

MEMO



To: TDA Board of Directors
From: Executive Assistant, Bonnie Watkins
Subject: Review of Tahoe Donner Policies
Date: May 31, 2014

Message: Per Board Resolution 2013-6, all policy resolutions and statements must be reviewed no later than the fifth anniversary of their original adoption to ensure that all policies are still relevant and continue to serve the Association in a beneficial manner.

At the February 22, 2014 Board meeting, the Board was provided with a recommendation to rescind "Policy Resolution 2000-7 Board Code of Conduct" and to adopt a proposed new and expanded "Director's Code of Conduct & Ethics". As the Board expressed concerns regarding certain language in the proposed new resolution, this item is being brought back to the Board for further discussion and clarification on any revisions you may wish to make. For comparison, sample "Code of Conduct & Ethics" from industry affiliates are included in this section for your review.



**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS**

BOARD OF DIRECTOR'S CODE OF CONDUCT & ETHICS

CORPORATE RESOLUTION 2014 - 3

PURPOSE

The Board of Directors adopts the following Code of Conduct & Ethics policy for its Board members. The Board feels this policy is necessary to assure that the business of the Association is conducted in an efficient manner that reflects the highest ethics and morals. It is intended to provide guidance with ethical issues and serve as a mechanism for addressing unethical conduct. It shall be adhered to by all members at all times during their term of office. It is not the intent of this policy to restrict the ability of a Director to perform the duties required by law or the Association's Governing Documents. The policy shall be enforced pursuant to authority given the Board to govern itself in the Association's Bylaws, California Corporations and Civil Codes, and commonly accepted rules of parliamentary procedures.

A. BOARD RESPONSIBILITIES

The general duties for Directors are to enforce the Association's governing documents, collect and preserve the Association's financial resources, insure the Association's assets against loss, and focus on the development of broad policies for the association (e.g., long-term vision, overall financial philosophy, et cetera). **To fulfill these responsibilities, Directors must:**

- regularly attend Board meetings,
- understand and abide by the Declaration, Bylaws, Policy Procedures and other Association documents,
- review material provided in preparation for Board meetings in a timely manner,
- review the Association's financial reports on a regular basis,
- make reasonable inquiry before making decisions,
- respond to member inquiries through established procedures,
- fulfill Board appointed officer responsibilities,
- respect and support the majority decisions of the Board.

B. PROFESSIONAL CONDUCT

In general, Directors must act within the boundaries of their authority as defined by law and the Governing Documents of the Association, exercising their responsibilities with integrity, fidelity, and care. The “business judgment rule” holds Directors accountable for the *duty of care* and the *duty of undivided loyalty and honesty* in all their activities.

- **Private Gain** - Self-dealing occurs when directors make decisions that materially benefit themselves, their relatives, or close personal relationships at the expense of the Association. “Relatives” include a person’s spouse, parents, siblings, children, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares the person’s residence. Benefits include money, privileges, special benefits, gifts or other item of value. **Accordingly, no Director may:**
 - solicit or receive any compensation from the Association for serving on the Board or any committee,
 - solicit or receive, any gift, gratuity, favor, entertainment, loan, or any other thing of value for themselves or their relatives from a person or company who is seeking a business or financial relationship with the Association,
 - seek preferential treatment for themselves or their relatives,
 - use Association property, services, equipment or business for the gain or benefit of themselves or their relatives, except as is provided for all members of the association.
- **Confidential Information** - Directors are responsible for protecting the Association’s confidential information. As such, no individual Director may disclose information which has been designated by the Board, or its legal counsel, as confidential without prior approval of the Board. Board members may not use confidential information for the benefit of themselves or their relatives. **Confidential information includes, without limitation:**
 - private personal information of fellow Directors and committee members,
 - private personnel information of the Association’s employees,
 - disciplinary actions against members of the Association,
 - assessment collection information against members of the Association,
 - legal disputes in which the Association is or may be involved--Directors may not discuss such matters with persons not on the Board without the prior approval of the Association’s general counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and result in the loss of confidential information,

- discussions and decisions made at any meeting of the Board held in Executive Session.
- **Accuracy of Information** - Directors may not knowingly misrepresent facts or knowingly distribute/disseminate information to the members which they know is false or materially misleading.
- **Professional Behavior** - Directors are obligated to act with proper decorum. Although they may disagree with the opinions of others on the Board or committees, they must act with respect and dignity and not make personal attacks on others. Accordingly, Directors must focus on issues, not personalities and at all times shall treat management, staff, property owners, committee members, fellow directors and others with tact and respect. Directors shall act in accordance with Board decisions and shall not act unilaterally or contrary to the Board's decisions.

C. DAY-TO-DAY OPERATIONS

The role of the Board is to oversee operations and set policy. The Board shall direct the efforts of the staff and departments through the General Manager by policy directives rather than attempting to manage the details of staff operations.

- **Vendors** - Directors do not have the right to individually contact vendors or give vendors instructions or sign contracts without Board authorization. Allowing multiple directors to interact with vendors will result in higher costs to the Association, conflicting instructions to vendors and potential loss of vendors. It also creates the potential for “*ultra vires*” acts by directors.
- **Personnel** - Directors are similarly restricted in their ability to interact with employees. Individual Directors do not have the right to direct or discipline employees. That function is reserved to the Board as a whole or delegated to the Association's General Manager. To allow individual Directors to take such actions is to invite potential liability via Labor Code violations, harassment issues, and constructive termination actions.

D. CONFLICTS OF INTEREST

Directors, having control and responsibility for the property of others, must act with scrupulous good faith and candor. They must avoid, in fact and perception, conflicts of interest and any favoritism that might embarrass the Board or organization, and disclose to the Board, in a timely manner, any possible conflicts. Situations may arise that are not expressly covered by this policy or where the proper course of action is unclear. Directors should immediately raise such situations with the Board. If appropriate, the Board will seek guidance from the Association's legal counsel.

- **Disclosure & Recusal** - Directors must immediately disclose the existence of any conflict of interest, whether their own or others. Directors must withdraw from participation in decisions in which they have a material interest.

- **Director in Good Standing** - In order to continue to vote on matters before the Board, at all times during their term, Directors shall meet all the qualifications required of a candidate for election to the Board and maintain their status as a Director in good standing. For purposes of this provision, a Director shall be automatically determined to not be in good standing as a Director if:
 - Their membership rights are suspended within the Association; or
 - Any amounts are owed to the Association; or
 - That Director is subject to an outstanding compliance order of the Association.

ACCEPTED AND DATED: February 22, 2014

Tom Johns, President

Jim Stang, Vice President

Steve Miller, Treasurer

Dick Gander, Secretary

Courtney Murrell, Director

**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS**

CODE OF CONDUCT

RESOLUTION 2000-7

The following policy is necessary to assure that the business of the Association is conducted in an efficient manner that reflects the highest ethics and morals, thereby earning the respect of the community. It shall be adhered to by all members at all times during their term of office. It is not the intent of this policy to restrict the ability of a director to perform the duties required by law or the association's governing documents.

The policy shall be enforced pursuant to authority given the board to govern itself in the Association Bylaws, California Corporations and Civil Codes, and commonly accepted rules of parliamentary procedure. Any actions to enforce this policy shall be in open session.

1. No individual director shall knowingly distribute or disseminate information to the members which he or she knows, or has reason to know, is false or misleading.
2. No director shall suppress facts which are known to the director and which are material to any matter presented to the members or provide the members with other facts or information which is likely to be misleading because the director has not provided the members with the undisclosed material facts.
3. No director shall seek or use the powers or authority of his or her office to promote the director's personal interests, or the interests of any discreet faction or group of the total Tahoe Donner membership, without a complete prior disclosure to, and consent of, the Board. It is the obligation of each Board member to attempt to achieve consensus at the Board level rather than acting independently.
4. The members of the Board shall use their best efforts to take action in their official capacities which the Board, or a majority thereof, deem to be in the best interest of the Association and its members as a whole.
5. Directors shall refrain from issuing statements which appear to be made in a director's official capacity, or to express official Board policy unless the subject matter of the statement has first been presented to, and acted upon by, the Board. It is the intention of the Board to communicate its actions and positions through duly authorized spokespersons or agents.
6. No individual director shall disclose information which has been designated by the Board,

or its legal counsel, as confidential without prior approval of the Board. When appropriate, advice of the Association's counsel shall be sought before a decision to disclose confidential information is made. This obligation shall survive the conclusion of a director's term of office.

7. Directors shall endeavor to make a competent and diligent investigation and evaluation of issues presented to the Board or the members for action and/or approval. If a director has questions or concerns regarding matters pending before the Board or presented to the members for approval, the director shall present or express those questions and concerns to the Board as a whole so that all directors can benefit from the director's analysis and point of view. To ensure efficient Association operation, directors shall be considerate of the time and other demands imposed by them on management and staff.
8. The Board of Directors of Tahoe Donner Association shall endeavor to conduct themselves at all times in a manner that reflects the highest ethics and morals thereby earning the respect of the community. At all times, directors shall treat management, staff, property owners, committee members, fellow directors and others with tact and respect.
9. In order to continue to vote upon matters before the Board, at all times during their term, directors shall meet all of the qualifications required of a candidate for election to the Board, and maintain their status as a director in good standing. For the purposes of this provision, a director shall be automatically determined to not be in good standing as a director if:
 - a) Their membership rights are suspended within the Association; or
 - b) Any amounts are owed to the Association; or
 - c) That director is subject to an outstanding compliance order of the Association.

ACCEPTED AND DATED: September 29, 2000

R. W. KREUTZEN, President

RICHARD T. LANGAN, Vice President

BRUCE CORNELL, Secretary/Treasurer

JOHN BAILEY, Director

JACK SCHWARTZ, Director



A B C D E F G H I
J K L M N O P Q R
S T U V W X Y Z

A

[Abbreviations](#)[Abstain - board meetings](#)[Abstain - member meetings](#)[Abstract of judgment](#)[Acclamation](#)[Accounting](#)[Accrual](#)[Acoustics](#)[ADA](#)[Adams Kessler](#)[Adjourn](#)[ADR](#)[Adrian Adams](#)[Advertising](#)[AEDs](#)[Age restrictions](#)

SAMPLE ETHICS POLICY

CODE OF CONDUCT FOR DIRECTORS & COMMITTEE MEMBERS

adopted _____

The Board of Directors has adopted the following ethics policy for its board members and committees. This policy is intended to provide guidance with ethical issues and a mechanism for addressing unethical conduct.

A. BOARD RESPONSIBILITIES.

The general duties for directors are to enforce the association's governing documents, collect and preserve the association's financial resources, insure the association's assets against loss, and keep the common areas in a state of good repair. To fulfill that responsibility, directors must:

- regularly attend board meetings,
- review material provided in preparation for board meetings,
- review the association's financial reports, and
- make reasonable inquiry before making decisions.

B. PROFESSIONAL CONDUCT.

In general, directors and committee members must conduct all dealings with vendors and employees with honesty and fairness, and safeguard information that belongs to the association.

1. **Self-Dealing.** Self-dealing occurs when directors or committee members make decisions that materially benefit themselves or their relatives at the expense of the association. "Relatives" include a person's spouse, parents, siblings, children, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares the person's residence. Benefits include money, privileges, special benefits, gifts or other item of value. Accordingly, no director or committee member may:

- solicit or receive any compensation from the association for serving on the board or any committee,
- make promises to vendors unless with prior approval from the board,
- solicit or receive, any gift, gratuity, favor, entertainment, loan, or any other thing of value for themselves or their relatives from a person or company who is seeking a business or financial relationship with the association,
- seek preferential treatment for themselves or their relatives,
- use association property, services, equipment or business for the gain or benefit of themselves or their relatives, except as is provided for all members of the association.

2. **Confidential Information.** Directors and committee members are responsible for protecting the association's confidential information. As such they may not use confidential information for the benefit of themselves or their relatives. Except when disclosure is duly authorized or legally mandated, no director or committee member may disclose confidential information. Confidential information includes, without limitation:

- private personal information of fellow directors and committee members,
- private personnel information of the association's employees,
- disciplinary actions against members of the association,
- assessment collection information against members of the association, and

- legal disputes in which the association is or may be involved--directors may not discuss such matters with persons not on the board without the prior approval of the association's general counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and loss of confidential information.
3. Misrepresentation. Directors and committee members may not knowingly misrepresent facts. All association data, records and reports must be accurate and truthful and prepared in a proper manner.
4. Interaction with Employees. To ensure efficient management operations, avoid conflicting instructions from the board to management and avoid potential liability, committee members and directors shall observe the following guidelines:
- The president of the board shall serve as liaison between the board and management and provide direction on day to day matters.
 - Except for the president, committee members and directors may not give direction to management, employees or vendors.
 - Directors may not contact management after hours unless there is an emergency representing a threat of harm to persons or property.
 - If directors or committee members are contacted by employees with complaints, the employees shall be instructed to contact management or the board as a whole.
 - No director may threaten or retaliate against an employee who brings information to the board regarding improper actions of a director or committee member.
 - Directors and committee members are prohibited from harassing or threatening employees, vendors, directors, committee members, and owners, whether verbally, physically or otherwise.
5. Proper Decorum. Directors and committee members are obligated to act with proper decorum. Although they may disagree with the opinions of others on the board or committee, they must act with respect and dignity and not make personal attacks on others. Accordingly, directors and committee members must focus on issues, not personalities and conduct themselves with courtesy toward each other and toward employees, managing agents, vendors and members of the association. Directors shall act in accordance with board decisions and shall not act unilaterally or contrary to the board's decisions.

C. WHEN CONFLICTS OF INTEREST ARISE.

Situations may arise that are not expressly covered by this policy or where the proper course of action is unclear. Directors and committee members should immediately raise such situations with the board. If appropriate, the board will seek guidance from the association's legal counsel.

1. Disclosure & Recusal. Directors and committee members must immediately disclose the existence of any conflict of interest, whether their own or others. Directors and committee members must withdraw from participation in decisions in which they have a material interest.

2. Violations of Policy. Directors and committee members who violate the association's ethic's policy are deemed to be acting outside the course and scope of their authority. Anyone in violation of this policy may be subject to immediate disciplinary action, including, but not limited to:

- censure,
- removal from committees,
- removal as an officer of the board,
- request for resignation from the board,
- recall by the membership, and
- legal proceedings.

Prior to taking any of the actions described above, the board shall appoint an executive committee to investigate the violation. The committee shall review the evidence of violation, endeavor to meet with the director/committee member believed to be in violation, confer with the association's legal counsel, and present its findings and recommendations to the board for appropriate action. The board shall endeavor to meet with the director/committee member in executive session prior to imposing disciplinary action against that person.

<OPTIONAL>

<If the association has amended its bylaws to make signing an ethics policy a **qualification for serving on the board**, the following language can be used:>

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D. PLEDGE.

I have read the above Ethics Policy. I pledge to act in accordance with my obligations as described above.

Signature: _____ Date: _____

Print name: _____



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Model Code of Ethics for Community Association Board Members

This model code of ethics is not meant to address every potential ethical dilemma encountered by a community association board member, but is offered as a basic framework that can be modified and adopted by any common-interest community.

Board members should:

- Strive at all times to serve the best interests of the association as a whole regardless of their personal interests.
- Use sound judgment to make the best possible business decisions for the association, taking into consideration all available information, circumstances and resources.
- Act within the boundaries of their authority as defined by law and the governing documents of the association.
- Provide opportunities for residents to comment on decisions facing the association.
- Perform their duties without bias for or against any individual or group of owners or non-owner residents.
- Disclose personal or professional relationships with any company or individual who has or is seeking to have a business relationship with the association.
- Conduct open, fair and well-publicized elections.
- Always speak with one voice, supporting all duly-adopted board decisions even if the board member was in the minority regarding actions that may not have obtained unanimous consent.

Board members should not:

- Reveal confidential information provided by contractors or share information with those bidding for association contracts unless specifically authorized by the board.
- Make unauthorized promises to a contractor or bidder.
- Advocate or support any action or activity that violates a law or regulatory requirement.
- Use their positions or decision-making authority for personal gain or to seek advantage over another owner or non-owner resident.
- Spend unauthorized association funds for their own personal use or benefit.
- Accept any gifts—directly or indirectly—from owners, residents, contractors or suppliers.
- Misrepresent known facts in any issue involving association business.
- Divulge personal information about any association owner, resident or employee that was obtained in the performance of board duties.
- Make personal attacks on colleagues, staff or residents.
- Harass, threaten or attempt through any means to control or instill fear in any board member, owner, resident, employee or contractor.
- Reveal to any owner, resident or other third party the discussions, decisions and comments made at any meeting of the board properly closed or held in executive session.

Visit www.caionline.org; write cai-info@caionline.org;
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SAMPLE

Board Member Code of Ethics

As a board member, you need to be aware that more is expected of those in leadership roles. Review the following statements. Signing this Code of Ethics solidifies your commitment to honest board service.

As a member of this board, I will:

- Be committed to fulfilling the mission and vision of the XYZ HOA.
- Keep all confidential board information, confidential.
- Focus my efforts on the XYZ HOA and not my personal goals.
- Serve on a committee and/or task force in a leadership capacity.
- Refrain from using my service on this board for my own personal advantage or for the advantage of my friends or associates.
- Respect and support the majority decisions of the board.
- Immediately disclose to the board any perceived or real conflict of interest as soon as I have knowledge of the potential conflict.
- Approach all board issues with an open mind, prepared to make the best decisions for everyone involved.
- Do nothing to violate the trust of those who elected or appointed me to the board or of those we serve.
- Never exercise authority as a board member except when acting in a board meeting or as I am delegated by the board or its President.
- Continue to maintain the XYZ HOA board member candidate qualifications.
- Consider myself a trustee of this organization and do my best to ensure that it is well maintained, financially secure, growing and always operating within the best interest of those we serve.

BOARD MEMBER SIGNATURE

DATE



California Association of Community Managers, Inc. (CACM)

info@cacm.org • www.cacm.org

Information contained in this sample is intended to be used only as a guideline and is not to be construed as legal advice.