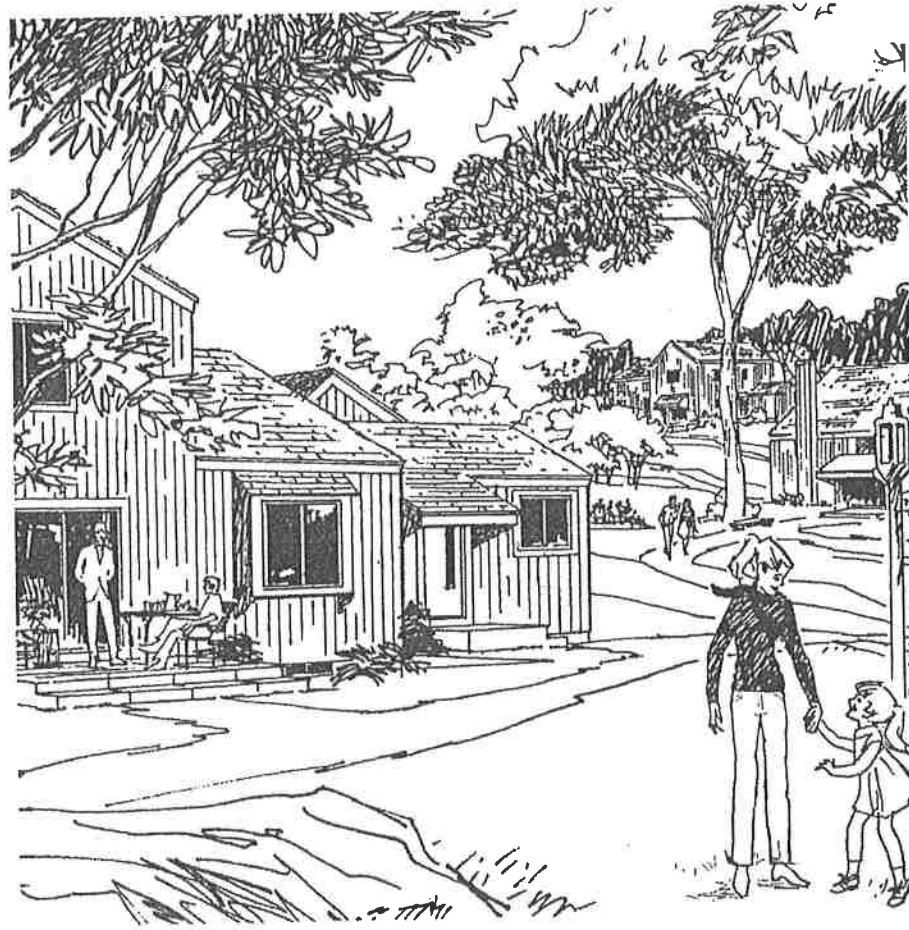


GUIDE AND CODE OF CONDUCT



Far Mill River Tax District and Condominium Association Boards of Directors

INTRODUCTION

The affairs of Far Mill River are administered by two Boards of Directors – one representing the Far Mill River Tax District, the other the Far Mill River Condominium Association. The members of the Boards of Directors are Far Mill River residents (Tax District) and homeowners (Association) who serve as volunteers.

The Boards govern in accordance with laws, parameters and guidelines established by: Connecticut *General Statutes* (primarily Chapter 105 and 105a, Section 7-324 to 7-339 regarding Tax Districts, Chapter 825 regarding the Condominium Act, and Chapter 828 regarding the Common Interest Ownership Act); the *Charter* and *Code of Ordinances* of the Far Mill River Tax District; and the *Declaration* and *By-Laws* of the Far Mill River Condominium Association, Inc. In addition, the Far Mill River Community Handbook, *Rules We Live By*, governs day-to-day life in the community.

The nine-member Tax District Board of Directors, which includes the officers, is elected at the annual meeting of the district voters for a one-year term. The eighteen-member Association Board of Directors is comprised of three members from each of the six sections of the condominium. Stability and continuity are maintained by electing one member from each section for a three-year term at the annual meeting of the Association. The Board of Directors elects the Association officers for one-year terms.

This document is intended to serve as a guideline for those serving on the Boards of Directors as well as provide an introduction to those considering service. It also contains a “Code of Conduct” for those serving.

SERVING ON A BOARD OF DIRECTORS

Most people who live in a condominium have no desire to participate in its administration or operation. Most simply buy their unit, move in, and let someone else worry about the affairs of the community. Those who volunteer their time do so for many reasons.

For many, it is personal motivation. Individuals may feel a sense of responsibility to make association living more pleasant. Some may have a desire to protect their investment. Whatever the reason, successful board members share a number of personal characteristics including:

- Ability to get along with others (i.e., be a team player)
- Selflessness (i.e., community before individual)
- Impartiality and objectiveness
- Forward thinking (more long-term than short-term)
- Ability to make rational, sound business decisions
- Courage to “do the right thing,” even if it’s unpopular
- Ability to shrug off criticism

Successful boards of directors have members from all walks of life, each of whom brings a distinct skill set, which when combined with all members, produces a unified **TEAM** to make the sometimes difficult decisions that accompany association living.

Service on a board of directors also requires sacrifice, the largest of which is time. It is not unreasonable for board members to spend 2-3 hours per week on community business; officers typically spend much more than that. The second most significant sacrifice is that, at times, board members may find themselves on opposite sides of the fence from their neighbors. As such, they may be obligated to make, what some would consider, unpopular decisions, which may be necessary for the benefit of the entire community.

RESPONSIBILITIES OF FAR MILL RIVER BOARD MEMBERS

Specific Board responsibilities are defined in the Association By-Laws and the Tax District Charter. This section provides an overview of the roles of the officers and board members as a whole.

- **The Role of the Board President** – The President serves as the Chief Executive Officer of the Tax District and/or Association. He or she presides at all meetings of the Unit Owners and of the Board. The President appoints all committees and serves on each as an ex-officio member
- **The Role of the Board Vice-President** – The Vice President acts in the place of the President and performs his or her duties whenever the President is absent or unable to act. He or she also performs duties assigned by the Board or the President
- **The Role of the Board Treasurer** – The Treasurer is responsible for reviewing all financial information and is a cosigner on all Association and Tax District checks.
- **The Role of the Board Secretary / Clerk** – The Board Secretary (Association) or Clerk (Tax District) is responsible for keeping a record of the minutes of all meetings of the Board and maintaining an up-to-date list of the members and their attendance at regularly scheduled meetings
- **The Role of all Board Members** – The Boards of Directors are elected by the unit owners to manage and govern the affairs of the entire community. An individual who is elected to serve on a Board has agreed to accept the fiduciary responsibility of the Association and/or Tax District, which includes making informed, sound decisions based on what is in the best interest of the entire community. Specific areas where Board members will spend their time are addressed in the following section.

Although Board meetings are open to the community, there are certain confidential matters (e.g., collection efforts, legal proceedings, etc.) that are discussed in Executive Session. The proceedings of these sessions, which are closed to the public, **must** be held in strict confidence and **not** discussed with any non-Board members, including spouses. (*What you see here, what you say here, what you hear here, stays here!*)

The most effective boards operate as a governing body, which sets policy while being mindful of not getting involved in the day-to-day operations. The FMR Board determines the way in which it wants to run the property on behalf of all owners. Thereafter, the Board hires professionals and contracts with vendors to implement those policies.

Board members must not get involved in the daily management of the community. Doing so can result in phone calls and/or visits from homeowners with their individual problems. In the best case, Board members may be directly blamed when things go wrong. In the worst case, Board member comments could be misinterpreted as approved policy when in fact they may be little

more than personal opinion. There should be one voice for the Board of Directors – the Property Manager who only disseminates Board-approved information.

FUNCTIONS OF THE BOARDS OF DIRECTORS

Each Board (Tax District and Association) administers the affairs of that portion of the common interest community entrusted to its care. The Boards adopt and implement budgets, procure insurance, and hire employees and contractors to perform the work that is needed. The Boards also adopt, amend and enforce policies, rules and regulations that affect all owners and residents. A professional management company is hired by the Boards to oversee the property and its operations and to act as their authorized agent.

The areas where FMR Board members spend the most time, in order of importance, are: finance, rules/regulations and contracts.

- **Finance** – Budgeting is a critical part of effectively managing the community. A common mistake made by board members is fiscal management for the short term without adequate consideration for the long term. Many Board members feel their primary purpose is to keep common fees as low as possible. While that objective can always be achieved, safety is often compromised, services will suffer, maintenance will be deferred, and resale values will be adversely affected. Further, future Board members will not be provided with adequate finances to effectively operate the community.

Monthly review of the financial statements is only a portion of the financial responsibility held by Board members. Other responsibilities include: review of actual and budgeted expenditures; review of audited financial statements; and preparation of short term (annual) projects lists as well as long term (2-15 years) capital reserve budgets

Fiscal planning for the long-term health of the community is a critical area that is often ignored because Board members feel they “won’t be here in 15 years.” Whether the owners will be here in 1, 2, 5, 10, or even 20 years has little to do with the fact that each and every one of them use the amenities, roads and walkways, and receive the benefits of roofs, siding, windows, trash removal, landscape maintenance, and snow removal.

Effective Boards recognize the relationship between keeping costs low and keeping the community safe while increasing the value of their homes. It is a very difficult balancing act, one that requires practice, experience, and hard work.

- **Rules and Regulations** – The standard employed in the establishment of condominium rules is “reasonable business judgment.” Rules that make reasonable business sense – and most importantly, can be enforced – will benefit the entire community. Rules that are not enforced are useless and may be harmful if owners feel other rules will be similarly ignored.
- **Contracts** – Boards have the final authority when determining which vendors get hired to perform services such as property management, insurance, utilities, trash removal, landscape maintenance, and snow removal.

The contracts entered into are between vendors/professionals and the Association and/or Tax District. The Property Manager typically signs the contracts, but it is done as agent for the Association and/or Tax District. The decision to hire and fire, enter and exit agreements is solely a Board decision. The Property Manager does not have a vote just as the residents represented by the Board do not have a vote; only Board members do.

Two other areas where Board members spend time are: committees and communication.

- **Committees** – Committees can be valuable to boards of directors as they frequently include interested owners. Many times serving on a committee leads to a greater appreciation of condominium living and provides valuable experience for future board service. Current committees include Buildings, Finance, Grounds, and Recreation.
- **Communication** – Boards who communicate effectively to the community are generally more successful than those who do not. The communication can be in many forms including annual meetings, regular board meetings, a newsletter or a website.

THE BOARD AS A GOVERNING ENTITY

A common interest community, like Far Mill River, is a political entity with many of the same characteristics and concerns of a small town. The Boards of Directors are elected to represent their constituents much as government officials are at the town, state and national levels. With the exception of executive sessions, all meetings of the Boards and its Committee are open to the owners and residents. Some key aspects of Board meetings are addressed in the following paragraphs.

- **Board and Annual Meeting Management** – Written agendas are provided for all scheduled meetings along with an outline of Robert's Rules of Order with which the meetings are conducted.

Owners and residents are afforded the opportunity to address the Board with comments or concerns. Once the public portion of the meeting is concluded, guests may remain but may not speak or interrupt the meeting in any way.

All Board members may speak on any issue, but not more than twice, and then only after all other Board members have the opportunity to speak.

- **Board Voting and Approvals** – The voting process within the Board is final and conclusive. Majority wins and unanimity is not required. Rather than attempting to get all to agree on an issue, the Board – and community – is better served by discussing the issue, voting on it, ensuring the minutes accurately reflect the motion and vote, and moving on to the next item of business.

Once the Board has voted and approved an issue, it is important that ALL Board members support the decision, regardless of their personal beliefs. Boards must present a 100% unified front to the community on matters that were approved by a majority of those Board members voting after open debate on an issue.

- **Complaining Community Members** – Board members are often presented with an individual resident or group of residents who feel it is their job to critique each and

every area of the community. Board members should not feel threatened or get defensive.

The most successful manner in which to deal with issues/complaints is to require that all items are put in writing. This will likely reduce the number of complaints significantly – if individuals are not interested in putting their issues on paper, they must not have been that important. Upon review the Board should invite the complainant(s) to the next meeting for a hearing. The request to have the information in writing is to ensure a more formal process is undertaken.

Members of the Board should always consider the fact that they have taken the important step of volunteering and were elected to the Board. If owners are abusive, constant complainers, or frequently critical of Board action, they should be asked to serve and really affect change.

CODE OF CONDUCT

Serving on the FMR Boards of Directors is an honor and a privilege. To maintain the respect that most owners and residents have for their Boards, the following Code of Conduct has been established.

Board members shall:

- obey all rules and report violations,
- support all Board decisions even if personally opposed,
- place the community ahead of personal or parochial interests, and
- hold the proceedings of Executive Sessions in strict confidence.

Board Members shall not:

- openly display opposition to Board decisions to non-Board members,
- discuss Executive Session proceedings with any non-Board member,
- expect or demand any special privileges (e.g., use of recreational facilities),
- purport to speak for the Boards (the Property Manager is the only voice of the Boards)

Failure to comply with this Code of Conduct may result in censure, and/or request for resignation from the Board.

Any Board member who has been found guilty in a court of law for any criminal act, be it a misdemeanor or felony, or who has been arrested for any unlawful act of fraud or larceny or any other crime or misdemeanor that would reasonably jeopardize, harm or violate the Condominium Master Insurance Policy shall be immediately removed from the Board upon the vote of a majority of the members called for a special meeting for that purpose.