

1 COLUMBIA ASSOCIATION, INC.

2  
3 **CODE OF BUSINESS CONDUCT AND ETHICS; CONFLICTS OF INTEREST POLICY**  
4 **SPECIAL REQUIREMENTS FOR MEMBERS OF THE BOARD OF DIRECTORS**

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6 **Introduction**  
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8 The Columbia Association, Inc. (“CA”) Code of Business Conduct and Ethics (the  
9 “*Code*”) and Conflicts of Interest Policy (the “*Policy*”) cover a wide range of business practices,  
10 procedures and policies and set forth rules for ethical conduct of CA personnel. The provisions  
11 of the Code and Policy also apply to and are binding on individuals serving on the CA Board of  
12 Directors (each a “*Board Member*” and collectively, the “*Board Members*”). Board Members  
13 also are subject to unique obligations (these “*Special Requirements*”) in addition to the  
14 provisions of the Code and Policy. The purpose of these Special Requirements is to outline  
15 additional duties and obligations of Board Members relative to the Code and Policy. The  
16 provisions of these Special Requirements are intended to supplement and expand upon the  
17 provisions of the Code and Policy.  
18

19 If a law conflicts with a policy in these Special Requirements, you must comply with the  
20 law. Where a custom conflicts with these Special Requirements, however, you are expected to  
21 comply with these Special Requirements. In the event of a conflict between these Special  
22 Requirements and the provisions of the Code or Policy, you are expected to comply with these  
23 Special Requirements but only with respect to the issue subject to the conflict. Questions about  
24 any such conflicts should be directed to CA’s principal ethics officer (the “*PEO*”), who is  
25 currently CA’s General Counsel. Any capitalized terms not defined herein, shall have the  
26 meanings given to them in the Code or Policy, as applicable.  
27

28 **1. Additional Rights of Board Members**  
29

30 The following Special Requirements are hereby incorporated into the provisions of  
31 Section 14 of the Code and are applicable to all Board Members:  
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33 (a) Each Board Member has a right to:  
34

- 35 (i) Speak publicly on issues that affect those the Board Member serves,  
36 provided that the Board Member unequivocally states that he/she is  
37 speaking solely as an individual and not as a representative of CA or the  
38 CA Board of Directors;  
39
- 40 (ii) State publicly that the Board of Directors has taken action on a matter  
41 (provided that such action was taken in an open Board meeting) or that the  
42 Board of Directors has not taken action and to state individual  
43 disagreement with such action or inaction as long as ~~such disagreement~~  
44 ~~does not interfere with the execution of the action, and~~ the Board Member  
45 does not solicit others to act in a manner or work toward the achievement  
46 of a result that is contrary to the Board of Directors’ action; and

1  
2 (iii) Act in reliance on information and reports received from regular sources  
3 that the Board Member reasonably regards as trustworthy.  
4

5 (b) A Board Member is free to engage in political activity, including endorsement of  
6 candidates for political office, when the member is acting in his/her individual  
7 capacity. In no way, however, should the activities of a Board Member be performed  
8 in such a manner as to indicate that CA supports a specific candidate. All political  
9 activities must be carried out on a strictly personal basis and supported only by  
10 personal, not CA, resources. A Board Member may not endorse candidates for  
11 political office while the member is acting as a representative of CA and shall not use  
12 his or her CA title in connection with any political endorsement. A Board Member  
13 will be considered to be acting as a representative of CA when he/she is:  
14

15 (i) Carrying out duties on behalf of CA,  
16

17 (ii) Attending a CA meeting or event sponsored by CA,  
18

19 (iii) Attending a meeting as a representative of CA, or  
20

21 (iv) Wearing a name badge or clothing designating him/her as a representative  
22 of CA.  
23

## 24 **2. Additional Duties and Obligations of Board Members In Relation to the Code**

25

26 In addition to the duties and obligations of Board Members set forth in the Code, Board  
27 Members are expected to understand and comply with the following legal strictures governing  
28 their behavior.  
29

30 (a) The Standard of Care. Compliance with a standard of care is required by the  
31 Annotated Code of Maryland, Corporation and Associations Article, Section 2-405.1. The  
32 standard of care encompasses two principal elements: the Duty of Care and the Duty of Loyalty.  
33

34 (i) *The Duty of Care*. The satisfaction of the duty of care requires Board  
35 Members to act in good faith, with the care an ordinarily reasonable and  
36 prudent person in a like position would exercise under similar  
37 circumstances.  
38

39 (ii) *The Duty of Loyalty*. The duty of loyalty requires Board Members to  
40 exercise their powers in good faith and in the best interests of CA rather  
41 than in their own interest or the interest of another entity or person.  
42

43 (b) The Best Interests of CA. Each Board Member must act in the best interests of the  
44 whole community of Columbia and not simply as a representative of a particular village or  
45 constituency. Once all constituent perspectives are established and acknowledged, they must be  
46 considered in relation to the perspective of the entire community of Columbia. Board Members

1 shall also bear in mind CA's purposes as stated in CA's Charter. When determining the best  
2 interests of CA each Board Member must consider the following:

- 3
- 4 (i) The purpose of CA to operate exclusively for the common good and social  
5 welfare of the people of Columbia and its environs.  
6
- 7 (ii) The CA mission to enhance the quality of life for those living or working  
8 in Columbia and to remain an open, integrated and caring community.  
9
- 10 (iii) CA's financial ability to remain viable and to continue to achieve its  
11 purpose and mission.  
12

13 (c) Responsibilities of Board Members. In addition to the requirements of the Code,  
14 each Board Member shall:

- 15
- 16 (i) Be informed regarding CA's governing documents including its Charter,  
17 Bylaws and such policies as the Board of Directors may adopt as well as  
18 applicable Maryland law, so that each Board Member can assist the Board  
19 of Directors in the decision-making process.  
20
- 21 (ii) Be informed regarding the purposes of CA, a copy of which are attached  
22 hereto as Exhibit A.  
23
- 24 (iii) Be informed regarding the aspirational values of CA's Board of Directors,  
25 a copy of which are attached hereto as Exhibit B.  
26
- 27 (iv) Be informed about the services and programs provided by CA.  
28
- 29 (v) Share ~~equitably~~equally in the work of the Board of Directors.  
30
- 31 (vi) Formulate CA strategic policies.  
32
- 33 (vii) Exercise independent and informed judgment on all corporate decisions.  
34
- 35 (viii) Carry out fiduciary responsibilities of the Board of Directors, including  
36 oversight and approval of the CA budget and review of CA financial  
37 statements.  
38
- 39 (ix) Serve on committees of the Board of Directors.  
40
- 41 (x) Regularly attend meetings of the Board of Directors and applicable  
42 committees thereof.  
43
- 44 (xi) Review agenda, supporting materials, and prior meeting minutes before  
45 meetings of the Board of Directors and applicable committees thereof, and  
46 otherwise prepare for such meetings.

- (xii) Take responsibility for and follow through on assignments arising from meetings of the Board of Directors and applicable committees thereof.
- (xiii) Participate in formulating the strategic plan for CA, including review of data.
- (xiv) Attend special events and functions of the Board of Directors and individual Village Community Associations as well as community-wide CA events.
- (xv) Present reports of actions of the Board of Directors at village board meetings.
- (xvi) Work with CA's President to establish performance objectives.
- (xvii) Evaluate the performance of CA's President, while providing the necessary support for CA's President to further CA's goals.
- (xviii) Remain in good standing with respect to all financial obligations, covenants and regulations contained in CA's Declaration (as defined in Exhibit A) and in the governing documents of the Village Community Association that elected the Board Member as a Columbia Counsel Representative.

(d) Restrictions on Board Member Activity. In addition to the other requirements of the Code, no Board Member shall:

- (i) Engage in any writing, publishing or speech-making on behalf of CA that defames any other Board Member or CA team member.~~Senior Management Member~~.
- (ii) Discuss the confidential proceedings of the Board of Directors or release confidential information not previously available to the public.
- (iii) Act in a way that is intended to intimidate another person in the conduct of their office or which a reasonable person would conclude had such intent and which, in fact, did intimidate.
- (iv) Undermine the authority of the Board of Directors, the Chair of the Board of Directors or CA's President to perform his/her duties, or interfere with the duties of CA's management and staff.
- (v) Knowingly misrepresent facts or the Board of Director's position on an issue to a resident or property owner in the Columbia community for the purpose of advancing the Board Member's personal cause or influencing

1 the Columbia community to place pressure on the Board of Directors to  
2 advance the Board Member's personal cause.

3  
4 (vi) Speak for or act on behalf of CA unless specifically authorized to do so by  
5 the Board.

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7 (vii) Conduct themselves in a manner that assumes any greater rights and  
8 privileges than any other resident in the Columbia community.

9  
10 **3. Additional Duties and Obligations of Board Members In Relation to the Policy**

11  
12 (a) Implementation

13  
14 With respect to Board Members, the CA Board of Directors shall be the body responsible  
15 for implementing the Policy and advising persons as to its application.

16  
17 (b) Compliance

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19 If a Board Member fails to comply with the Code, the Policy, CA's *Policy for Reporting*  
20 *Violations of the Code*, and CA's *Financial Disclosure Requirements*, as well as both the letter  
21 and spirit of all applicable governmental laws, rules, and regulations, the Board Member will be  
22 subject to reprimand or removal consistent with CA's Charter and Bylaws. In the event a Board  
23 Member as an Interested Person fails to act in accordance with the Policy, the Board of Directors  
24 may recommend action to the members of the Incorporated Associations (as described in CA's  
25 Charter); provided, however, that the Board of Directors may issue a formal reprimand without  
26 consultation with the Incorporated Associations. The Board of Directors may take corrective  
27 action if the Interested Person is the President. In the event that a formal reprimand, or in an  
28 extreme case, the removal of such Interested Person from his or her position(s), is proposed, such  
29 recommendation must be presented with supporting documentation. The Interested Person  
30 involved shall be given an opportunity to be heard prior to the final decision on the matter.

31  
32 (c) Additional Conflicts Provisions for Board Members. In addition to the  
33 provisions set forth in the Policy, Board Members may not:

34 (i) Within one (1) year following termination of their term on the Board of  
35 Directors assist or represent another party for compensation in a case,  
36 contract or other specific matter involving CA if that matter is one in  
37 which the member participated while affiliated with CA.

38  
39 (ii) While serving on the Board and within one (1) year following termination  
40 of their term on the Board of Directors be employed by or enter into any  
41 contract for compensation in excess of \$2,500 with CA either personally  
42 or in a manner from which they would so benefit directly.

43  
44 (iii) Simultaneously serve on the Board of Directors and as a sworn partisan  
45 public officer.

1 (iv) Allow any family member to receive any remuneration for any work  
2 performed for CA, ~~except when the family member is a~~ with the exception  
3 ~~of dependent children~~ employed on a part time or seasonal basis ~~or is~~  
4 already a CA employee at the time of the Board Member's election to the  
5 board, unless the family member is part of senior management (defined as  
6 the President, Department Directors, Division Directors, the internal  
7 auditors, the treasurer, the comptroller, and the general counsel).  
8

9 (d) Board Compensation. Any action by the Board of Directors to provide for or  
10 increase the compensation for Board Members for expenses incurred for attendance at meetings  
11 of the Board of Directors or for other expenses associated with the performance of the duties of a  
12 Board Member shall not become effective until two (2) years after the date of the public meeting  
13 at which such action was approved. Board Members are entitled, however, to receive without  
14 such passage of time such indirect benefits as attendance at relevant conferences and meetings,  
15 travel in CA's *Sister City Program* to accompany youth participants, and other such benefits as  
16 are reasonably related to the conduct of CA's affairs and activities as shall be approved in a  
17 public meeting in accordance with federal and state laws and regulations.  
18

19 (e) Confidential Financial Disclosure Reports. Board Members are required to  
20 provide Confidential Financial Disclosure Reports in accordance with the provisions of Section 3  
21 of the Policy.  
22

23 (f) Reporting. Any Board Member is required to report unethical conduct, such as a  
24 conflict of interest, a matter that is likely to receive adverse media attention or publicity, or a  
25 matter that is sufficiently significant or sensitive so as to adversely affect CA's operations or  
26 CA's standing in the community. For the avoidance of doubt, Board Members are subject to the  
27 provisions of the CA Policy for Reporting Violations of The Code of Business Conduct and  
28 Ethics and The Conflicts of Interest Policy.  
29

#### 30 **4. Commitment and Certification**

31  
32 Your commitment to conduct yourself in accordance with these Special Requirements, in  
33 addition to the provisions of the Code, the Policy and the CA Policy for Reporting Violations of  
34 The Code of Business Conduct and Ethics and The Conflicts of Interest Policy is essential to its  
35 success. CA requires that each Board Member certify that he/she has received and read these  
36 Special Requirements and understand its contents.  
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38 **Approved by the CA Board of Directors on [\_\_\_\_\_,] 2016**  
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ACKNOWLEDGEMENT OF RECEIPT  
**COLUMBIA ASSOCIATION, INC.**

I, \_\_\_\_\_, acknowledge and confirm that I have received a copy of the Columbia Association, Inc. Code of Business Conduct and Ethics, Conflicts of Interest Policy, Special Requirements for Members of the CA Board of Directors, and the CA Policy for Reporting Violations of The Code of Business Conduct and Ethics and The Conflicts of Interest Policy, as revised and approved by the CA Board of Directors on [\_\_\_\_\_,] 2016, and have read and understand those standards. I agree that I will conduct myself in accordance with those standards.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

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**EXHIBIT A**

**Purposes**

(See Attached)



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## Columbia Association Purposes

The purposes for which CA is formed are as follows:

1. To organize and operate a civic organization which shall not be organized or operated for profit, but which shall be organized and operated exclusively for the promotion of the common good and social welfare of the people of the community of Columbia and its environs (“*Columbia*” being defined as the community developed and to be developed on that tract of land in Howard County, Maryland (the “*County*”), presently consisting of 14,744.382 acres of land, more or less, the fee of which, or the leasehold interest in which is presently subjected to the “Declaration,” as hereinafter defined. Said tract of land, together with any additional land in the County which may hereafter be subjected to the Declaration by any amendment or supplement thereto filed among the Land Records of Howard County, Maryland, being sometimes hereinafter referred to as (“*the Property*”).

2. CA shall have no members other than the Columbia Council Representatives, as hereinafter defined, and no part of the net earnings of CA shall at any time in any manner inure to the benefit of any member, director or individual. No substantial part of the activities of CA shall consist of carrying on propaganda or otherwise attempting to influence legislation, provided that CA may elect to have its allowable expenditures for such purpose determined in accordance with the provisions of section 501(h) of the Internal Revenue Code of 1954, as amended; nor shall it in any manner or to any extent participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office; nor shall CA engage in any activities that are unlawful under applicable Federal, state or local laws.

For the general purpose aforesaid, and limited to that purpose (hereinafter sometimes referred to as the “*Purpose*”), CA shall have the following specific purposes:

1. To aid, promote, and provide for the establishment, advancement and perpetuation of any and all utilities, systems, services and facilities within Columbia which tend to promote the general welfare of its people with regard to health, safety, education, culture, recreation, comfort or convenience to the extent and in the manner deemed desirable by the Board of Directors;

2. To exercise all the rights, powers and privileges and to perform all of the duties and obligations of CA as set forth and undertaken in the Deed, Agreement and Declaration of Covenants, Easements, Charges and Liens (the “*Declaration*”) dated December 13, 1966 between CA as grantor and C. Aileen Ames as grantee and filed among the Land Records of Howard County, Maryland, at Liber 463, Folio 158, as heretofore modified and supplemented or as may be modified or supplemented from time to time as therein provided;

3. To operate and maintain, or provide for the operation and maintenance of, any properties which may from time to time be designated or conveyed to CA for operation and maintenance as areas serving the general welfare of Columbia and the people thereof with regard to health, safety, education, culture, recreation, comfort and convenience, all pursuant to the Declaration and subject to the provisions thereof;

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4. To enforce all covenants, restrictions, reservations, servitudes, profits, licenses, conditions, agreements, easements, and liens provided in the Declaration, and to assess, collect, and disburse the charges created under such Declaration and to use the proceeds of such charges for the promotion of any and all of the purposes heretofore mentioned in any lawful manner determined by the Board of Directors, pursuant to and subject to the provisions of the Declaration; and

5. To do any and all lawful things and acts that CA may from time to time, in its discretion, deem to be for the benefit of Columbia and the inhabitants thereof or advisable, proper or convenient for the promotion of the interests of said inhabitants with regard to health, safety, education, culture, recreation, comfort or convenience.

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**EXHIBIT B**

**Values**

(See Attached)

## Columbia Association Board of Directors Values

- 1  
2  
3 1. Represent constituent interests assertively and make decisions based on the welfare of the  
4 entire community.  
5
  - 6 • Recognize diverse perspectives, such as ethnicity, age, economic circumstances,  
7 differing village life cycles, and varying tenures of Columbia residents.  
8
  - 9 • Once all constituent perspectives are established and acknowledged, weigh them  
10 in relation to the perspective of the entire community.  
11
- 12 2. Engage in open discussions that encourage and respect differing positions.  
13
  - 14 • “Seek first to understand, then to be understood.”
  - 15
  - 16 • When differing with someone’s position, first acknowledge it by summarizing his  
17 or her point of view. (Or, ask for such a summary if someone differs with you.  
18 “Did you understand my intention? What was it?”)  
19
- 20 3. Strive for consensus, but agree to disagree based on the merits.  
21
  - 22 • Argue to seek a better understanding, not to win the argument. Use inquiry to  
23 probe positions with which you may not agree. Call the question after points have  
24 been established.  
25
- 26 4. Speak as a Board of Directors through unified messages that present both majority and  
27 minority positions.  
28
  - 29 • If consensus cannot be reached, end the discussions by summarizing both sides to  
30 their mutual satisfaction.  
31
  - 32 • When speaking outside of meetings of the Board of Directors, identify whose  
33 opinion you are discussing (your own or the Board of Directors’).  
34
- 35 5. Cultivate trust by showing respect for others, by accepting responsibility for your role in  
36 the process.  
37
  - 38 • When discussing issues focus on the issues not the people with whom you are  
39 discussing the issue.  
40  
41