

TAHOE DONNER BOARD OF DIRECTORS CODE OF CONDUCT

March 12, 2021

RECOMMENDED ACTION

Board review of proposed components of the Code of Conduct and provide direction to staff

Staff will come back with a complete document for board review at the March 26 meeting.



COMPONENTS OF THE BOARD OF DIRECTOR CODE OF CONDUCT

- Acting as a fiduciary
- Board and Director Responsibilities
- Professionalism, Civility and Decorum
- Interaction with Employees
- Confidential Information
- Self-Dealing and Conflicts of Interest
- Membership Votes and Related Obligations
- Violations of the Code of Conduct
- Pledge

ACTING AS A FIDUCIARY

- Fiduciary duty to the Association: Board of directors have a fiduciary duty to **exercise due care in how they manage the Association affairs and also have the duty of loyalty and obedience to the Association.**
- Act within the scope of their authority
- Base their decisions on reasonable inquiry,
- Act in good faith
- Make decisions that are in the best interest of the Association as a whole, regardless of their personal interests.

BOARD + DIRECTOR RESPONSIBILITIES: EXAMPLES

- Act as a policy making body
- Delegate's implementation of its policies or decisions to staff, committees, and/or other qualified persons.
- Review and abide by the established protocols governing interactions with staff, committees, and vendors.
- Regularly attend board meetings.
- Diligently prepare for board meetings and review material provided in advance.
- Educate themselves as to the obligations as Directors of the Association under its governing documents.
- Ensure that when casting a vote for a decision that they are acting in a fiduciary capacity as described above.
- Correct or question any inaccurate or improperly prepared association data, records and/or reports that the Director becomes aware of while serving on the Board. A director is not obligated to ensure that all data etc is accurate and truthful, etc., only to question it if they become aware.

PROFESSIONALISM, CIVILITY + DECORUM: TOP 5 EXAMPLES

- Work in a cooperative and productive manner to ensure that decisions are made in a respectful and collaborative process.
- Refrain from knowingly misrepresenting facts or otherwise disseminating misinformation about Association matters.
- Act with respect and dignity without making derogatory comments or personal attacks, including when disagreements arise.
- Once a decision is made by the Board, each Director shall act in accordance and support that decision, even if they voted against it.
- Directors are prohibited from harassing or threatening employees, vendors, Directors, committee members, or Association members, whether verbally, physically, or otherwise.

INTERACTION WITH EMPLOYEES

To ensure efficient management operations, avoid conflicting instructions from the board to management and avoid potential liability, directors shall observe the following guidelines:

- The president shall be elected by the Board from among the directors. He/she shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association. He/she shall preside at all meetings of the Board and shall have the general power and duties of management usually vested in the office of president of a corporation together with such powers and duties as may be prescribed by the Board or the Bylaws. (Article. XI, Section 7 of the Restated Bylaws)
- An agenda for all regular meetings shall be prepared by the president or by management under the direction of the president. (Article VIII, Section 3 of the 2004 Amendments of the Restated Bylaws)
- Directors shall not attempt to direct Tahoe Donner staff; that is the responsibility of the General Manager.

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INTERACTION WITH EMPLOYEES, Continued

To ensure efficient management operations, avoid conflicting instructions from the board to management and avoid potential liability, directors shall observe the following guidelines:

- Directors may not contact management after hours unless there is an emergency representing a threat of harm to persons or property.
- If directors 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 are prohibited from harassing or threatening employees, vendors, directors, committee members, and owners, whether verbally, physically or otherwise.

CONFIDENTIAL INFORMATION

- Directors must be diligent in protecting the Association's confidential information and may not use confidential information for the benefit of themselves or others. Except when disclosure is duly authorized or legally mandated, no director may disclose confidential information.

Confidential information includes, without limitation:

- Private and personal information about fellow Directors.
 - Confidential information about the Association's employees.
 - Disciplinary actions involving members of the Association.
 - Assessment collection and delinquency matters.
 - Confidential and privileged information received as part of a dispute resolution process or litigation in which the association is or may be involved.
 - Information which is the subject of an executive session.
- Additionally, Directors must refrain from using non-public information or documents obtained as a result of his or her position as a Director to advance personal interest or gain.

SELF-DEALING AND CONFLICTS OF INTEREST

- As a fiduciary, each Director must at all times avoid self-dealing and conflicts of interest that may impact their ability to put the Association's interests above their personal interests. Directors are obliged to read, understand, and abide by Article IX, Section 3 of Tahoe Donner's Bylaws, which provides important details about this obligation.
- Among other things, the Bylaws regulate "Interested Director Transactions," which are transactions involving the Association in which a Director has, or may have, a material financial interest that is distinguishable from its effect on similarly situated members generally. If an Interested Director Transaction arises, the Director with the conflict may not participate in any discussion or decision and may not attempt to use their position on the Board to influence the decision. *Article IX, Section 3 of Tahoe Donner's Bylaws.*
- On or before July 1 of each year, each Director must disclose to the Board any transactions that might interfere with a Director's duties to put the Association's interests above their own interests. Directors are responsible to disclose not only pending transactions involving the Association but also direct and indirect investments, businesses or relationships which may reasonably lead to or become an interested director transaction during the Director's term of office. To assist with this disclosure, staff and the Board may develop a form to be completed by Directors each year.

SELF-DEALING AND CONFLICTS OF INTEREST Cont.

To avoid self dealing or the perception of self dealing

- Solicit or receive any compensation from the Association for serving on the Board.
- Make promises or imply commitments to vendors without Board approval.
- Solicit or receive any gift, gratuity, favor, entertainment, loan, or any other thing of value from a person or company who is seeking or who has a business or financial relationship with the Association.
- Seek preferential treatment from the Association, or vendors doing business with the Association.
- Use the Association property, services, equipment or business for their personal gain or benefit, except as may be provided for all members of the association.

Potential instances of self dealing, or conflicts of interest may arise that are not expressly covered by the Bylaws or this Code of Conduct, 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.

MEMBERSHIP VOTES + RELATED OBLIGATIONS

Examples Include:

- A Director is obligated to act and speak in all matters pertaining to Tahoe Donner in accordance with his or her fiduciary duties and this Code of Conduct, including during elections and other membership votes.
- Directors must understand that while the Association is charged with conducting an election or other member vote, the Association must remain fair and impartial in that process. Thus, Directors must endeavor not to interfere with the fairness and impartiality of Association elections.
- Director involvement in direct advocacy during an election or other member votes can lead to descension and disharmony among Board members, as well as erode member confidence in a fair and impartial election process.
- Including language that reflects endorsing candidates.
- If a director is active in promoting a decision outside of a meeting, they have demonstrated a bias approach.

VIOLATIONS OF THIS CODE OF CONDUCT

Directors who violate the Association's code of conduct are deemed to be acting improperly outside the course and scope of their authority. Any Director in violation of this policy may be subject to, among other things:

- Censure by the Board,
 - Limitations on involvement with committees,
 - Exclusion from discussions or deliberations on issues which the Board has determined create a conflict of interest;
 - Removal as an officer of the board,
 - Request for resignation from the board,
 - A board or member-initiated recall process,
 - Loss of the qualified immunity Directors normally enjoy,
 - Legal proceedings.
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- Prior to taking any of the actions described above, the board shall, in executive session, review the evidence of violation, meet with the accused Director to provide an opportunity for the Director to respond, and confer with the Association's legal counsel.

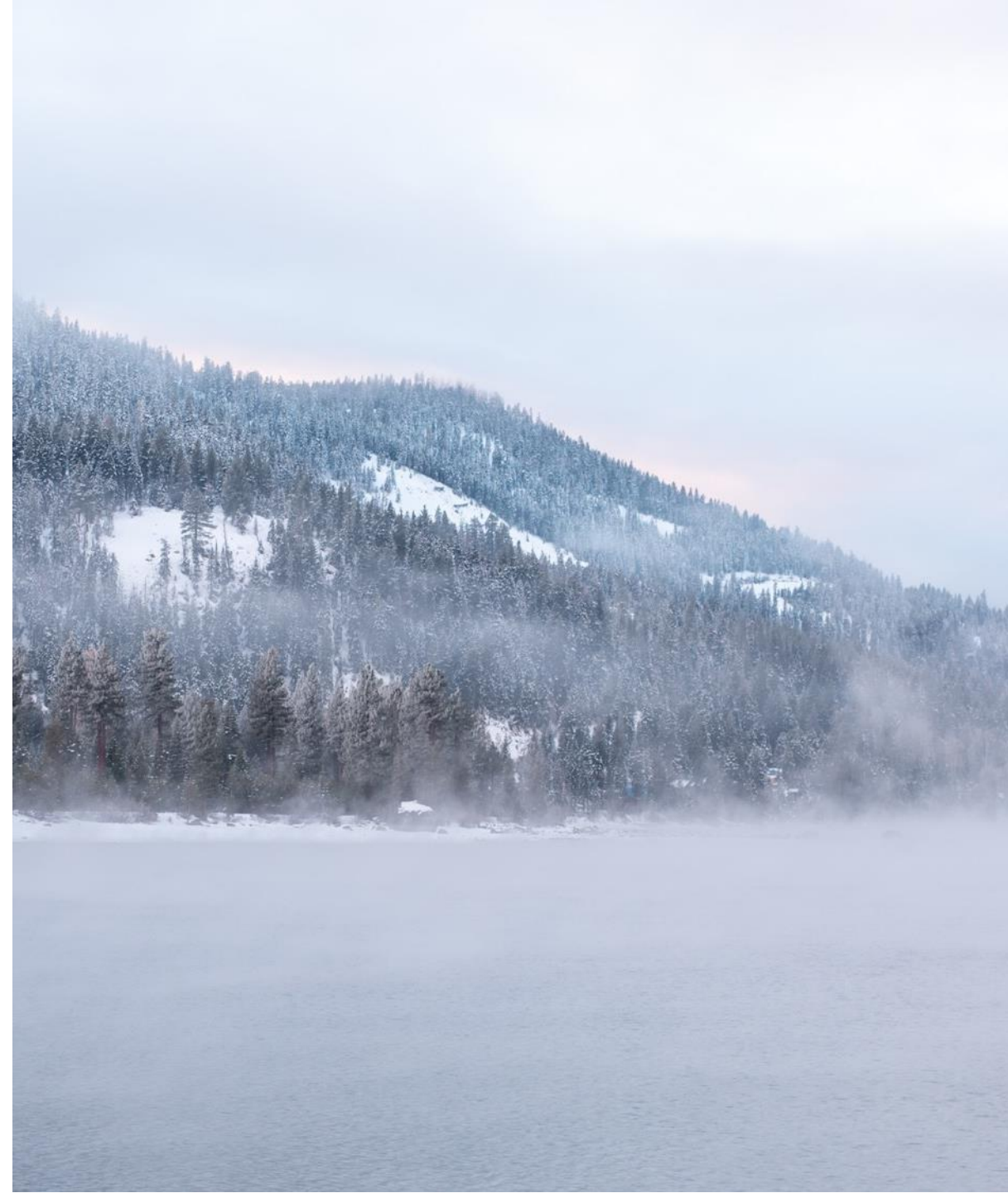
 - In its sole discretion, the Board may retain a third-party investigator, and/or appoint an ad-hoc advisory committee, to investigate and review the purported violation and to present its findings and recommendations to the Board for appropriate action.

PLEDGE

I have read this Code of Conduct, understand it, and I pledge to carry out my duties in good faith, and to the best of my abilities, in accordance with my obligations as described above.

INTENT OF THE CODE OF CONDUCT

The existing Code of Conduct and Ethics adopted by TDA Corporate Resolution 2018-1 is a generic Code of Conduct that should be revised in order to (i) integrate the Corporate Resolution 2020-3, which addresses Governance Guidelines, (ii) clarify expected ethical conduct of TDA Directors, and (iii) provide for practical enforcement mechanisms.





QUESTIONS/DISCUSSION