

FIRST COLONY

COMMUNITY ASSOCIATION



POLICY GOVERNANCE

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FIRST COLONY

COMMUNITY ASSOCIATION



ENDS

FCCA Ends

The First Colony Community Association exists so that the members of FCCA live or operate their business in a desirable, successful community with assessments of value to the Members

- ◆ **The community is aesthetically pleasing**
 - **There is architectural integrity**
 - **Landscaped and recreational areas are attractive**
- ◆ **There are diverse recreation and leisure opportunities for the enjoyment of the members and greater community**
- ◆ **There are quality recreational amenities that promote healthy and active lifestyles for members**
- ◆ **There are mutually beneficial relationships between business members and Residential Members**
- ◆ **FCCA will promote an environment for economic prosperity**

FCCA ENDS DEVELOPMENT PROCESS

Below is the outline detailing the process of each Ends Item:

Board prioritizes Ends topics

In advance of first step, Board provides suggestions on Partners for the proposed Ends under discussion

1. PHILOSOPHY- ENVIRONMENTAL SCAN & PARTNERSHIP DISCUSSION

- Staff provides background paper to include overview and list of invited expert speakers.
- Background paper dispersed to Board a week before Board meeting (i.e. paper to Executive Director's office two weeks before issue is discussed.)
- Staff provides the background paper to the Neighborhood Reps prior to the Board Meeting.
- Staff presents background material to Board of Directors and Board
- Board hears invited experts speakers.
- Board of Directors hears from appropriate partners within the community.

2. MEMBER/PUBLIC COMMENT & BOARD OF DIRECTORS DIALOGUE - DRAFT CONSENSUS

(At times, two or more meetings may be needed to hear all of the members.)

- Board of Directors allows time for and encourages member/public input.
- Board of Directors provides opportunity for the neighborhood reps to share information.
- Board of Directors discusses: what good, for which members, at what cost.
- Staff presents to Board of Directors budget impact if appropriate.

3. REVIEW DOCUMENTATION & DRAFT ENDS STATEMENTS

- Staff assists Board of Directors in reviewing previous discussions, public comment, background paper, etc.
- Staff presents to Board of Directors budget analysis (5-year forecast) if appropriate.
- Board of Directors drafts ends statements.

4. ADOPTION OF ENDS STATEMENTS

- Board of Directors reviews final proposed language and adopts Ends statements.
- Begin next issue (i.e. PHILOSOPHY - ENVIRONMENTAL SCAN)

FIRST COLONY

COMMUNITY ASSOCIATION



POLICY TYPE:

EXECUTIVE LIMITATIONS

POLICY TYPE: EXECUTIVE LIMITATIONS

Policy Title: General Executive Constraint

The Executive Director shall not cause or allow any practice, activity, decision or organizational circumstance which is either illegal, immoral, imprudent or in violation of commonly accepted business and professional ethics.

1. Dealings with staff and volunteers shall not be inhumane, unfair, unprofessional or undignified.
2. Compensation and benefits for staff shall not deviate materially from the market.
3. In directing activities of FCCSA, the Executive Director shall not fail to consider the recommendations contained in the comprehensive master plan.
4. In directing activities of FCCSA, the Executive Director shall not fail to consider current community association industry standards.
5. Actual financial conditions at any time shall not incur fiscal jeopardy or compromise Board Ends priorities.
6. Budgeting for any fiscal period or the remaining part of any fiscal period shall not deviate materially from Board Ends priorities, risk fiscal jeopardy or fail to show a generally acceptable level of foresight.
7. Assets may not be unprotected, inadequately maintained or unnecessarily risked.
8. There shall be no conflict of interest in awarding purchases or other contracts.
9. Information and advice to the Board will have no significant gaps in either timeliness, completeness or accuracy.
10. No fewer than two managers will be informed of Executive Director and Board issues and processes.
11. The Executive Director shall not fail to abide by the founding documents including the Articles of Incorporation, Declaration, and Bylaws; and other agreements such as The Schulgen Agreement and the Associations of First Colony Articles of Incorporation and Bylaws.

12. With respect to providing information to the membership, the Executive Director may not permit the members to be uninformed.

POLICY TYPE: EXECUTIVE LIMITATIONS

1. Policy Title: Staff Treatment

With respect to treatment of staff, the Executive Director may not cause or allow conditions which are unfair, undignified, unprofessional or unduly unsafe.

Accordingly, he or she may not:

1. Operate without written personnel procedures which clarify personnel rules for staff, provide for a grievance process, and protect against wrongful conditions.
2. Fail to acquaint staff with their rights under this policy upon employment.
3. Fail to disclose conflicts of interests immediately to the Board of Directors.
4. Allow a work environment in which employee opinions and/or recommendations are not expressed freely and given consideration.

POLICY TYPE: EXECUTIVE LIMITATIONS

2. Policy Title: Compensation and Benefits

With respect to employment, and compensation and benefits to employees, the Executive Director may not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, he or she may not without prior approval of Board of Directors:

1. Change his or her own compensation and benefits*.
2. Establish or make material changes to the employee* benefits of Associations employees.
3. Engage in employee benefit* contracts which exceed the current year's budget.
4. Promise or imply permanent or guaranteed employment.
5. Establish employee compensation and benefits* which:
 - A. Deviate materially from those of comparable communities within the State of Texas for similar positions and levels of skills.
 - B. Create obligations over a longer term than revenues can be safely projected.
 - C. Cause unfunded liabilities to occur or in any way commits the Association to employee benefits* which incur unpredictable future costs.
 - D. Provide less than some basic level of employee benefits* to all regular time employees, though differential benefits to encourage longevity in key employees are not prohibited.

6. The Executive Director shall not fail, contingent upon funding by the Board of Directors, to perform an employee compensation study/analysis every five (5) years/

**Employee benefits shall be defined as health, disability and life insurance, retirement plans, vacation, sick leave, and maternity leave.*

POLICY TYPE: EXECUTIVE LIMITATIONS

3. Policy Title: Comprehensive Master Plan

In directing activities of FCCSA, the Executive Director shall not fail to consider the recommendations contained in the comprehensive master plan.

Accordingly he or she may not:

1. Fail to maintain a comprehensive master plan that assesses the Association's projected needs for a period of no less than 10 years.
2. Fail to make the general scope and provisions of the Association's comprehensive master plan available to the membership.

POLICY TYPE: EXECUTIVE LIMITATIONS

4. Policy Title: Industry Standards

In directing activities of FCCSA, the Executive Director shall not fail to consider current community association industry standards.

Accordingly, he or she may not:

1. Fail to advise the homeowners and community leaders of their rights and responsibilities as specified in CAI's Rights and Responsibilities for Better Communities.
2. Fail to provide information to the Board of Directors of current community association standards.

POLICY TYPE: EXECUTIVE LIMITATIONS

5. Policy Title: Financial Conditions

With respect to the actual, ongoing condition of the Association's financial health, the Executive Director may not cause or allow the development of fiscal jeopardy, or the expenditure of funds not in accordance with Board Ends policies and/or the Association's budget.

Accordingly, he or she may not:

1. Expend more funds than are available.
2. Provide or allow to be provided inaccurate financial reporting to the Board which contains too little information to enable the Board to have a clear and accurate understanding of the financial and operating condition of the Association.
3. Fail to report to the Board each month:
 - A. Current annual revenue and expenditures to date.
 - B. Variances Year to Date. Variances from the budget category as defined by Executive Limitation 5D by the greater of 5% or \$5,000 will require an explanation for the deviation, the impact to net income and what action is planned to minimize that impact.
 - C. Expenditures reported by the following categories: Landscape Maintenance, Lake Maintenance, Park Maintenance, Common Area Utilities, Common Area Maintenance, Member Communications, Compliance, Office, Professional Fees Insurance, Property Taxes, Other General Expenses, Recreation Programs, Recreation Facilities, Trash Collection, Reserve Contributions, and Capital Contributions.
 - D. A detailed balance sheet prepared in a manner consistent with the Association's accounting practices accompanied by the

appropriate schedules including, but not limited to a detailed listing of cash, bank accounts and investment.

- E. Certify the accuracy of the financial information and compliance with the Board of Directors and Association policies to the best of his/her knowledge.
 - F. Invest or hold funds in violation of the Association's investment policy.
 - G. Use any reserve fund for other than intended purposes.
 - H. Settle individual claims for damages arising from a single occurrence in an aggregate amount in excess of \$2,500 without first obtaining the consent of the Board.
 - I. Enter into a contract for services or materials with any contractor which is greater than \$5,000 and is not budgeted; or change contractor for major services (such as landscape and pool operations) without first obtaining the consent of the Board.
4. Fail to report to the Board each quarter:
- A. Projected revenue and expenditures for year end.
 - B. Variances projected at year end. Variances from the budget category as defined by Executive Limitation 5D by the greater of 5% or \$10,000 will require an explanation for the deviation, the impact to net income and what action is planned to minimize that impact.
5. Fail to obtain an external audit, performed by an independent CPA engaged by the Audit Committee of the Board of Directors of the Association's books and records annually, including an audit of the Executive Director's compensation and expenses along with a management letter reviewing the accounting practices and internal controls of the Association.

POLICY TYPE: EXECUTIVE LIMITATIONS

6. Policy Title: Budgeting

Budgeting during any fiscal period or the remaining part of any fiscal period shall not deviate materially from Board visioning and priorities, risk fiscal jeopardy nor fail to show a generally acceptable level of foresight.

Accordingly, the Executive Director may not cause or allow budgeting which:

1. Contains too little information to enable accurate projection of revenues, expenses, and cash flow, maintain separation of capital, reserves, and operational items, and provide for subsequent audit trails, and disclosure of planning assumptions.
2. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period or which are otherwise available.
3. Allows the General and Recreation Reserves, on January 1st each year, to fall below 85% of the recommended fully funded balance after posting the current year contribution to each fund.
4. Fails to provide for Landscape Reserve and Neighborhood Reserves that are funded in a manner consistent with Board policy and/or directive.
5. Fails to provide for an operating contingency of less than 1% of annual gross operating expenses.
6. Fails to provide for an updated independent General and Recreation Reserve Study every three years, inclusive of neighborhood assets.
7. Fails to provide for Board training and development.
8. Fails to comply with identified service specific benchmarks and parameters as reviewed by the Board during the budget process.
9. Does not adequately consider reasonably foreseeable future financial circumstances or needs beyond the year being budgeted.

10. Fails to comply with the Budget Process Guidelines including:
 - A. Definitions and objectives outlined in the Budget Process Overview and Budget Instructions
 - B. Provision of an Executive Summary of Service Impact Requests and Service Impact Requests Assessment Impact Spreadsheet
 - C. Provision of the detailed Base Budget
 - D. Payroll Percentage Allocations by Department
 - E. General and Recreation Assessment Detail for funding Service Impact Requests
 - F. Deliver information to the Board of Directors no less than 10 days prior to a Special Board Meeting called to provide approval or comments to the proposed budget.
11. Fails to take into account the provisions of current planning tools and visioning outcomes as recommended by the Board of Directors.

POLICY TYPE: EXECUTIVE LIMITATIONS

7. Policy Title: Asset Protection

The Executive Director may not allow assets to be unprotected, inadequately maintained nor unnecessarily risked.

Accordingly, he or she may not:

1. Fail to create a Risk Management Program which provides insurance coverage that meets the requirements set forth in the Declaration.
2. Allow unbonded personnel access to material amounts of funds.
3. Fail to maintain Association assets.
4. Unnecessarily expose the Association, its Board, Volunteers or staff to claims of liability.
5. Engage in any purchasing practices that are in violation of state law or official Association Documents.
6. Acquire, dispose or contract for real property except in accordance with state law and the Association Documents.

POLICY TYPE: EXECUTIVE LIMITATIONS

8. Policy Title: Conflict of Interest – Purchasing

With respect to awarding purchases or entering into contracts, the Executive Director shall not create a conflict of interest.

Accordingly, he or she may not:

1. Fail to abide by the Board approved purchasing policy.
2. Award purchases or enter into contracts where there is a known conflict of interest between any employee, director, volunteer, or contractor without immediate disclosure in writing of such conflict to the Board of Directors in advance of awarding the purchase or entering into the contract.

POLICY TYPE: EXECUTIVE LIMITATIONS

9. Policy Title: Information and Advice to the Board

With respect to providing information and counsel to the Board, the Executive Director may not permit the Board to be uninformed.

Accordingly, he or she may not:

1. Fail to report actual or anticipated noncompliance with any policy of the Board.
2. Let the Board be unaware of relevant trends, anticipated adverse media coverage, pending or anticipated significant Board agenda items, material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
3. Fail to submit the required monitoring data (see policy on Monitoring Executive Performance) in a timely, accurate and understandable fashion, directly addressing provisions of the Board policies being monitored.
4. Fail to marshal as many staff and external points of view, issues and options as needed for fully informed Board choices on major policy issues.
5. Present information in unnecessarily complex or lengthy form.
6. Fail to provide a mechanism for official Board communications.
7. Fail to deal with the Board as a whole except (a) to provide routine and/or standard information as requested by individual members of the Board of Directors or (b) for responding to the Chair or Board Committees duly charged by the Board.
8. Fail to provide regular minutes to the Board.
9. Fail to provide appropriate financial information to the Board.

10. Fail to advise the Board of Directors of any significant violation of association policies or code of conduct for employees, volunteers, or contractors that could result in unnecessary risk or liability to the association, staff or volunteers.

POLICY TYPE: EXECUTIVE LIMITATIONS

10. Policy Title: Emergency Executive Succession

In order to protect the Board from sudden loss of Executive Director services, the Executive Director may not have fewer than two managers familiar with the Board and Executive Director issues and processes.

Accordingly, the Executive Director shall not:

1. Fail to advise the Board of Directors the names of those managers in the chain of Executive Session and details of the appropriate training and succession plans in the event of a sudden loss of the Executive Director services.

POLICY TYPE: EXECUTIVE LIMITATIONS

11. Policy Title: Covenants and Deed Restriction Enforcement

The Executive Director shall not fail to abide by the founding documents including the Articles of Incorporation, Declaration, and Bylaws; and other agreements such as the Associations of First Colony Articles of Incorporation and Bylaws.

Accordingly, he or she may not:

1. Fail to enforce deed restrictions in a manner that is consistent, equitable and reasonable and that complies with the founding documents and laws of the State of Texas.
2. Fail to treat all violating members in a fair and impartial manner.
3. Fail to ensure that all communications to violating members are handled in a timely, cooperative and professional manner.
4. Fail to provide information to all members on the Association's deed restriction policy, guidelines and enforcement procedures.
5. Fail to maintain and monitor standards to ensure the quality and frequency of residential and commercial deed restriction inspections.
6. Fail to provide information to the Board of directors on post-covenants matters prior to filing a lawsuit.
7. Fail to be proactive with members in the education, prevention and resolution of compliance issues.
8. Fail to measure, document and report information related to compliance to the Board of Directors quarterly.

POLICY TYPE: EXECUTIVE LIMITATIONS

12. Policy Title: Communication Methods with Membership

With respect to providing information to the membership, the Executive Director may not permit the members to be uninformed.

Accordingly, he or she may not:

1. Fail to ensure that all communication is handled in a professional, reasonable and timely manner.
2. Fail to respond to member inquiries, requests for information, or complaints in a period that exceeds 2 business days.
3. Fail to comply with the Board of Director's approved Access to Association's Record Policy.
4. Fail to provide a newsletter to each member no less than four (4) times per year.
5. Fail to provide a website that contains frequently requested association documents, staff contact information, and up to the date information on Association matters and activities and where appropriate pending matters and activities.
6. Fail to provide each new member of the Association with a Welcome Packet including information about the Association's role and responsibilities, a copy of the Association's Bylaws, Declarations and recorded guidelines for their neighborhood; and information on how to contact the Association for additional information.
7. Fail to provide time spent in the Association's neighborhoods.

POLICY TYPE: EXECUTIVE LIMITATIONS

13. Policy Title: Asset Maintenance

The Executive Director shall ensure that the Association's assets are maintained in accordance with the founding documents, Association policies and/or industry standards.

Accordingly, he or she may not:

1. Permit the award of any contract that violates EL-8.
2. Allow a contractor to consistently operate outside the contract specifications and guidelines.
3. Fail to perform routine inspections of common areas.

First Colony Community Association

Policy Governance®

Executive Limitations Monitoring Report Frequency and Methodology

Item (See Executive Limitations Policy)	Frequency	Methodology
1. Staff Treatment	Annually <i>November</i>	Internal Report
2. Compensation and Benefits	Annually <i>August</i>	Internal Report
3. Comprehensive Master Plan	Annually <i>June.</i>	Direct Inspection
4. Industry Standards	Annually <i>February</i>	Internal Report
5. Financial Conditions	Monthly Annual Audit - June	Internal Report External Audit
6. Budgeting	Annually <i>October</i>	Direct Inspection (Budget Document)
7. Asset Protection	Annually <i>September</i>	Internal Report
8. Conflict of Interest - Purchasing	As Needed**	Internal Report
9. Information and Advice to the Board	Monthly	Direct Inspection (Board Meetings)
10. Emergency Executive Succession	As Needed**	Internal Report
11. Covenants and Deed Restriction Enforcement	Quarterly* <i>Jan, April, July & Oct</i>	Internal Report
12. Communication Methods with Membership	Annual <i>March</i>	Internal Report
13. Asset Maintenance	Annually <i>January</i>	Internal Report

*Reporting info will be based on Quarters ending 3/31, 6/30 9/30 and 12/31.

** Reports for all “as needed” are required a minimum of once per year.

FIRST COLONY

COMMUNITY ASSOCIATION



POLICY TYPE:

GOVERNANCE

PROCESS

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Governing Style

The Association Board will approach its task with a style which emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of Association Board and staff roles, collective rather than individual decisions, the future rather than the past or present, and proactivity rather than reactivity.

More specifically, the Association Board will:

1. Operate in all ways mindful of its trusteeship obligation to the Members who own the Association.
2. Enforce upon itself and its members whatever discipline is needed to govern with excellence. Discipline will apply to matters such as policymaking principles, respect of clarified roles and self-policing of any tendency to stray from governance adopted in Association Board policies. Association Board Members are expected to prepare for meetings and maintain regular attendance. Continuing Association Board development will include orientation of new members in the Association's governance process, participation in relevant continuing education, and periodic Association Board discussion of process improvement.
3. Provide inspiration, direction, and control to Association management through establishment of broad organizational values (ENDS) and perspectives, rather than micromanagement.
4. Focus chiefly on intended long term impacts (ENDS), not on the administrative means of attainment.
5. Be an initiator of policy, not merely a reactor to staff initiatives. The Association Board, not the staff, will be responsible for Association Board performance as specified in the policy entitled Association Board Job Products.

6. Use the strengths of individual members to enhance the ability of the Association Board as a body to make wise policy.
7. Semiannually, monitor and regularly discuss the Association Board's own process and performance. Ensure the continuity of its governance capability through education and training.
8. Be accountable to the Members for the competent, conscientious and effective accomplishment of its obligations as a body. It will allow no Association Board Member or committee of the Association Board to usurp this role or hinder this commitment.
9. Association Board Members who vote in the minority are free to express their dissent but must respect the majority decision and not undermine through future action the majority decision.
10. Association Board Members will not treat anyone in a discourteous, undignified or unfair manner.
11. Association Board Members shall operate in accordance with the founding documents including the Articles of Incorporation, Declaration, and Bylaws; and other agreements such as The Schulgen Agreement and the First Colony Boulevard Maintenance Agreement.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Association Board Job Description

The job of the Association Board is to make certain contributions, which lead the Association Board toward the desired performance and assure that it occurs. The Association Board's specific contributions are *unique* to its trusteeship role and *necessary* for proper governance and management.

Consequently, the "products" or job contributions of the Association Board shall be:

1. The link between the Association Board and its "ownership."
 - A. The Association Board will allow Member Time at Board meetings as identified in the Member Time Policy.

2. The link between the individual Association Board Members and the ownership pursuant to Neighborhood Groups, Business Groups and Committee Liaison Roles for committees reporting to Staff.
 - A. Individual Association Board Members shall be responsible for linking with one Neighborhood Group and Business Group.
 - i. be the contact for the residents and business owners relating to ownership matters;
 - ii. sit with and/or meet the Neighborhood Representatives at the quarterly Neighborhood Representative Meetings;
 - iii. attend the Neighborhood meetings or Business Group meetings held by Representatives as requested;
 - iv. stay abreast of ownership issues facing the members within the Group and where appropriate take an active, or lead role;
 - v. communicate to the entire Association Board any ownership issues within the Neighborhood or Business Groups;
 - vi. request the Association Board take action, where necessary and if possible, to resolve any ownership issues.

- B. Individual Association Board Members will liaison with committees reporting to the staff to
 - i. become familiar with the different aspects of the Association's business
 - a. liaisons will be established on a semi-annual basis
 - ii. link with the ownership (provided consideration is given the special interest of the committee)
 - iii. in the case of Nominating and Covenant committees, the Board Member Liaison votes in the capacity as a full committee member
 - iv. in the case of the Nominating Committee, Board members other than the committee liaison, who is the Chair, are discouraged from attending committee meetings.
- 3. The link between the Association Board and other governmental or quasi-governmental entities.
- 4. Written governing policies which, at the broadest levels, address:
 - A. *ENDS*: Organizational products, impacts, benefits, outcomes (what good, for which people, at what cost?)
 - B. *Executive Limitations*: Constraints on executive authority, which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - C. *Governance Process*: Specification of how the Association Board conceives, carries out and monitors its own task.
 - D. *Association Board - Executive Director Relationship*: How power is delegated and its proper use monitored.
- 5. The assurance of performance of Executive Director against policies in 4A and 4B.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: President's Role

The job “product” of the President is, primarily, the integrity of the Association Board’s process and, secondarily, occasional representation of the Association Board to outside parties. The President is the only Association Board Member authorized to interpret Association Board decisions and speak in a public forum for the Association, other than in rare and specifically authorized instances.

1. The job output of the President is that the Association Board behaves consistent with its own rules and those legitimately imposed upon it from outside the Association Board government.
 - A. Meeting discussion content will only be those issues which, according to Association Board policy, clearly belong to the Association Board to decide, not the Executive Director.
 - B. Deliberation will be timely, fair, orderly and thorough, but also efficient, limited to time and kept to the point.
 - C. *Robert's Rules of Order Newly Revised* are observed except where the Association Board has superseded them.
2. The authority of the President consists only in making decisions on behalf of the Association Board which fall within and are consistent with any reasonable interpretation of Association Board policies on the Governance Process and on the Association Board-Executive Director Relationship, except where the Association Board specifically delegates portions of this authority to others.
 - A. The President is empowered to chair Association Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).

- B. The President has no authority to make interpretations about the policies created by the Association Board within Ends and Executive Limitations policy areas.
 - C. The President may represent the Association Board to outside parties in announcing Association Board-stated positions and in stating decisions by the President and interpretations within the area delegated to him or her.
 - D. The President will represent the Association Board at the First Colony Boulevard Maintenance Program Meetings and Town Meetings.
3. The President is responsible for the continuity of the Executive Director's position.
- A. Establish a search and selection committee for hiring an Executive Director.
 - B. Convene Association Board discussion on evaluating the Executive Director and convey information about the evaluation to the Executive Director.
 - C. Convene Association Board discussion on negotiating compensation and/or benefits package, and present results to the Executive Director.
4. In the event the President is unable to perform the role as indicated herein and that role (or part thereof) has not been delegated to the Executive Director; the Vice President will temporarily act on behalf of the President. In the absence of the Vice President, the Secretary/Treasurer will temporarily act on behalf of the President.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Election of Officers

The Association Board must select Officers annually in accordance with Article IV, Section 2 of the Bylaws. In order to ensure a fair process for existing and newly elected Association Board members, the following process will take place:

1. At the last scheduled meeting of the year (typically November), any existing Association Board member who is interested in serving as President, Vice President or Secretary/Treasurer (“Interested Member”) will make it known to the entire Association Board and Executive Director.
 - A. If an Association Board Member is interested in serving as President or Vice President, it is assumed they are also willing to serve in the lower offices.
2. If a newly elected Association Board Member (typically elected after the last scheduled meeting of the year) is interested in serving as Vice President or Secretary/Treasurer (a newly elected Association Board Member is not eligible to run for President during their first year on the Board) they must advise the entire Association Board and Executive Director no later than the beginning of the 2nd week of January.
3. In preparation for the first scheduled meeting of the year, the Executive Director will provide the entire Association Board with a list of each Association Board Member interested in each officer position (“Interested Member”).
4. At the first scheduled meeting of the year, election of each officer will proceed as indicated below in the order of President, Vice President and then Secretary/Treasurer:
 - A. Each Interested Member will have an opportunity to share with the rest of the Association Board why they are qualified for the office.

- B. After hearing from all Interested Members, the Association Board will discuss information received in an effort to build consensus as to who is best qualified to serve in the office. Any Association Board Member may ask those Interested Members to leave the room during the discussion.
 - C. Upon completion of discussion, each Association Board Member (including Interested Members) will cast their ballot for the specified office.
 - D. The Executive Director and an Association Board Member who is not an Interested Member will count the ballot and announce the winner.
 - E. This process is repeated for the remaining officer positions.
5. After the election of officers, the newly-elected officers will immediately take office.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Committee Principles

The Association Board may establish committees to help carry out its responsibilities. To preserve Association Board holism, committees will be used sparingly, only when other methods have been deemed inadequate. Committees will be used so as to minimally interfere with the wholeness of the Association Board's job, and so as never to interfere with delegation from Association Board to Executive Director.

1. Association Board committees may not speak or act for the Association Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with the authority delegated to the Executive Director.
2. Association Board committees are to help the Association Board do its job, not to help the staff do its job. Committees ordinarily will assist the Association Board by preparing policy alternatives and implications for Association Board deliberation. Association Board committees are not created by the Association Board to advise staff.
3. Association Board committees are to avoid over-identification with a part of the Association Board government rather than the whole. Therefore, if an Association Board committee has helped the Association Board create policy in a given topic, it will not be used to monitor management performance on that same topic.
4. Association Board committees cannot exercise authority over staff. In keeping with the Association Board's broader focus, Association Board committees will normally not have direct dealings with current staff operations. Because the Executive Director works for the full Association Board, he or she will not be required to obtain approval of an Association Board committee before an executive action.

5. This policy applies only to committees, which are formed by Association Board action, whether or not the committees include non-Association Board Members. It does not apply to committees formed under the authority of the Executive Director.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Association Board Members’ Code of Conduct

The Association Board expects of itself and its members, ethical and businesslike conduct.

1. Association Board Members must represent unconflicted loyalty to the interests of the Members of the entire Association. This accountability supersedes any conflicting loyalty such as that to any advocacy or interest groups, or membership on other Associations or staffs. This accountability supersedes the personal interest of any Association Board Member acting as an individual consumer of the Association’s services.
2. Association Board Members must avoid any fiduciary conflict of interest or nepotism conflicts in accordance with state laws and/or the Association documents.
3. Association Board Members may not attempt to exercise individual authority over the Association except as explicitly set forth in Association Board policies.
 - A. Association Board Members’ interaction with the Executive Director, with staff, or with a committee reporting to the Staff, must recognize the lack of authority in any individual Association Board Member or group of Association Board Members except as noted above.
 - B. Association Board Members’ interaction with the public, press or other entities must recognize the same limitation and the similar inability of any Association Board Member or Association Board Members to speak for the Association.

- C. Association Board Members will make no judgments of the Executive Director or staff performance except as that performance is assessed against explicit Association Board policies by the official process.
4. Association Board Members shall base their decisions on the merits and substance of the matter at hand, rather than unrelated considerations.
 5. Association Board Members shall not take any special advantage of services or opportunities for personal gain that are not available to all association members. They shall refrain from accepting any gifts, factors or promises of future benefits which might compromise or give the appearance of compromising their independence of judgment or action.
 6. Association Board Members shall respect the confidentiality of information exchanged in executive sessions. They shall neither disclose confidential information without proper legal authorization, nor use such information to advance personal, financial or other private interests.
 7. In keeping with the role of stewards of the Association's interests, Association Board Members shall not appear on behalf of the private interests of third parties before the Association Board or any committee.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Enforcement of Violations of Association Board Members' Code of Conduct

In order to insure compliance with the Association Board Members' Code of Conduct, the Association Board hereby adopts the following policy:

1. All allegations of violations or perceived violations of the Association Board Members' Code of Conduct shall be presented to the Association Board's President. The Association Board's President shall call and be in charge of all proceedings to investigate all allegations.

Because such allegations are considered to be a personnel issue, all proceedings to investigate the allegation shall be conducted in Executive Session. Said Executive Session shall be called as soon as possible with the intention to ensure that said allegation is resolved prior to the need of the Association Board to conduct the business of the Association; thereby addressing any concerns and to avoid any appearance of impropriety.

2. If the allegation is against the President or the President is not able to accept such responsibility, then the allegation shall be presented to the next Officer of the Association based upon the succession order pursuant to paragraph 4 of the President's Role Policy. If none of the officers are able to perform such duty, then the allegation shall be presented to the Association Board Member with the most seniority.

The Officer or Association Board Member to whom the allegation is presented shall also preside over the proceeding to investigate the allegation. However, if there are two or more Association Board Members with the same seniority then the Association Board Members not subject to the allegation shall decide which Association Board Member with the same seniority shall preside over the proceedings.

3. Resolution of the charges shall be made by a quorum of the Association Board during such Executive Session. No decision may be finalized if the Association Board Member accused of violating the Code of Conduct is not able to attend to present his/her defense.
4. If the accused Association Board Member(s) refuses to attend an Executive Session called to discuss the allegation of violating the Code of Conduct or postpones attending such Executive Session for the perceived purpose of preventing a resolution, then a quorum of the not accused Association Board Members may, in Executive Session, resolve the allegation without the accused Association Board Member being present.
5. The accused Association Board Member shall not be present in the room where the Executive Session is being held during final discussion and during any and all votes.
6. If the accused Association Board Member has been found to have violated the Code of Conduct as determined by a majority vote of the not accused Association Board Members, the Board shall have the following options to remedy the violation:
 - (i) a demand from the Association Board that the Association Board Member violating the Code of Conduct immediately cease such violation,
 - (ii) a request from the Association Board for that Association Board Member's or Members' resignation(s), or,
 - (iii) only if there is an unanimous vote by the not accused Association Board Members, removal of such Association Board member(s) pursuant to Article III, Section A(7) of the By-Laws of the Association pursuant to the Third Amendment or any later applicable amendment.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Association Board Member's Application for position of Executive Director or Staff of Association

In order to avoid a conflict of interest or the appearance of impropriety, the Association Board of Directors is adopting the policy that prior to any Association Board Member applying for or seeking to apply for the position of Executive Director of the Association or for any Staff position with the Association, said Association Board Member shall have submitted his/her resignation from the Association Board to the Association Board President for the following time period prior to applying for such position:

1. Executive Director: Three years
2. Staff position: Prior to applying or seeking to apply for position.

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Elections and Proxies

In accordance with Article III of the Bylaws, the election of the Association Board shall be conducted at the annual meeting of the Association. Accordingly, the Association Board shall:

1. Limit each Association Board Member's service on the Association Board to a maximum of two terms (3 year terms) but in no event can any single Board Member serve more than 7.5 years in total as a Board Member.
 - A. If being elected to serve a term would cause the Board Member's service to exceed the 7.5 year term limit that Board Member is not eligible to be placed on the ballot.
2. Provide a process to ensure as fair an election as possible
 - A. Announce to the membership (newsletter, website and/or other form of communication) and Neighborhood Representatives that applications are being accepted for Association Board positions. This announcement shall occur no later than August to allow sufficient time for consideration of all applicants.
 - i. The appointed Nominating Committee shall convene no later than October to review the submitted applications for Board.
 - ii. The Chairman of the Nominating Committee must be an Association Board Member per the bylaws; however, the Association Board Member appointed to the Nominating Committee must not be seeking re-election. A Monitor, who is also a Board member, shall be appointed. The Monitor shall serve as Chairman for the following year and act in the capacity of Chairman in the absence of the appointed Chairman. The Chairman facilitates the meeting.
 - iii. The Nominating Committee will consist of 7 members plus a Chairman. Quorum will consist of 5 Committee members

excluding the Chairman. The Chairman must be present for the Committee to meet and / or conduct business.

- iv. Nominating Committee members shall be solicited via the newsletter, website, through the Neighborhood Representatives and/or another form of communication.
- v. The Chairman of the Nominating Committee will not vote except in the case of a tie. The Chairman shall not attempt to influence the vote of Committee members.
- vi. A majority vote at a meeting in which quorum is present is required to place a candidate(s) on the ballot.
- vii. The Nominating Committee Chairman will provide reasonable advanced meeting notice and a meeting agenda. The Committee will be granted sufficient time to meet and interview applicants.

B. Provide a ballot to all owners of record in early November which shall include the following:

- i. Information on each Association Board candidate, in alphabetical order. The scope and length of each to be similar. Further, each candidate on the ballot shall have equal access to information, excluding any litigation or personnel matters which may be accessible by a current board member on the ballot but not by a non-board member on the ballot.
- ii. A proxy which shall include options to:
 - a. Assign vote to another member or Association Board Secretary to cast as specified
 - b. Assign vote to another member or Association Board Secretary to cast as they wish
 - c. Use only to reach quorum (Note: this is not currently on our proxy)

C. Appoint an Elections Committee, consisting of at least 3 members, in October who shall:

- i. Prior to the annual meeting
 - a. Tabulate the proxies received via mail, fax or in hand
 - b. Confirm eligibility of proxies, with staff assistance
- ii. At the annual meeting

- a. Tabulate the ballots received and confirm eligibility with staff assistance
- b. For proxies assigned to the Association Board Secretary to cast as they wish, cast the proxies to the candidate(s) who have received the highest number of votes. The same will occur in case of a run-off.
- c. Verify that a quorum has been reached and announce to membership accordingly
- d. Announce the winner(s) of the election
- iii. In the event of a run-off, coordinate with staff the necessary balloting and tabulating to insure an Election is held in accordance with the Bylaws.

D. In the event of Nominations from the floor, allow all candidates a reasonable and fair opportunity to communicate their qualifications to the Members during the Annual Meeting as follows:

- i. If there are not any nominations from the floor, the candidates already on the ballot/proxy previously distributed to members will not have any further opportunity to communicate their qualifications to the Members, unless they unanimously agree they would like a further opportunity, then each will be allowed a maximum of 3 minutes each to address the members in attendance at the meeting.
- ii. If there is a nomination, or more than one, from the floor, the President will ask for a 2nd. Provided the nomination from the floor is seconded, the member being nominated from the floor becomes a candidate. This will be repeated for each nomination from the floor and then nominations will be closed.

All candidates (those previously on the ballot/proxy and those nominated from the floor) will be provided 3 minutes each to address the members in attendance at the meeting to communicate their qualifications to the Members.

- a. In order to allow time to verify those nominated from the floor are eligible*, the candidates will speak in the following order:

- Those on the ballot will speak first, in alphabetical order.
 - Followed by those nominated from the floor, in alphabetical order.
- b. Members will not be permitted to ask any candidates any questions during this time.

***As specified in the Bylaws, Article III, A, Section 5 “A Member shall not be a candidate if the Member is not a Member in Good Standing”. A Member in Good Standing is defined in the Bylaws, Article I, Section 3.**

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Election Neutrality

In order to avoid the appearance of impropriety, the Association Board hereby adopts the following policy:

1. The Association staff, while conducting Association business, shall observe neutrality as it relates to recommendations for candidates to be placed on the ballot for the Board of Directors election and casting votes in the election for the Board of Directors.
2. The Association staff shall not be prohibited from recommending membership for the Nominating Committee and / or applicants for the Board of Directors.
3. Board policy shall not infringe upon the rights of Association staff members, who are members in good standing of the Association, to participate in elections for the Board of Directors.
4. Association staff members may encourage all members of the Association to vote for the candidate of their choice during elections for the Board of Directors.

BOARD MEETING MONITORING FORM

IN AN EFFORT TO CONTINUALLY IMPROVE ITS POLICY GOVERNANCE® PROCESS, THE FIRST COLONY COMMUNITY SERVICE ASSOCIATION BOARD HAS DEVELOPED THIS FORM TO EVALUATE ITS PROGRESS. THE SCHEDULED BOARD MEMBER EVALUATOR AT THE CONCLUSION OF EACH BOARD MEETING COMPLETES THIS FORM. THE EVALUATOR EVALUATES THE BOARD AS A WHOLE AND NOT INDIVIDUAL MEMBERS.

Today's date: _____/_____/_____

(Instructions: For questions numbered 1 - 4, use the following: **S** indicates Satisfactory, **NI** indicates Needs Improvement, and **UNS** indicates Unsatisfactory. For questions in number 5, use Yes or No.)

1. The Board was prepared for the meeting: S NI UNS
2. The Board's time was appropriately spent on Ends as opposed to Means: S NI UNS
3. Has each Board member been given and taken an adequate opportunity to participate in discussion and decision making: S NI UNS
4. The Board's treatment of all persons was courteous, dignified and consistent: S NI UNS
5. Did the Board adhere to its adopted governance style:
 - a. Emphasize outward vision: Yes No
 - b. Encourage diversity in viewpoints: Yes No
 - c. Exercise strategic leadership more than administrative detail: Yes No
 - d. Maintain clear distinction of Board and staff roles: Yes No
 - e. Utilize collective decision making: Yes No
 - f. Look to the future: Yes No

Evaluator's comments:

Evaluator: _____

Signed: _____

POLICY TYPE: GOVERNANCE PROCESS

Policy Title: Executive Session Meeting Minutes Preparation and Distribution

The following is the Board of Director's policy related to the preparation and distribution of Executive Session meeting minutes. Executive Session meeting minutes are confidential and may only be reviewed by the Board of Director's that conducted the Executive Session, the Executive Director and the Association's Attorney(s).

1. The Executive Director or designee shall be responsible for recording the meeting minutes of an Executive Session of a Board meeting except for in situations where the Board of Directors has excused the Executive Director from the Executive Session.
2. The Secretary / Treasurer or their designee will record meeting minutes of an Executive Session in the absence of the Executive Director.
3. If the Secretary/Treasurer or their designee records the meeting minutes, then they are responsible for preparing the minutes and distributing them to the Board of Directors for approval at the next Board meeting. When this situation occurs, the Executive Director will provide the Secretary/Treasurer or their designee an envelope in which to seal the meeting minutes. The minutes will be stored in the Association's fire proof safe. An electronic version will not be maintained in this situation.
4. Executive Session meeting minutes will be reviewed at the end of each Executive Session for which the minutes have been recorded. Once reviewed and revisions have been agreed upon, the minutes will be formally prepared for review and approval at the next board meeting. Once approved, the original minutes will be sealed in an identifiable envelope to be safe guarded in the Association's fireproof safe.

5. Executive Session meeting minutes prepared by the Executive director or other staff member and stored electronically will be passworded to ensure privacy.

FIRST COLONY
COMMUNITY ASSOCIATION



POLICY TYPE:

ASSOCIATION

BOARD-

EXECUTIVE

DIRECTOR

RELATIONSHIP

POLICY TYPE: ASSOCIATION BOARD- EXECUTIVE DIRECTOR RELATIONSHIP

Policy Title: Delegation to the Executive Director

The Association Board's job is generally confined to establishing the broadest policies; implementation and subsidiary policy development is delegated to the Executive Director.

All Association Board authority delegated to staff is delegated through the Executive Director, so that all authority and accountability of staff—as far as the Association Board is concerned—is considered to be the authority and accountability of the Executive Director.

1. *ENDS* policies direct the Executive Director to achieve certain results; *Executive Limitations* policies constrain the Executive Director to act within acceptable boundaries of prudence and ethics. With respect to *ends* and executive *means*, the Executive Director is delegated all authority allowed by the Bylaws and Declaration and is authorized to establish all further policies, make all decisions, take all actions and develop all activities as long as they are consistent with *any reasonable interpretation* of the Association Board's policies.
2. The Association Board may change its policies, thereby shifting the boundary between Association Board and Executive Director domains. Consequently, the Association Board may change the latitude of choice given to the Executive Director, but so long as any particular delegation is in place, the Association Board and its members will respect and support the Executive Director's choices. The Association Board will not allow the impression that the Executive Director has violated policy when in fact, a policy change has occurred. This does not prevent the Association Board from obtaining information in the delegated areas.
3. No Association Board member or committee has authority over the Executive Director. Information may be requested by these individuals or groups, but if such request, in the Executive Director's

judgment, requires a material amount of resources or is detrimental to other necessities, it may be refused.

POLICY TYPE: ASSOCIATION BOARD-EXECUTIVE DIRECTOR RELATIONSHIP

Policy Title: Executive Director Job Description

As the Association Board's single official link to the operating Association, the Executive Director's performance will be considered to be synonymous with organizational performance as a total.

Consequently, the Executive Director's job contributions can be stated as performance in only two areas:

1. Organizational accomplishment of the provisions of Association Board policies on *ENDS*.
2. Association operation within the boundaries of prudence and ethics established in Association Board policies on *Executive Limitations*.

POLICY TYPE: ASSOCIATION BOARD- EXECUTIVE DIRECTOR RELATIONSHIP

Policy Title: Monitoring Executive Performance

Monitoring executive performance is synonymous with monitoring organizational performance against Association Board policies on *ENDS* and on *Executive Limitations*. Any evaluation of Executive Director performance, formal or informal, may be derived only from these monitoring data.

1. The purpose of monitoring is simply to determine the degree to which Association Board policies are being fulfilled. Information, which does not do this, will not be considered to be monitoring. Monitoring will be as automatic as possible, using a minimum of Association Board time so that meetings can be used to create the future rather than review the past.
2. A given policy may be monitored in one or more of three ways:
 - A. Internal Report: Disclosure of compliance information to the Association Board from the Executive Director.
 - B. External Report: Discovery of compliance information by a disinterested, external auditor, inspector or judge who is selected by and reports directly to the Association Board. Such reports must assess executive performance only against policies of the Association Board, not those of the external party unless the Association Board has previously indicated that party's opinion to be the standard.
 - C. Direct Association Board inspection: Discovery of compliance information by an Association Board member, a committee or the Association Board as a whole. This is an Association Board inspection of documents, activities or circumstances directed by the Association Board, which allows a "prudent person" test of policy compliance.

3. Upon the choice of the Association Board, any policy may be monitored by any method at any time. For regular monitoring, however, each *ENDS* and *Executive Limitations* policy will be classified by the Association Board according to frequency and method.
4. The Association Board may monitor Executive Director performance with respect to Ends and Executive Limitations policies at any time, but the Association Board intends to monitor on a routine basis.
 - A. In regards to Executive Limitations, the Executive Limitations Monitoring Report identifies the frequency and methodology.
 - B. In regards to Ends monitoring, the Executive Director will provide the Association Board with quarterly written reports, which will coincide with the annual evaluation of the Executive Director.
5. The Association Board will conduct an annual, formal evaluation of Executive Director performance and the Board will consider the annual evaluation of the Executive Director when setting compensation, increases in base salary, and parameters for an annual bonus. Any changes to Executive Director compensation shall be subject to the financial condition of the Association.
 - A. Base Salary:

The Community Associations Institute Salary Survey (most current version) will be the primary source for setting the initial base salary using large-scale associations with budgets greater than \$5 million. The minimum base salary in the range will be the average from the salary survey. The CAI Salary Survey will be used by the Board as a tool for both 1) establishing the starting salary for a new Executive Director, and, 2) monitoring an existing Executive Director's salary against the Community Association industry to ensure that the base salary remains within the parameters reported in the survey

 - i. Adjusting the Executive Director's base salary will be based upon the following:

- a. The Association Board will also consider a merit increase in Base Salary. The merit portion of any considered base salary increase will be based upon:
 1. 50% of the merit increase will be based upon Monitoring Reports. An Annual Summary of Executive Limitations Monitoring Report will be used as the evaluation form along with the quarterly written Monitoring Reports required in 4B for achieving Ends. If the Monitoring Reports for the year have been accepted, the Executive Director will receive this portion of the merit increase.
 2. 50% of the merit increase will be at the Board's discretion.
- b. At the last Board meeting of the year, the Executive Director and Board will agree upon the maximum percentage of any potential merit increase for the next year, which will include any consideration for a cost of living adjustment (COLA).
 1. The COLA will be based on the Consumer Price Index for All Urban Consumers (CPI-U) all items

B. Bonus:

The Executive Director shall also be eligible for an annual bonus of 0-15% of base compensation based on performance. At the last Board meeting of the year, the Executive Director and Board will agree upon the amount, if any, of the bonus for the previous year and set Ends priorities for the forthcoming year. The degree to which the Executive Director has met the priorities previously agreed upon shall be at the Board's discretion and shall be independent of the review and acceptance of Monitoring Reports. The Board may, but shall not be obligated to, use a weighting scale to evaluate the Executive Director's performance for purposes of awarding a bonus.