

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**

5
6 **Introduction**
7

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 **Executive Summary**

29 This document sets forth special ethics requirements applicable only to Board Members. Those
30 requirements fall into two broad categories that can be summarized as follows: (A) things that a
31 Board member should do, and (B) things that a Board member should not do.

32 **A. Board members *should*:**

- 33 1. Strive at all times to serve the best interests of the association as a whole regardless of their
34 personal interests.
- 35 2. Use sound judgment to make the best possible business decisions for the association, taking
36 into consideration all available information, circumstances and resources.
- 37 3. Act within the boundaries of their authority as defined by law and the governing documents
38 of the association.
- 39 4. Provide opportunities for residents and property owners to comment on decisions facing the
40 association.

1 5. Perform their duties without bias for or against any individual or group of owners or
2 residents.

3 6. Disclose personal or professional relationships with any company or individual who has or is
4 seeking to have a business relationship with the association.

5 7. Always speak with one voice, supporting all duly adopted board decisions—even if the
6 board member was in the minority regarding actions that may not have obtained unanimous
7 consent.

8 B. Board members should **not**:

9 1. Reveal confidential information provided by contractors or share information with those
10 bidding for association contracts unless specifically authorized by the board.

11 2. Make unauthorized promises to a contractor or bidder.

12 3. Advocate or support any action or activity that violates a law or regulatory requirement.

13 4. Use their positions or decision-making authority for personal gain or to seek advantage over
14 another owner or resident.

15 5. Spend unauthorized association funds for their own personal use or benefit.

16 6. Accept gifts—directly or indirectly—from owners, residents, contractors or suppliers.

17 7. Misrepresent facts in any issue involving association business.

18 8. Divulge personal information about any association property owner, resident, member or
19 employee that was obtained in the performance of board duties.

20 9. Make personal attacks on colleagues, staff or residents.

21 | 10. Harass, threaten or attempt through any means to control or instill fear in any board member,
22 property owner, resident, member, employee or contractor.

23 11. Reveal to any owner, resident or other third party the discussions, decisions and comments
24 made at any meeting of the board properly closed or held in executive session, or otherwise
25 disclose any confidential information.

26 12. Solicit others to act in a way or work to achieve a result contrary to a decision of the board.

27 More specific information regarding the duties and obligations of board members, in addition to
28 the provisions of the Code and Policy are set forth below.

29

1
2 **1. Additional Rights of Board Members**
3

4 The following Special Requirements are hereby incorporated into the provisions of
5 Section 14 of the Code and are applicable to all Board Members:
6

7 (a) Each Board Member has a right to:
8

- 9 (i) Speak publicly on issues that affect those the Board Member serves,
10 provided that the Board Member unequivocally states that he/she is
11 speaking solely as an individual and not as a representative of CA or the
12 CA Board of Directors;
13
14 (ii) State publicly that the Board of Directors has taken action on a matter
15 (provided that such action was taken in an open Board meeting) or that the
16 Board of Directors has not taken action and to state individual
17 disagreement with such action or inaction as long as the Board Member
18 does not solicit others to act in a manner or work toward the achievement
19 of a result that is contrary to the Board of Directors' action; and
20
21 (iii) Act in reliance on information and reports received from regular sources
22 that the Board Member reasonably regards as trustworthy.
23

24 (b) A Board Member is free to engage in political activity, including endorsement of
25 candidates for political office, when the member is acting in his/her individual
26 capacity. In no way, however, should the activities of a Board Member be performed
27 in such a manner as to indicate that CA supports a specific candidate. All political
28 activities must be carried out on a strictly personal basis and supported only by
29 personal, not CA, resources. A Board Member may not endorse candidates for
30 political office while the member is acting as a representative of CA and shall not use
31 his or her CA title in connection with any political endorsement. A Board Member
32 will be considered to be acting as a representative of CA when he/she is:
33

- 34 (i) Carrying out duties on behalf of CA,
35
36 (ii) Attending a CA meeting or event sponsored by CA,
37
38 (iii) Attending a meeting as a representative of CA, or
39
40 (iv) Wearing a name badge or clothing designating him/her as a representative
41 of CA.
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43
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1 **2. Additional Duties and Obligations of Board Members In Relation to the Code**
2

3 In addition to the duties and obligations of Board Members set forth in the Code, Board
4 Members are expected to understand and comply with the following legal strictures governing
5 their behavior.
6

7 (a) The Standard of Care. Compliance with a standard of care is required by the
8 Annotated Code of Maryland, Corporation and Associations Article, Section 2-405.1. The
9 standard of care encompasses two principal elements: the Duty of Care and the Duty of Loyalty.
10

11 (i) *The Duty of Care.* The satisfaction of the duty of care requires Board
12 Members to act in good faith, with the care an ordinarily reasonable and
13 prudent person in a like position would exercise under similar
14 circumstances.
15

16 (ii) *The Duty of Loyalty.* The duty of loyalty requires Board Members to
17 exercise their powers in good faith and in the best interests of CA rather
18 than in their own interest or the interest of another entity or person.
19

20 (b) The Best Interests of CA. Each Board Member must act in the best interests of the
21 whole community of Columbia and not simply as a representative of a particular village or
22 constituency. Once all constituent perspectives are established and acknowledged, they must be
23 considered in relation to the perspective of the entire community of Columbia. Board Members
24 shall also bear in mind CA's purposes as stated in CA's Charter. When determining the best
25 interests of CA each Board Member must consider the following:
26

27 (i) The purpose of CA to operate exclusively for the common good and social
28 welfare of the people of Columbia and its environs.
29

30 (ii) The CA mission to enhance the quality of life for those living or working
31 in Columbia and to remain an open, integrated and caring community.
32

33 (iii) CA's financial ability to remain viable and to continue to achieve its
34 purpose and mission.
35

36 (c) Responsibilities of Board Members. In addition to the requirements of the Code,
37 each Board Member shall:
38

39 (i) Be informed regarding CA's governing documents including its Charter,
40 Bylaws and such policies as the Board of Directors may adopt as well as
41 applicable Maryland law, so that each Board Member can assist the Board
42 of Directors in the decision-making process.
43

44 (ii) Be informed regarding the purposes of CA, a copy of which are attached
45 hereto as Exhibit A.
46

- 1 (iii) Be informed regarding the aspirational values of CA’s Board of Directors,
2 a copy of which are attached hereto as Exhibit B.
3
- 4 (iv) Be informed about the services and programs provided by CA.
5
- 6 (v) Share equitably in the work of the Board of Directors.
7
- 8 (vi) Formulate CA strategic policies.
9
- 10 (vii) Exercise independent and informed judgment on all corporate decisions.
11
- 12 (viii) Carry out fiduciary responsibilities of the Board of Directors, including
13 oversight and approval of the CA budget and review of CA financial
14 statements.
15
- 16 (ix) Serve on committees of the Board of Directors.
17
- 18 (x) Regularly attend meetings of the Board of Directors and applicable
19 committees thereof.
20
- 21 (xi) Review agenda, supporting materials, and prior meeting minutes before
22 meetings of the Board of Directors and applicable committees thereof, and
23 otherwise prepare for such meetings.
24
- 25 (xii) Take responsibility for and follow through on assignments arising from
26 meetings of the Board of Directors and applicable committees thereof.
27
- 28 (xiii) Participate in formulating the strategic plan for CA, including review of
29 data.
30
- 31 (xiv) Attend special events and functions of the Board of Directors and
32 individual Village Community Associations as well as community-wide
33 CA events.
34
- 35 (xv) Present reports of actions of the Board of Directors at village board
36 meetings.
37
- 38 (xvi) Work with CA’s President to establish performance objectives.
39
- 40 (xvii) Evaluate the performance of CA’s President, while providing the
41 necessary support for CA’s President to further CA’s goals.
42
- 43 (xviii) Remain in good standing with respect to all financial obligations,
44 covenants and regulations contained in CA’s Declaration (as defined in
45 Exhibit A) and in the governing documents of the Village Community

1 Association that elected the Board Member as a Columbia Counsel
2 Representative.

3
4 (d) Restrictions on Board Member Activity. In addition to the other requirements of
5 the Code, no Board Member shall:

- 6
7 (i) Engage in any writing, publishing or speech-making on behalf of CA that
8 defames any other Board Member or CA team member. .
9
10 (ii) Discuss the confidential proceedings of the Board of Directors or release
11 confidential information not previously available to the public.
12
13 (iii) Act in a way that is intended to intimidate another person in the conduct of
14 their office or which a reasonable person would conclude had such intent
15 and which, in fact, did intimidate.
16
17 (iv) Undermine the authority of the Board of Directors, the Chair of the Board
18 of Directors or CA's President to perform his/her duties, or interfere with
19 the duties of CA's management and staff.
20
21 (v) Knowingly misrepresent facts or the Board of Director's position on an
22 issue to a resident or property owner in the Columbia community for the
23 purpose of advancing the Board Member's personal cause or influencing
24 the Columbia community to place pressure on the Board of Directors to
25 advance the Board Member's personal cause.
26
27 (vi) Speak for or act on behalf of CA unless specifically authorized to do so by
28 the Board.
29
30 (vii) Conduct themselves in a manner that assumes any greater rights and
31 privileges than any other resident in the Columbia community.
32

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

34 (a) Implementation

35
36
37 With respect to Board Members, the CA Board of Directors shall be the body responsible
38 for implementing the Policy and advising persons as to its application.
39

40 (b) Compliance

41
42 If a Board Member fails to comply with the Code, the Policy, CA's *Policy for Reporting*
43 *Violations of the Code*, and CA's *Financial Disclosure Requirements*, as well as both the letter
44 and spirit of all applicable governmental laws, rules, and regulations, the Board Member will be
45 subject to reprimand or removal consistent with CA's Charter and Bylaws. In the event a Board
46 Member as an Interested Person fails to act in accordance with the Policy, the Board of Directors

1 may recommend action to the members of the Incorporated Associations (as described in CA’s
2 Charter); provided, however, that the Board of Directors may issue a formal reprimand without
3 consultation with the Incorporated Associations. The Board of Directors may take corrective
4 action if the Interested Person is the President. In the event that a formal reprimand, or in an
5 extreme case, the removal of such Interested Person from his or her position(s), is proposed, such
6 recommendation must be presented with supporting documentation. The Interested Person
7 involved shall be given an opportunity to be heard prior to the final decision on the matter.
8

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

11 (i) Within one (1) year following termination of their term on the Board of
12 Directors assist or represent another party for compensation in a case,
13 contract or other specific matter involving CA if that matter is one in
14 which the member participated while affiliated with CA.
15

16 (ii) While serving on the Board and within one (1) year following termination
17 of their term on the Board of Directors be employed by or enter into any
18 contract for compensation in excess of \$2,500 with CA either personally
19 or in a manner from which they would so benefit directly.
20

21 (iii) Simultaneously serve on the Board of Directors and as a sworn partisan
22 public officer.
23

24 (iv) Allow any family member to receive any remuneration for any work
25 performed for CA, except when the family member is a dependent child
26 employed on a part time or seasonal basis or is already a CA employee at
27 the time of the Board Member’s election to the board, unless the family
28 member is part of senior management (defined as the President,
29 Department Directors, Division Directors, the internal auditors, the
30 treasurer, the comptroller, and the general counsel).
31

32 (d) Board Compensation. Any action by the Board of Directors to provide for or
33 increase the compensation for Board Members for expenses incurred for attendance at meetings
34 of the Board of Directors or for other expenses associated with the performance of the duties of a
35 Board Member shall not become effective until two (2) years after the date of the public meeting
36 at which such action was approved. Board Members are entitled, however, to receive without
37 such passage of time such indirect benefits as attendance at relevant conferences and meetings,
38 travel in CA’s *Sister City Program* to accompany youth participants, and other such benefits as
39 are reasonably related to the conduct of CA’s affairs and activities as shall be approved in a
40 public meeting in accordance with federal and state laws and regulations.
41

42 (e) Confidential Financial Disclosure Reports. Board Members are required to
43 provide Confidential Financial Disclosure Reports in accordance with the provisions of Section 3
44 of the Policy.
45

1 (f) Reporting. Any Board Member is required to report unethical conduct, such as a
2 conflict of interest, a matter that is likely to receive adverse media attention or publicity, or a
3 matter that is sufficiently significant or sensitive so as to adversely affect CA's operations or
4 CA's standing in the community. For the avoidance of doubt, Board Members are subject to the
5 provisions of the CA Policy for Reporting Violations of The Code of Business Conduct and
6 Ethics and The Conflicts of Interest Policy.
7

8 **4. Commitment and Certification**
9

10 Your commitment to conduct yourself in accordance with these Special Requirements, in
11 addition to the provisions of the Code, the Policy and the CA Policy for Reporting Violations of
12 The Code of Business Conduct and Ethics and The Conflicts of Interest Policy is essential to its
13 success. CA requires that each Board Member certify that he/she has received and read these
14 Special Requirements and understand its contents.
15

16 **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)

1 **Columbia Association Purposes**

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3 The purposes for which CA is formed are as follows:

4
5 1. To organize and operate a civic organization which shall not be organized or operated
6 for profit, but which shall be organized and operated exclusively for the promotion of the
7 common good and social welfare of the people of the community of Columbia and its environs
8 (“*Columbia*” being defined as the community developed and to be developed on that tract of
9 land in Howard County, Maryland (the “*County*”), presently consisting of 14,744.382 acres of
10 land, more or less, the fee of which, or the leasehold interest in which is presently subjected to
11 the “Declaration,” as hereinafter defined. Said tract of land, together with any additional land
12 in the County which may hereafter be subjected to the Declaration by any amendment or
13 supplement thereto filed among the Land Records of Howard County, Maryland, being
14 sometimes hereinafter referred to as (“*the Property*”).

15
16 2. CA shall have no members other than the Columbia Council Representatives, as
17 hereinafter defined, and no part of the net earnings of CA shall at any time in any manner inure
18 to the benefit of any member, director or individual. No substantial part of the activities of CA
19 shall consist of carrying on propaganda or otherwise attempting to influence legislation,
20 provided that CA may elect to have its allowable expenditures for such purpose determined in
21 accordance with the provisions of section 501(h) of the Internal Revenue Code of 1954, as
22 amended; nor shall it in any manner or to any extent participate in or intervene in (including the
23 publishing or distribution of statements) any political campaign on behalf of any candidate for
24 public office; nor shall CA engage in any activities that are unlawful under applicable Federal,
25 state or local laws.

26
27 For the general purpose aforesaid, and limited to that purpose (hereinafter sometimes
28 referred to as the “*Purpose*”), CA shall have the following specific purposes:

29
30 1. To aid, promote, and provide for the establishment, advancement and perpetuation of any
31 and all utilities, systems, services and facilities within Columbia which tend to promote the
32 general welfare of its people with regard to health, safety, education, culture, recreation, comfort
33 or convenience to the extent and in the manner deemed desirable by the Board of Directors;

34
35 2. To exercise all the rights, powers and privileges and to perform all of the duties and
36 obligations of CA as set forth and undertaken in the Deed, Agreement and Declaration of
37 Covenants, Easements, Charges and Liens (the “*Declaration*”) dated December 13, 1966
38 between CA as grantor and C. Aileen Ames as grantee and filed among the Land Records of
39 Howard County, Maryland, at Liber 463, Folio 158, as heretofore modified and supplemented or
40 as may be modified or supplemented from time to time as therein provided;

41
42 3. To operate and maintain, or provide for the operation and maintenance of, any properties
43 which may from time to time be designated or conveyed to CA for operation and maintenance as
44 areas serving the general welfare of Columbia and the people thereof with regard to health,
45 safety, education, culture, recreation, comfort and convenience, all pursuant to the Declaration
46 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)

1 **Columbia Association Board of Directors Values**

- 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