

**LAKE HOLIDAY BOARD OF DIRECTORS
CODE OF CONDUCT
Resolution 2013-05
Adopted July 23, 2013**

Replaces Resolution 2012-03

WHEREAS, the Bylaws of the Association empower the Board of Directors with the authority to establish formal policies in connection with the manner in which the Board conducts the business of the Association; and

WHEREAS, the Board has established the goal of conducting the business of the Association with high levels of dignity, civility, and respect for the Association as an entity and for the individual members of the Association, Board, and Committees; and

WHEREAS, the Virginia Nonstock Corporation Act permits a Board of Directors by agreement to establish rules and regulations governing their conduct of the Association's business; and

WHEREAS, the Board of Directors has decided to establish a code of conduct for its Members in order to further its efforts to accomplish its goal;

NOW, THEREFORE, BE IT RESOLVED that the conduct of the Board of Directors shall be bound by the following Agreement:

I. CONDUCT AND DECORUM AT MEETINGS

- A. Board Directors shall exercise their best efforts to attend and be on time at all meetings or functions of the Association and shall plan to be in attendance at all times during the proceedings. Whenever a Director knows in advance that a meeting cannot be attended, that the Director will be late for a meeting, or will have to leave a meeting early, the Director shall exercise best efforts to inform the President in advance of the meeting.
- B. There shall not be a dress code for Board of Directors meetings; however, each Board Director is expected to dress consistently with the Board's objective of promoting and pursuing a high standard of respect and decorum at its meetings and all Association functions.
- C. When the President calls the meeting of the Board of Directors to order, all Board Directors shall turn off any cell phones, beepers, or other forms of telecommunications equipment which might interrupt the fluidity of the meeting or distract any other Director. If special circumstances warrant the use of such equipment, then the Director who wishes to use such equipment shall make arrangements with the President to obtain permission to do so before the President calls the meeting to order.
- D. When the President calls the meeting to order, all members of the Board shall organize their reading materials pertaining to the meeting and put away any unrelated material. All conversation with seatmates shall immediately cease, as well as any other activity, which might interrupt the fluidity of the meeting or distract any Board Director.

- E. When a Director wishes to speak at a meeting or function of the Association, the Director shall wait for the President to formally grant the floor. No Director shall speak out of order or without recognition from the President, nor engage in any activity which interrupts or distracts any Director when another Director has the floor for discussion purposes. The President shall exercise best efforts to ensure that all Directors who wish to discuss the motion have an opportunity to speak. At all times, the President shall determine who has the floor to speak and may impose uniform time limitations.
- F. Directors shall not use inappropriate language or verbal tone during debate of the issues. Any actions (including physical gestures or body language) or comments designed to insult, demean, or attack the personal character of any Director, the Board of Directors as an entity, or any person in attendance shall be strictly prohibited. Directors owe a special duty of civility to the Association's Membership and shall be courteous to the individual Members at all times during official functions of the Association.
- G. The President shall have the unilateral authority to enforce the code of conduct, or may do so in response to the un-seconded request of any other Director if the President agrees with the request. The first step of enforcement shall consist of the President issuing a call to order to the particular Director, who then must obey the directive immediately; however, the Director called to order shall have the right to appeal the President's ruling, which appeal shall be open to debate and vote of the entire Board of Directors.
- H. In any instance of a flagrant or repeated violation of this code of conduct, the President may unilaterally issue a ruling to that effect against the offending Director and may require the offending Director to leave the premises of the meeting. Any such ruling shall not be appealable by the offending Director and must be immediately obeyed, unless another Director wishes to appeal the President's ruling, in which case the appeal shall be open to debate and vote of the entire Board of Directors.
- I. The Board of Directors further reserves additional enforcement powers, as set forth in Section V

III. DUTY OF RESPECT FOR BOARD OF DIRECTORS

- A. Directors owe a duty of respect to each Director and the Board of Directors as an entity, particularly with respect to its formal votes and formally approved policies. If conducted civilly, robust disagreement between Directors is perfectly acceptable behavior and even strongly encouraged, as it is often necessary and appropriate for the development of the best decision-making process; however, once the Board formally votes on a matter, no Director shall engage in any unauthorized activity which undermines the ability of the Board to successfully effectuate the results of the vote. The duty of respect owed to the Board and the Association requires dissenting Directors to work within the formal procedures of the Board to modify or rescind the previously adopted votes or approved policies with which they disagree. Dissenting Directors may voice their disagreements with any such votes or policies at any official function of the Association, but must do so in a manner which shows respect for the Board of Directors as an entity.
- B. All Directors shall recognize that their individual behavior is a reflection upon the Board of Directors and the Association; therefore, they shall at all times refrain from any public conduct within the community which would bring the Board of Directors or the Association into disrepute.

III. DUALITIES AND CONFLICTS OF INTEREST

- A. Directors owe a fiduciary duty to the Association, which requires them to consider only the best interests of the Association when voting on any matter and to exclude any competing interest from consideration. If a Director has any duality of interest, or concerns, which compete with their fiduciary duty, or any potential conflict of any sort, then that Director must disclose such interest, concern, or potential conflict on the record and is encouraged to do so at the time that any relevant agenda item is addressed by the Board of Directors. If a Director thinks that such interest or concern does not rise to the level of a conflict of interest and does not impede that Director's ability to exercise fiduciary responsibility, the Director must state the reasons for the record and the intent to participate in the discussion and vote on the motion. Under such circumstances, the other Board Directors shall presume good faith on the part of their fellow Director and shall not disapprove of their fellow Director's right to participate in the discussion and vote; however, if the Director with a potential conflict insists on voting and participating in the discussion of any topic related to their potential conflict of interest despite the objections of their fellow Directors, the Director with a potential conflict understands that continued participation in the vote and discussion of the topic related to that Director's conflict of interest may constitute a breach of fiduciary duties to the Association and as such may expose the Director to personal liability.
- B. Under no circumstances should any Director participate in the discussion or vote on any matter in which the Director has an undisclosed or actual conflict of interest.
- C. For the purposes of this resolution, the term "conflict of interest" shall include, but not be limited to, the following situations:
- 1) Whenever the Board of Directors intends to review a case involving the compliance of a Director with the Association's legal requirements, and the relevant Director should recuse from the discussion and voting on the matter.
 - 2) Whenever the Board of Directors intends to review a contract or expenditure of funds involving the direct pecuniary interest of a Director, and the relevant Director should recuse from the discussion and voting on the matter.
 - 3) No Director shall vote to approve the expenditure of funds for the acquisition of services or goods from any Director, relative of a Director, or entity which is affiliated with any of the Directors or their relatives, unless the Director with such relationship discloses the relationship on the record and there is convincing reason to believe that a vote in favor of such an expenditure would be in the best interests of the Association. Under such circumstances, the vote must pass by at least a two-thirds majority of the full Board.
- D. Under no circumstances shall any Board Director accept a gift worth in excess of \$25.00 (fair market value), or solicit a gift, gratuity, or benefit of any sort from any vendor or professional serving the Association (or attempting to obtain business from the Association). Any Director who receives an unsolicited gift or gratuity must promptly disclose receipt of the gift or gratuity at a duly convened meeting of the Board of Directors. The Board of Directors shall then decide on the public record whether the Director should return the gift, turn it over to the Association, or, if the gift is of innocuous consequence or nominal value, keep the gift.

IV. CONFIDENTIALITY REQUIREMENT

- A. All Directors shall recognize that matters pertaining to the Association's business and conducted in executive session needs to be kept confidential and not disclosed to the Membership or to members of the public at large. The same applies to any written communications from legal counsel denoted as a confidential document. Directors shall not disclose Confidential Information (as that term is defined below) under any circumstances to any person not on the Board without the express consent of a majority of the Board voting at a duly convened meeting of the Board of Directors.
- B. In any instance when a Director might be confused about the confidentiality requirements and in order to minimize the possibility of inadvertent disclosure, that Director shall consult with the President before making any disclosure to any third party which might arguably release any Confidential Information covered by this Resolution, as that term is defined below.
- C. All Confidential Information is the property of the Association. Directors shall keep in strict confidence any and all information, documentation, records and devices which contain Confidential Information, and, upon the expiration of the Board Director's term, shall return all Confidential Information in the Director's possession to the Association and shall keep confidential all non-tangible Confidential Information.
- D. For the purpose of this Resolution, the term "Confidential Information" shall mean any information related to:
- 1) Personnel matters relating to specific, identified persons or a person's medical records;
 - 2) Contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;
 - 3) Pending or probable litigation. Probable litigation means those instances where there has been a specific threat of litigation from a party or the legal counsel of a party;
 - 4) Matters involving state or local administrative or other formal proceedings before a government tribunal for enforcement of the association documents or rules and regulations promulgated pursuant to Paragraph 55.513 of the Virginia Property Owners' Association Act;
 - 5) Communications with legal counsel which relates to sub paragraphs 1) through 4), directly above, or which is protected by the attorney-client privilege or the attorney work product doctrine;
 - 6) Disclosure of information in violation of law;
 - 7) Meeting minutes or other confidential records of an executive session of the board of directors held in accordance with subsection C of Paragraph 55-510.1 of the Virginia Property Owners; Association Act;
 - 8) Documentation, correspondence or management or board reports compiled for or on behalf of the association or the board by its agents or committees for consideration by the board in executive session; or

- 9) Individual unit owner or member files, other than those of the requesting lot owner, including any individual lot owner's or member's files kept by or on behalf of the association.

E. Confidential Information shall not be deemed to include information:

- 1) that at the time of disclosure is available to the general public through public records or records of the Association which the Association must make available to the members for inspection or copy under state law;
- 2) that an administrative agency or court of competent jurisdiction orders to be disclosed, provided however, that upon receipt of any order, subpoena, or summons of any kind, before providing the information or document requested, the Director shall give the full Board immediate notice thereof in order to allow the Board an opportunity to protect its Confidential Information. All Directors shall provide all necessary cooperation for this purpose.

F. All responsibilities expressed herein continue to apply to a Director after the term of the Director expires.

V. ENFORCEMENT

In addition to the enforcement remedies provided to the President stated above, the Board may enforce this resolution by the following means: private reprimand, public censure, or the initiation of a removal action for a vote by the Membership.

The Board shall not take any such enforcement action against any Director until the Board votes on the public record to cite the Director with a flagrant or repeated violation of the code of conduct cited herein. The Board must then provide the Director in question with written notice of the alleged violation and an opportunity to be heard on the matter at a duly convened meeting of the Board. Once the Board concludes this process, it may vote to impose or pursue any of the enforcement actions cited above.

VI. CONTROL OF THE AGENDA AND INTRODUCING NEW ISSUES DURING BOARD MEETINGS

- A. The President shall chair all meetings of the Board. In the President's absence, the Vice President shall chair the meeting.
- B. The then current edition of *Rules of Order for Association Boards*, Edition 1.1, by Jeffrey A. Goldberg, or such other rules of procedure as may be adopted by the Board of Directors from time to time, shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Virginia Code or the Association Documents.
- C. The President, with the assistance of management, is responsible for the preparation of a preliminary agenda and its circulation to the other Directors. The agenda typically needs to include Eight categories of action items for the meeting in the following order: (1) Adopting the agenda; (2) Open Forum; (3) Approval of the minutes of the prior meeting; (4) Reports of officers, management and committees; (5) Reports of Special or Ad Hoc committees; (6) agenda action items (which includes new matters specified on the agenda to be considered at the Board meeting); (7) unfinished business; and (8) new business. An agenda is deemed to be preliminary prior to its formal adoption by the Board. Any Director may ask the President to include an action item on the preliminary agenda for the meeting.

However, the President is not required to include any item on the preliminary agenda, even if a Director asks the President to do so.

- D. The Board may deviate from the preliminary agenda if a majority of the Board votes to modify the agenda prior to its formal adoption by the Board. Once the Board adopts the agenda, a new matter not set forth in the adopted agenda may only be raised upon the affirmative vote of two-thirds of the Board.
- E. A Director may raise an issue not specifically addressed in the agenda for the meeting during the new business portion of the meeting by making a motion for the new matter to be considered by the Board. The motion need not be seconded; however, a motion to consider a new matter is out of order if it is raised at any time prior to the new business portion of the meeting. Once made, the President shall state the question on the motion for the Board to decide whether to consider the issue raised by the Director. Once the President states the question, the motion is then open for debate, and upon conclusion, the motion is put to a vote. Any motion to consider a new matter after the agenda has been adopted requires the affirmative vote of two-thirds of the Board to pass.
- F. Any matter that has been voted on previously by the Board may only be reconsidered if a Director makes a formal motion to rescind the prior vote .

END OF TEXT

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Adopted July 23, 2013**

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This Agreement was duly executed by the Board of Directors on this
23th day of July, 2013.

Name	Signature	Yes	No	Abstain	Absent
Barbara Magill	<i>Barbara Magill</i>	✓			
Pat Shields	<i>Pat Shields</i>	✓			
Carolyn Sieradzki	<i>C. Sieradzki</i>	✓			
Gene Betit	<i>Ed. Betit</i>	✓			
Chris Cardinale	<i>cc</i>	✓			
Lou Cesa	<i>Lou Cesa</i>	✓			
Butch Nesbit	<i>Frank Nesbit</i>	✓			
Richard Schoppet	<i>Richard Schoppet</i>				
Ray Scudder					
Bob Taylor	<i>Bob Taylor</i>	✓			
Misty Weaver-Ostinato	<i>Misty Weaver-Ostinato</i>	✓			