears to be analogous to §55.1-1816 of the Property Owners' Association Act, using phrases such as "lot owners." If the intent of the legislation is to provide clarity on which of the two aforementioned Acts is controlling for HOAs subject to both Acts, we recommend that, instead of amending the Virginia Nonstock Corporation Act, clarity be added to the Property Owners' Association Act. The Virginia Nonstock Corporation Act affects a wider range of entities, and the language of HB 723 could have unintended consequences for unrelated membership corporations, such as parent-teacher groups, churches, professional societies, and other nonprofits.

Thank you for the opportunity to provide comment on this bill. If you have any questions or would like to speak further, I can be reached at <u>donald@lastminutemeetings.net</u> or 703-873-7029.

Sincerely yours,

Donald Garrett, PRP

President, Virginia State Association of Parliamentarians

cc: Delegate Ward, Chair of the House Labor and Commerce Committee

Delegate Webert, HB 723 Chief Patron

House Labor and Commerce Committee Staff