

TESTIMONY ON SB 171  
(Closed meetings of Homeowner Associations)

Joel Yesley  
11604 Lakewater Lane  
Columbia, MD 21044  
410-730-0428

Dear Chairman Conway and Members of the Senate Judiciary Proceedings Committee:

I am president of the Alliance For a Better Columbia (ABC), a community-wide citizens activist group in Columbia. We are pleased to offer ABC's support of SB 171.

The current law has also allowed boards to close a meeting at will, by a two-thirds affirmative vote of the board members present, and make association decisions in complete secrecy. The proposal to remove this option for homeowners associations is a welcome step towards greater transparency of association governance. The Columbia Association (CA) has frequently resorted to this loophole in the current law to justify closing a meeting to discuss matters of interest to residents. Over the past 2 years, CA has held at least 8 meetings that were closed to the public under the "exceptional reason" clause of the regulations that this bill would eliminate. Based on the nature of the discussions that took place at these meetings as reported in the minutes, it would appear that board members were determined to prevent the residents from questioning or second-guessing them on matters involving financial policy.

Most of the closed meetings were held by the Audit Committee of the Board, which functions to ensure that the association is conducting its finances in a prudent manner. One of the topics discussed involved weaknesses in procurement policies, which would definitely be of interest to the homeowners whose assessment charges finance one-half of CA's total budget. The only thing I find exceptional about the justification for closing these meetings is the paranoia of some board members regarding the presumed sensitivity of any information pertaining to the financial operations of the association. Another possible explanation for this secrecy would be an arrogant mindset that there is no need to seek any feedback from the residents or even inform them on how well the association is managing their money since they are incapable of exercising good judgment in these matters.

We urge your committee to report favorably on this bill to ensure that Columbians are not denied their basic rights to keep informed about community matters of general interest, which should have the salutary effect of enabling them to better assess the adequacy of their representatives in exercising their fiduciary responsibilities to them. Recent news reports suggest that many corporate boards are operating as mere rubber stamps for management rather than achieving any measure of accountability from those they presumably supervise. The residents of Columbia should be afforded an opportunity to decide these matters for themselves.