

REFLECTION HOMES ASSOCIATION

ADMINISTRATIVE RESOLUTION NO. 96- 1
(Requirements for Board Members Regarding
Disclosure of Interest and Confidentiality)

WHEREAS, the Articles of Incorporation charge the Board of Directors with the powers and responsibilities of governing and administering the affairs of the Association; and

WHEREAS, the Board recognizes that in order to effectively govern and administer the affairs of the Association it must establish confidence and trust among the members of the Association; and

WHEREAS, the Board wishes to establish ethical standards of conduct for directors and committee members in order to avoid actual or perceived conflicts of interest or self-dealing in the governance and administration of the Association;

NOW, THEREFORE, BE IT RESOLVED that the following ethical standards be adopted for all Board members and Committee members of the Reflection Homes Association.

I. GENERAL STANDARDS OF CONDUCT

- A. All members of the Board of Directors or any Committee owe their allegiance to the Association and should keep paramount the interests of the Association at all times in the fulfillment of their official duties and the exercise of their powers.
- B. All members of the Board of Directors or any Committee shall be courteous and civil in the fulfillment of their official duties and the exercise of their powers, particularly during official functions and when interacting with the membership.
- C. All members of the Board of Directors or any Committee owe a duty of respect to the Board, particularly with respect to its formal votes and formally approved policies. Civil disagreement between members shall always be permitted and even encouraged if necessary for the development of the best decision-making process; however, once a vote is formally taken, no member of the Board or any Committee shall engage in any activity which undermines the ability of the Board or Committee to successfully effectuate the results of the vote. The duty of respect owed to the Board or Committee requires dissenting members to work within the formal procedures of the Board (or the Committee) to modify or reverse the votes or approved policies with which they disagree. Attacks against the Board's

integrity or professionalism shall be prohibited at all official functions, unless that specific issue is properly before the Board at a Board meeting or the assembly at a membership meeting.

II. CONFLICT OF INTEREST

- A. No member of the Board of Directors shall knowingly approve the purchase of goods or services from (a) any entity (whether it be a proprietorship or otherwise) which is affiliated with any of the Board members or with relatives of any of the Board members; or (b) any Board member or relative of Board member acting in a personal capacity. Board members are defined as any person who was either elected or appointed to serve the unexpired term of an elected member on the Board of Directors. Relatives are defined as spouses, parents, children, grandparents, grandchildren, brothers, sisters, aunts, uncles, in-laws, or any of these in a step relationship. Exceptions to this policy must be approved by a two-thirds majority of the Board of Directors acting at a duly convened meeting, and the reason for the exception must be recorded in the minutes.
- B. No member of the Board of Directors shall vote to employ or retain members of the Board or relatives of Board members for services which may result in a conflict of interest for the individual employed or retained. Relatives are defined as spouses, parents, children, grandparents, grandchildren, brothers, sisters, aunts, uncles, in-laws or any of these in a step relationship. Exceptions to this policy must be approved by a two-thirds majority of the Board of Directors acting at a duly convened meeting, and the reason for the exception must be recorded in the minutes.
- C. Any member of the Board who receives a gift or gratuity from any vendor or professional serving the Association (or attempting to obtain business from the Association) must promptly disclose receipt of the gift or gratuity to the other members of the Board of Directors at a duly convened meeting of the Board of Directors. Unless the gift or gratuity is of nominal value, the Board of Directors shall conduct a recorded vote to determine whether the gift or gratuity should be given to (or sold on behalf of) the Association.
- D. Any duality of interest or possible conflict of interest on the part of any Board member or Committee member must be immediately disclosed to the Board and

made a matter of record at a duly convened meeting of the Board. Board or Committee members shall not vote on any matter for which they have a duality or conflict of interest.

- E. All Officers, Board members and Committee members must exercise their powers and duties in good faith and in the best interest of the Association and this principle shall be given top priority by all Board members and Committee members whenever any duality or conflict of interest occurs.

III. CONFIDENTIALITY REQUIREMENT

- A. All members of the Board of Directors or any Committee must recognize that some matters pertaining to the Association's business should be kept confidential and not disclosed to the community membership or to members of the public at large. Board and Committee members shall not disclose Confidential Information (as that term is defined below) under any circumstances to any person not on the Board or the Committee without the express consent of a majority of the Board voting at a duly convened meeting of the Board of Directors.
- B. In order to minimize the possibility of inadvertent disclosure, Board and Committee members agree to consult with the President of the Board or the Committee Chairperson before making any disclosure of any Confidential Information which may be covered by this Resolution, as that term is defined below.
- C. All Confidential Information is the property of the Association. Board and Committee members shall keep in strict confidence any and all information, documentation, records and devices which contain Confidential Information, and, upon the expiration of the Board or Committee member's term, shall return all Confidential Information in his or her possession to the Board and shall keep confidential all non-tangible Confidential Information.
- D. For the purpose of this Resolution, the term "Confidential Information" shall mean any information related to:
 - a. communications with the Association's legal counsel or professional consultants,
 - b. pending litigation,

- c. pending matters involving formal proceedings for enforcement of the governing documents or rules or regulations of the Association,
- d. transactions involving the Association currently in negotiation and agreements containing confidentiality requirements, or
- e. minutes of meetings of Executive Sessions of the Board of Directors, and the substance thereof.

Confidential Information shall not be deemed to include information:

- a. that at the time of disclosure is available to the general public through public records or records of the Association which must be made available for public inspection;
- b. that is ordered to be disclosed by an administrative agency or court of competent jurisdiction, provided however, that upon receipt of any subpoena, or summons of any kind, before providing the information or document requested, the Board member shall give the Association immediate notice thereof in order to allow the Association an opportunity to protect its Confidential Information. The Board member shall provide all necessary cooperation for this purpose.

IV. ENFORCEMENT

Any Board or Committee member who is found by a majority of the Board voting at a duly convened meeting to have violated any provisions of this Resolution may be subject to removal from the Board and/or Committee in accordance with the procedures set forth in the By-Laws, private or public reprimand, and/or censure. Additional legal remedies may be pursued if the circumstances warrant.

No such enforcement action shall be taken against any Board or Committee member until the Board or Committee member in question is given written notice of the alleged violation and an opportunity to be heard on the matter at a duly convened meeting of the Board.

This Resolution was adopted this 13th day of February, 1996, by the Board of Directors of the Reflection Homes Association.



President

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RESOLUTION ACTION RECORD

Duly adopted at a meeting of the Board of Directors held _____

February 13, 1996.

Motion by: Janice Labrus Seconded by: Stanley Reed

	VOTE:			
	YES	NO	ABSTAIN	ABSENT
<u>Katherine S. Painter</u> President	✓	_____	_____	_____
<u>Alan G. Long</u> Vice President	✓	_____	_____	_____
<u>Onville W. Deo</u> Treasurer	✓	_____	_____	_____
<u>Janice Labrus</u> Secretary	✓	_____	_____	_____
<u>Stanley F. Reed</u> Director	✓	_____	_____	_____

ATTEST:

Janice Labrus
Secretary

February 13, 1996
Date

Resolution effective: 2-13, 1996.