

POTOMAC STATION COMMUNITY ASSOCIATION, INC.

POLICY RESOLUTION NO. 2020-01

CODE OF CONDUCT

WHEREAS, Section 4.1 of the Bylaws (“Bylaws”) of Potomac Station Community Association, Inc. (“Association”) provides that the business and affairs of the Association shall be managed by the Association Board of Directors (“Board”) and that the Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required by the Virginia Nonstock Corporation Act (“Nonstock Act”) or the Association Documents to be exercised and done by the Owners;

WHEREAS, Section 5.5 of the Association Articles of Incorporation (“Articles”) provides that any Director may be removed from the Board, with or without cause, by Owners entitled to cast a majority of the total number of votes entitled to elect the director (or as otherwise permitted by the Nonstock Act) except that Directors representing a ward may be removed by a majority vote of the Owners of such ward;

WHEREAS, Section 5.5 of the Articles further provides that Directors are deemed to have resigned upon disposition of a lot or if a Director is absent from three consecutive regular meetings of the Board without approval for such absence and the minutes reflect the Director’s resignation pursuant to Section 5.5 of the Articles;

WHEREAS, Section 6.3 of the Bylaws provides that any officer may be removed from office with or without cause by a majority vote of the total number of Directors;

WHEREAS, Sections 7.1 and 7.2 of the Bylaws provide that the Board may establish committees (“Committees”), including an Elections Committee as required in Section 5.3(c) of the Articles and Covenants Committee as established in Section 9.1 of the Declaration for Potomac Station;

WHEREAS, Section 7.3 of the Bylaws establishes Board authority to remove Committee members with or without cause on three days’ written notice;

WHEREAS, the Virginia Property Owners’ Association Act (“Act”) establishes certain requirements for the conduct of business by the Board;

WHEREAS, the Board has determined that it is in the best interests of the Association to develop and specify standards of conduct by which members of the Board and Association committees (“Committees”) are expected to conduct themselves in the course of service to the Association and to specify a process for considering contracts and other matters where an apparent conflict of interest exists;

WHEREAS, the Board wishes to establish and publish a policy committing to compliance with all laws protecting against discrimination and ensuring equal opportunity under

the law as well as promoting sensitivity and respect for the diverse racial, ethnic and cultural backgrounds represented by owners and residents;

WHEREAS, the Board has determined that it is in the best interests of the Association to develop appropriate sanctions which may apply to members of the Board and Committees determined to have violated this Resolution; and

WHEREAS, the Board wishes to ensure that members of the Board and Committees maintain a high standard of ethical conduct in the performance of Association business, and to ensure that Owners maintain confidence in and respect for the Board and Committees.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the following rules of conduct, standards of behavior, ethical rules and compliance procedures applicable to all members of the Board and Committees.

ARTICLE I
BEST INTERESTS OF THE ASSOCIATION

Association Board or Committee members are expected to act in the best interests of the Association. Directors and Committee members serve for the benefit of the entire community and shall always strive to do what is best for the Association in accordance with fiduciary duties owed to the Association.

ARTICLE II
STANDARDS OF CONDUCT

Conduct of Directors and Committee members shall be governed by the following standards:

1. Directors and Committee members shall comply with Association governing documents and applicable law. Directors and Committee members shall use best efforts at all times to make well-reasoned decisions consistent with the Association governing documents and to have general, working knowledge of the Association governing documents and Association policies. Directors and Committee members shall comply with and make decisions consistent with applicable law, including, but not limited to, refraining from discrimination against any person on the basis of race, age, gender, color, religion, national origin, family status, or mental or physical disability.
2. Directors and Committee members shall conduct themselves in accordance with the highest standards as members of the Association and shall in all ways comply with the provisions of the Association governing documents.
3. Directors and Committee members shall work within the Association framework and refrain from unilateral action. Directors and Committee members shall at all times abide by the system of management established by the Association governing documents and the Board. Directors and Association Committees shall conduct business in accordance with state law and the Association governing documents, shall act upon decisions duly made, and no Director or Committee member shall act unilaterally or contrary to such

decision. Toward that end, no Director shall seek to have a contract implemented that has not been duly approved by the Board, nor promise anything not approved by the Board to any contractor, supplier, or otherwise.

4. Directors and Committee members shall conduct themselves in a professional manner at meetings. Directors and Committee members shall exercise best efforts to prepare for, attend and be on time at all meetings or Association functions and shall plan to be in attendance at all times during the meeting or function. Whenever a Director or Committee member knows in advance that the Director or Committee member cannot attend a meeting, will be late for a meeting, or will have to leave a meeting early, the Director or Committee member shall exercise best efforts to inform the Association President or Chair of the meeting in advance of the meeting. Pursuant to Section 5.5 of the Articles, if a Director has an unexcused absence from three consecutive regular meetings of the Board, the Board may declare the office of the Director to be vacant and may appoint a person to fill the vacancy.
5. Directors and Committee members shall conduct themselves at all meetings, including Board Meetings, Annual Meetings of the Association, Town Hall and Committee Meetings, in a professional and businesslike manner. Personal attacks against other Directors, Committee members, Association Members, residents, guests or the Association managing agent ("Managing Agent") or staff are not consistent with the best interests of the community and will not be tolerated. Language, tone and volume at meetings shall be kept courteous. Though differences of opinions are inevitable, differing views must be expressed in a cordial and businesslike manner. Once the Board or Committee formally votes on a matter, no Director or Committee member shall engage in activity that undermines the decision or actions taken by the Board or Committee to implement the results of the vote. No Director or Committee member shall unduly or unreasonably delay or hinder the Board's or Committee's ability to conduct business.
6. No Director or Committee member shall use social media or other electronic forms of communication to disparage the Board, other Directors, a Committee or other Committee members, the Managing Agent or staff to undermine the authority of the Board or Committee, or to otherwise cast the image of the Board, Committee or other Directors and Committee members in a negative light.
7. Directors and Committee members shall not in any way harass, threaten, or otherwise attempt to intimidate any other Director, Committee member, Association Member, resident, the Managing Agent or staff. The Association shall deem any Director or Committee member who harasses, threatens, or otherwise attempts to intimidate other Directors, Committee members, Association Members, residents, the Managing Agent or staff to be acting outside the scope of authority as a Director or Committee member.
8. Directors and Committee members are expected to do all acts necessary to fulfill their duties. Such acts include writing and transmitting reports as are generally necessary in the administration of affairs or as otherwise directed by the Board or Committee, such as reports by Directors and officers to include in Board meeting packets, reports provided to

the Association President by absentee members, management reports, accounting reports, delinquency reports, and reports by Committee chairs.

ARTICLE III
CONFIDENTIALITY

1. Directors and Committee members shall maintain confidentiality of information exchanged in executive session or which is otherwise privileged pursuant to the Act and Board policy. Directors and Committee members shall neither disclose confidential information without proper authorization nor use such information to advance personal, financial or other private interests. Directors and Committee members shall not disclose confidential information under any circumstances to any person not on the Board without the express consent of a majority of the Board voting at a properly convened meeting of the Board.

2. The term "confidential information" shall mean any information related to:
 - a. Personnel matters, including specific, identified persons or a person's medical records;
 - b. Contracts, leases, and other commercial transactions to purchase or provide goods or services for the Association, currently in or under negotiation;
 - c. Pending or probable litigation; *Probable litigation* means instances where there has been a specific threat of litigation from a party or the legal counsel of a party;
 - d. Matters involving state or local administrative or other formal proceedings before a government tribunal for enforcement of the Association governing documents or rules and regulations promulgated pursuant to §55.1-1819 of the Act;
 - e. Communications with legal counsel that relate to subsections a. through d. or that are protected by the attorney-client privilege or the attorney work product doctrine;
 - f. Disclosure of information in violation of law;
 - g. Meeting minutes or other confidential records of an executive session of the Board held in accordance with §55.1-1816.C of the Act;
 - h. Documentation, correspondence or management or board reports compiled for or on behalf of the Association or the Board by its agents or committees for consideration by the Board in executive session;
 - i. Individual lot owner or member files, other than those of the requesting lot owner, including any individual lot owner's or member's files kept by or on behalf of the Association; or

- j. Personal information of Directors, Committee members, Association Members, Residents, the Managing Agent and staff.
3. The term “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 the Association must make available to the members for inspection or copy under state law; or
 - b. That an administrative agency or court of competent jurisdiction orders to be disclosed, provided, however, that upon receipt of any order, subpoena, or summons of any kind, before providing the information or document requested, the Director shall give the Board immediate notice thereof in order to allow the Board an opportunity to protect confidential information. The Director shall provide all necessary cooperation for this purpose.
4. In any instance when a Director or Committee member might be in doubt about the confidentiality requirements and in order to minimize the possibility of inadvertent disclosure, Directors and Committee members shall consult with the Association President before making any disclosure to any third party which might arguably release any confidential information covered by this Resolution.
5. All confidential information is the property of the Association. Directors 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 Director’s or Committee member’s term, shall return all confidential information in the Director’s or Committee member’s possession to the Association and shall keep confidential all non-tangible confidential information.

ARTICLE IV
CONFLICTS OF INTEREST

Directors and Committee members shall strive to avoid any personal or professional conflict of interest or nepotism conflicts of interest in accordance with state laws or the Association governing documents. To the extent that such a conflict of interest exists or may exist, the Director or Committee member must fully disclose such interest, concern, or potential conflict on the record at the time that any relevant agenda item is addressed by the Board or the Committee. A Director or Committee member who has a conflict of interest shall not participate, through discussion, decision, approval, disapproval, recommendation, the rendering of advice or otherwise, in any Board or Committee matter in which the Director, the Director’s family, the Committee member, the Committee member’s family, or an organization which the Director or Committee member serves as an officer or employee, has an interest.

ARTICLE V
MISUSE OF POSITION

Directors and Committee members shall not use positions for private gain, for example:

1. No Director or Committee member shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other item of monetary value from a person who is seeking a contractual or other business or financial relationship with the Association. Any Director or Committee member who receives an unsolicited gift or gratuity must promptly disclose the gift or gratuity at a properly convened meeting of the Board. The Board shall determine whether the Director or Committee member should return the gift, relinquish the gift to the Association, or if the gift is of no consequence or nominal value, keep the gift. The requirement to report gifts does not apply in circumstances where Directors or Committee members meet with a vendor or professional to discuss Association business matters at times when it would be ordinary to eat breakfast, lunch, or dinner and the vendor or professional pays for the meal. Such circumstances shall be considered ordinary and acceptable acts of professional courtesy.
2. No Director or Committee member shall seek preferential treatment by the Board, any Committee, or any contractors or suppliers.
3. No Director or Committee member shall accept a gift or favor made with the intent of influencing a decision or action on any matter of Association business.
4. No Director or Committee member shall receive any compensation from the Association for service on the Board. However, pursuant to Section 8.4 of the Bylaws, a Director or Committee member may be reimbursed for reasonable, ordinary and necessary expenses incurred in serving or acting as a member of the Board or a Committee.
5. No Director or Committee member shall willingly misrepresent facts to advance a personal cause or influence the community to advance a personal cause.
6. Directors and Committee members shall strive to avoid using a Board or Committee position to enhance personal financial status through the use of certain contractors or suppliers. To the extent that a Director or Committee member has a financial or other interest in any matter, such relationship must be fully disclosed prior to Board or Committee consideration of the matter and the Director or Committee member shall not participate in discussion, deliberation or vote on the matter.

The list of examples above is offered for illustration purposes only and is not intended to be exclusive.

ARTICLE VI
ENFORCEMENT AND SANCTIONS

All Directors and Committee members shall review and sign the Statement of Affirmation attached as Exhibit A to this Resolution to evidence Director and Committee member review of and agreement to abide by this Resolution. In order to ensure compliance with this Resolution, the Board shall implement the following compliance procedures:

1. All allegations of violations or perceived violations of this Resolution shall be presented to the Association President. The Association President shall call and be in charge of all proceedings to investigate all claims of misconduct. If the allegation is against the Association President or if the Association President is not able to accept such responsibility, then the allegation shall be presented to the Association Vice President.
2. Proceedings to investigate the allegation shall be conducted at a meeting of the Board. If permitted by Section 55.1-1816 of the Act, executive session shall be convened as soon as reasonably possible with the intention to ensure that the allegation is resolved prior to the need of the Board to conduct the business of the Association, thereby addressing any concerns and to avoid any appearance of impropriety.
3. The officer or Director to whom the allegation is presented shall also preside over the proceeding to investigate the allegation.
4. If the Board determines that conduct in violation of this Resolution has occurred, a letter of censure shall be sent to such Director or Committee member. At that time, a decision will be made by the Board as to whether or not the Members of the Association will also be provided a copy of this censure.
5. The accused Director(s) or Committee member(s) shall be provided an opportunity to be heard at the Board meeting where the allegation is investigated. If the accused Director(s) or Committee member(s) fails to attend the Board meeting or postpones attending the meeting for the perceived purpose of preventing a resolution, then the unaccused Directors may resolve the allegation without the accused Director or Committee member being present.
6. Unless conducted in open session of Board meeting, the accused Director or Committee member shall not be present during the Board discussion of or vote on the matter.
7. If the letter of censure fails to result in a change of conduct or if conduct is repeated, the Board may seek legal action, including but not limited to, imposing sanctions for a violation of this Resolution or requesting such Director's resignation. If the Director refuses to resign, the Board shall have the option of submitting to the Members a vote to remove the Director as authorized under Section 5.5 of the Articles.
8. Additionally, pursuant to Section 6.3 of the Bylaws, the Board may remove an officer from office with or without cause.

9. Because Committee members serve at the pleasure of the Board, the Board may remove a Committee member from a Committee at any time and for any reason upon three days' written notice in accordance with Section 7.3 of the Bylaws.
10. In addition to those enforcement procedures set forth in this Resolution, the Association may seek any other legal remedy available under Virginia law to enforce the terms of this Resolution, including, but not limited to, seeking injunctive relief against a non-compliant Director or Committee member.