

CHESTERFIELD MEWS COMMUNITY ASSOCIATION

POLICY RESOLUTION NO. __

CODE OF CONDUCT AND OPERATING PROCEDURES FOR THE BOARD OF DIRECTORS

WHEREAS, Article VII of the Bylaws for the Chesterfield Mews Community Association (“Association”) provides that the Board of Directors (“Board”) shall manage the affairs of the Association; and

WHEREAS, the Board has determined there to be a need to establish a code of conduct and operating procedures for members of the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the following operating procedures and code of conduct as its formal policy:

I. BOARD OF DIRECTORS CODE OF CONDUCT

A. CONFLICT OF INTEREST

Members of the Board owe a fiduciary duty to the Association that requires them to consider only the best interests of the Association when they vote or discuss any matter, and they must therefore exclude any self-interest or any competing interest from their consideration. Each director or officer shall exercise his or her powers and duties as a director or officer in good faith and in the best interests of the Association.

Any common or interested director or officer may be counted in determining the presence of a quorum of any meeting of the Board of Directors or of a committee of the owners that authorizes, approves, or ratifies any contract or transaction.

Any Board member who has, or thinks that he or she may have, a conflict of interest, either currently or in the future, on any issue that is likely to be introduced for discussion at a Board meeting, shall immediately, and before any discussion or vote on that issue, disclose the potential conflict of interest to the Board members. The director’s or officer’s vote shall not be counted with respect to any matter as to which that director or officer has identified a conflict of interest. That director or officer may, however, vote at the meeting to authorize any other contract or transaction. The voidability of a transaction involving a director or officer with a conflict of interest shall be determined in accordance with Section 13.1-871 of the Virginia Non-Stock Corporation Act.

A conflict of interest transaction is a transaction of the Board of Directors in which a Board member has a direct or indirect personal interest. A conflict of interest transaction is not voidable by the Board solely because of the Board member’s interest in the transaction if any one of the following is true:

1. The material facts of the transaction and the Board member's interest were disclosed or known to the Board of Directors when the Board authorized, approved, or ratified the transaction; or
2. The material facts of the transaction and the Board member's interest were disclosed to the members entitled to vote when they authorized, approved, or ratified the transaction; or
3. The transaction was fair to the Association.

A Board member has an indirect personal interest in a transaction if: (i) another entity in which he or she has a material financial interest, or in which he or she is a general partner, is party to the transaction; or (ii) another entity of which he or she is a director, officer, or trustee is a party to the transaction, and the transaction is, or should be, considered by the Board of Directors.

A conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of the majority of the Board members who have no direct or indirect personal interest in the transaction, but a transaction may not be authorized or approved by a single Board member. If a majority of the Board members who have no direct or indirect personal interest in the transaction, votes to approve the transaction, a quorum is present for the purpose of taking action pursuant to this paragraph. The presence of, or a vote cast by, a Board member with a direct or indirect personal interest in the transaction does not affect the validity of any action taken pursuant to the paragraphs of this section, if the transaction is otherwise authorized or approved as provided in these paragraphs.

No Board member shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or other item of monetary value from a person who is seeking to obtain a contractual or financial relationship with the Association. No Board member shall accept any gift or favor made with the intent of influencing any decision or action on any official matter.

No Board member shall misrepresent facts to the residents of the community for the purpose of advancing a personal cause or influencing the community to pressure the Board to advance a Board member's personal cause.

B. MOTIONS AND VOTING

No action shall be taken by the Board, unless that action has been considered at a Board meeting by a motion and a vote. The results of any vote taken shall be recorded in the Board meeting minutes. Board meeting minutes shall include a listing of the meeting participants; a record of business conducted, motions made, and votes taken; and a record of who voted and how they voted on each issue. The listing of the meeting participants may be either within the body of the minutes or attached thereto.

Those Board members voting against any motion that is ultimately voted on affirmatively by the Board shall stand behind the vote taken and move forward positively with the Board in any action needed to be taken in order to implement the issue voted upon. Board meetings will be conducted generally in accordance with Robert's Rules of Order.

C. CODE OF CONDUCT

No Board member may act in an unprofessional manner or utilize unprofessional language in any Association meeting. For purposes of this section, if a majority of the Board deems a member's conduct to be inappropriate, that conduct shall be deemed to be unprofessional.

No Board member shall act on his or her own in the capacity of a Board member, or under color thereof, with respect to any decision or action that is within the purview of the entire Board, unless the Board member has been specifically authorized to do so by vote of the entire Board.

Board members, when dealing with residents not on the Board, outside entities, or third parties, should consider how they are viewed by whomever they are dealing with, and should make clear whether they are speaking as a Board member or as a resident of the community.

If a Board member is contacted directly by a resident concerning Association matters that are currently, or that should properly be, before the entire Board, then the Board member should inform the resident that he or she is unable to speak for the Board on the issue, and should request that the resident put his or her questions or concerns in writing and submit them to the Board or invite the resident to the next Board meeting to address the entire Board regarding the questions or concerns. If a substantive discussion is unavoidable with the resident, the Board member should attempt to get a second Board member or other witness to be included in or to overhear the discussion if at all possible. Afterward, the Board member should prepare a memorandum of the conversation (such as a summary email) and submit it to the Board for review at the next scheduled Board meeting, as well as send a letter or email to the homeowner memorializing the conversation.

Absent specific authorization from the Board, no Board member has the individual authority to represent or to bind the Board or the Association in any interaction with persons representing any outside entities, such as any member of the Federal, State, or local governments; members of the local press or newspaper; police and fire departments; business contractors; or other third parties. If interaction by a Board member with such persons is unavoidable for any reason, then that Board member must disclose to the Board the circumstances and content of any communications as soon as possible, through the Managing Agent or Board President.

Each Board member shall observe Robert's Rules of Order in any Association meeting, and shall wait to speak until recognized by the presiding chair of the meeting.

D. SANCTIONS AND ENFORCEMENT

In the event that a majority of the members of the Board of Directors determines that a director has violated any provision of this resolution, upon consideration of the facts, the Board of Directors may impose the following sanctions:

1. Censure: The Board of Directors may publicly censure a director by resolution of the Board of Directors.
2. Removal from Office: If a director also serves as an officer of the Association, that director may be removed from office in accordance with Article VIII, Section 5 of the Association's Bylaws.
3. Special Meeting: After a public censure, the President or the Board of Directors may call a special meeting of the association members for purposes of removal of a director pursuant to Article IV, Section 3 of the Bylaws; and/or
4. Legal Action: The Board of Directors may seek injunctive relief against a violating director.

CHESTERFIELD MEWS COMMUNITY ASSOCIATION

RESOLUTION ACTION RECORD

Resolution No. _____

Pertaining to: Director Code of Conduct

Duly adopted at a meeting of the Board of Directors held on _____, 2021.

Motion by: _____ Seconded by: _____

| VOTE: | YES | NO | ABSTAIN | ABSENT |
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ATTEST:

Secretary

Date