Memo

To: Hot Springs Village Board of Directors
From: Tom Weiss, Vice Chairman
Date: August 16, 2017
Re: Chapter 8, Article 1, “Conduct of a Board in a Governance Role”

“Governance” has been a topic of discussion in various meetings and other communications since the Board retreat. This initial governance policy and new chapter will serve as the foundation for all governance activities.

Being elected to serve on the POA Board of Directors is a high honor and privilege, but one that carries with it a serious responsibility to serve the interests of the POA and its members. It is the desire of the Board that current and future Board members should conduct themselves and perform their duties in an exemplary fashion, commensurate with the position of leadership that has been bestowed upon them by the membership.

The “Conduct of a Board in a Governance Role” policy can be considered a tool of corporate governance because it identifies corporate responsibilities towards stakeholders and requires the Board to comply with certain guidelines when exercising their authority, both inside and outside the Board meeting. The code of conduct encompasses a wide variety of subjects, because it addresses all the stakeholders who are a part of the POA.

A draft of Chapter 8, Article 1 Policy, “Conduct of a Board in a Governance Role” is attached for discussion today and adoption in September.
ARTICLE 1
CONDUCT OF A BOARD IN A GOVERNANCE ROLE

Section I Guiding Principle
Good Governance is achieved by applying best practices for making and implementing decisions. Not every decision is going to be "correct," but in following the best decision making processes, the Board will strive to protect the interests of all Property Owners.

In following the best decision implementation processes, the Board will achieve its greatest efficiency and effectiveness.

In both decision making and implementation, for the Board to fulfill its Role, it must also adhere to appropriate Conduct.

Section II Role

A. Responsibility: Article IX, Section 1 of Hot Springs Village Bylaws
B. Authority: Article IX, Section 2 of Hot Springs Village Bylaws
C. Accountability: Article IX, Section 3 of Hot Springs Village Bylaws

Section III Conduct  To achieve its Mission, the Board:

A. Understands what Conduct is appropriate when functioning in a true Governance capacity:
   1. The Board and its Authority only exists when it is in session;
   2. The Board can delegate certain tasks to a committee or an individual, but otherwise no one Board Member has any authority or prerogative;
   3. The Board Members (individually) understand that property owner expectations hold them accountable to a "higher standard" of decorum and should act accordingly both in and outside of the Board Room.

B. Interacts with Management focused on:
   1. Strategy;
   2. Understanding;
   3. Resource requirements – cash creation and uses;
   4. "Big Picture" (sounding board for Management).

C. Understands the difference between Governance and Management and does not:
   1. Fixate on Management details;
   2. Get involved in operating issues unless requested by Management.

D. Interacts with all Property Owners focused on:
   1. Inspiring a shared Vision;
   2. Understanding;
   3. Listening.

E. Interacts with each other:
   1. Respectfully, encouraging differing viewpoints;
   2. Candidly, regarding opinions and concerns with a complete guarantee of confidentiality;
   3. Openly, trying to gain consensus and support by all;
   4. Mindfully of our Fiduciary responsibilities of Care, Obedience and Loyalty;
   5. Cautiously while using electronic communications and social media.