

ARTICLE 2

BOARD OF TRUSTEES

2.1 GENERAL OVERVIEW

The Board of Trustees has the ultimate responsibility for the operation of the Association on behalf of the Owners. In meeting this responsibility, the Board has significant duties and obligations to the Owners which are also described in this document.

THE INTENT OF THIS MANUAL IS MEANT TO:

- a. To describe the process by which the Board conducts its business and carries out its responsibilities.
- b. To define the role of the Officers of the association and their relationship with the Board, Owners and Manager.
- c. To examine the opportunities and limitations of owner committees and their relationship to Owners, Board, and Manager.
- d. To set forth the role and responsibilities of Owners within community associations.

THE SCOPE OF THE BOARD'S POWER AND RESPONSIBILITIES:

- a. Primarily a policy-making Board---setting goals, standards and policies---which the Board then sees are met or carried out by management, contractors and volunteers.
- b. The ultimate responsibility for overseeing the operation of the Association and maintaining the property.
- c. The responsibility for maintaining the financial well being of the Association, assuring that it has the necessary funds to carry out its responsibilities and that those funds are handled wisely.
- d. The responsibility for maintaining, protecting and preserving the Owner's investment in the community, which includes:
 - Maintenance and repair of common property;
 - Safeguarding common property through security, insurance, etc.;
 - Preservation and safeguarding financial and physical assets.
 - Preservation and enhancement of Ridgefields lifestyle.

2.2 SPECIFIC DUTIES ASSIGNED TO THE BOARD ARE TO:

- a. Provide for effective maintenance, repair and replacement of common property and facilities.
- b. Establish and maintain proper financial books and records.
- c. Ensure the development and adoption of annual budgets and setting assessment fee levels, and establishing and maintaining adequate capital reserves.
- d. Ensure adoption and enforcement of legal restrictions and obligations, including assessment collection, rules enforcement, etc.
- e. Procure adequate insurance coverage as required, including property, casualty, and liability coverages, as well as appropriate fidelity protection.
- f. Select and oversee management, contractors, or employees, where utilized.
- g. Select and oversee the activities of attorney, auditor, and other contractors.
- h. Create and supervise the activities of volunteer committees.
- i. Create and oversee recreational, social, cultural, and educational programs and services to meet owner needs and interests.
- j. Organize Owner participation programs and information systems, including annual meetings, elections, newsletters, annual reports, etc.

2.3 INDIVIDUAL TRUSTEE AUTHORITY AND RESPONSIBILITIES

The Board of Trustee is primarily a policy-making board setting goals, standards and policies. As managers, Trustees should be assigned managerial areas of responsibility, either by task or as a member of a committees, not necessarily as the chairperson of the committees. Their main concern outside of the Trustee meetings should only be that assigned area of responsibility. Except in cases of emergency or necessity, Trustees should respect their fellow Trustee's authority and position in the other Trustee's territory except in their role as an individual owner. The Board of Trustees should present a unified public appearance, treating the office and fellow co-trustees with dignity and respect. The more dignified a Trustee presents himself, the more respect is given to him and his judgement, and the Board in

general.

2.4 GENERAL DUTIES AND RESPONSIBILITIES OF THE BOARD

General legal principles for corporate directors and the growing volume of case law (court decisions) also impose significant duties and responsibilities on the Condominium Association Board and how the Board's responsibilities are met. Consequently they are required:

1. To act and execute policy in accordance with the Association governing documents.
2. To discharge their duties in "good faith" with diligence, care and skill.
3. To have a fiduciary duty to the Association and to the Owners. This means that the Trustees must proceed:
 - a. With care in all activities as Trustees.
 - b. To exercise individual loyalty to the Association and unit Owners.
 - c. Lastly, to make decisions solely in the "best interests" of the Association and its Owners.
4. To meet the tests of the "business judgement rule", which is concerned with the following factors:
 - a. Making decisions only upon a reasonable basis, including adequate research, examination of alternatives, costs, risks, etc.
 - b. Exercising the same degree of care and skill in making decisions or taking actions that would be expected of an ordinary prudent or "reasonable man" in a similar business.
 - c. Exercising care and attention in the supervision of those charged with carrying out the Board's mandate in order to protect against failure to meet guidelines or mismanagement.
 - d. Protecting themselves under the Business Judgment Rule. The Trustees should:
 - 1) Be informed about the legal documents and the Association's business;
 - 2) Be sure absences are recorded in the Minutes; and
 - 3) Register dissents and abstentions the Minutes when in disagreement with Board actions.

5. To act with good faith and care also apply to the regulation functions of the Board, including rules enforcement, assessment collection, architectural review, etc. This means that:
- a. Rules and regulations should be enforced, based on specific, well-published standards and criteria.
 - b. Rules and regulations should be enforced uniformly and consistently as to all violators.
 - c. Accused rules violators should have the opportunity for due process--the right to be heard, appeal to the Board, etc.
 - d. Rules development and enforcement must not violate such Owner rights as:
 - 1) Civil Rights - illegal discrimination.
 - 2) Individual rights - due process, notice etc.
 - 3) Property rights - unreasonable restraint of alienation.

2.5 BOARD OF TRUSTEES MEETINGS

The Board carries out its duties and responsibilities at regular meetings held throughout the year. Successful, effective Board meetings have certain characteristics.

1. Productive Board meetings have the following distinctive qualities:
 - a. Well planned, with published agenda and schedule.
 - b. Well managed with the President assuring that the meeting keeps to agenda and schedule.
 - c. Well managed to provide adequate information on each issue, in advance, and for adequate organized input from relevant parties, including Manager, Owners and Committees.
 - d. Informed and prepared Board members who, prior to each meeting, are up to date on information, status of Association and finances regarding each issue before it is discussed.

2. Prior to each Board meeting, Board members should receive and review:
 - a. Agenda.
 - b. Minutes of the previous Board meeting.
 - c. Finance report.
 - d. Committee reports.
 - e. Management report.
 - f. Special reports, memos or correspondence regarding issues to be discussed.
3. Board meetings should be "open" to the community and the Owners. (The Board acts on the Owner's behalf).
 - a. A meeting notice, giving the date, time, place and key agenda items should be published in the Association newsletter, and meetings should be posted on the Bulletin Board.
 - b. Owners should be permitted to attend and observe the Board conducting it's business.
 - c. Participation by Owners attending Board meeting should be structured into a single time period on the agenda (15-20 minutes at the outset by appointment). No immediate Board response to issues raised is required, but some follow-up is appropriate.
 - d. There are times when Owner attendance is not desirable or appropriate during meetings or portions of meetings, when certain items are discussed. The Board should meet in Executive Session, without Owner observers, on confidential matters such as:
 - 1) Individual personnel issues.
 - 2) Contract discussions and negotiations.
 - 3) Lawsuits and legal issues involving strategy or confidential matters.
4. The Board's meeting scheduling is essential to a smooth productive meeting system requiring a minimum of time; therefore,
 - a. Regularly Scheduled Meetings shall be on the 1st Tuesday or the 1st Wednesday of each month depending on which day is most convenient as determined by

majority vote of the Board after each election or the re-election of the President. Except there shall be no Regular Scheduled Meetings for the months of July and August. Regular scheduled meetings can be rescheduled to other dates such as the second Tuesday or Wednesday provided the Board approves the change and Board members are notified by writing at least 30 days prior to the rescheduling date.

- b. Any meeting outside of the above Regular Scheduled Meetings shall be called a Special Meeting. Special Meetings may be called by the President; or any Trustee at a Regular or Special Meeting by a majority of the Trustees present, provided seventy two hours notice is given to each Trustee, written or verbal and "attested to" by the Managers' secretary.
- c. Emergency Meetings may be called by the President or any three Trustees to discuss or make a decision regarding a particular emergency. As soon as practical, the President or Vice President shall then, with a 72 hours notice given, hold a Special Meeting whose purpose is to discuss the nature of the emergency, actions taken, decisions made and what actions remain to be taken. A vote of confidence should be put in the minutes for those Trustees who had to make the decision without the benefit of a true majority vote and discussion; remembering that all Trustees are under a fiduciary responsibility to make the best business decision possible. An assumption should be made that the Trustees made the best decision they could under adverse conditions and the pressure of an emergency.

At the time of an emergency, best efforts shall be used to contact as many Trustees as are available for a meeting, but the magnitude of the emergency shall override protocol, and those presence should assume the authority to act responsibly.

- d. Meetings should start on time, keep discussions on each issue within allotted time frames, and always end on time.
- e. Meetings should be kept from being unreasonably long. For a routine situation, monthly meetings should not have to be longer than 1-1/2-2 hours if the above guidelines are observed; 2 1/2 hours is a maximum. Meetings routinely lasting over 3 hours, or the constant need to meet weekly, indicates problems with procedures or preparation.

5. The President sets the agenda and must see that it is adhered to during the meeting. A typical agenda format would be:

- a. Call to order.
- b. Residents/Owners - May make appointments with the Manager or Secretary to address the Board. No immediate Board response to issues raised is required, but some follow up is appropriate. The total time allocated for Residents/Owners should be 15 to 20 minutes.
- c. Review/acceptance of Minutes.
- d. Secretary's Report.
- e. Financial Report.
- f. Management Report.
- g. Committee Reports - including Committee requests to address the Board.
- h. Old business - (List items previously discussed or reviewed on which final action has not been taken).
- i. New business - (List new items not previously discussed, including Committee or Management requests).
- j. Review and recapitulation of action items (Reminder list of who is to do what, including Management, before the next meeting).
- k. Adjourn.

2.5.1 Meeting Procedures

Meetings shall follow Roberts Rules of Order On Parliamentary Law as appropriate.

2.5.2 Trustees' Liability

The process of making resolutions and the voting procedures are legally very important in that they establish a legal system that is as enforceable as any governmental system of laws. At the same time, it binds the Residents of Ridgefield to a set of guide lines, and it binds the Trustees who are responsible for making them and enforcing them.

When The Trustees Act:

- a. Beyond the authority given them.
- b. Don't accept the responsibility they agreed to accept.
- c. Abuse Residents civil rights.
- d. Fail to act responsively and decisively.
- e. Act so as to deprive the Residents of their life style under the Resident Bill of Rights.

THEY ARE ACTING BEYOND THE CHARTER OF THE RIDGEFIELD CONDOMINIUM TRUST AND THE AUTHORITY GIVEN THEM. THEY ARE PERSONALLY AND INDIVIDUALLY LIABLE FOR THEIR ACTIONS. Therefore, it is important that the procedure for making resolution, be explicit, well defined, and permanently recorded.

2.5.3 Decision Making - The Resolutions Process

The process of making decisions should be organized through a-Book of Resolutions-process in order to assure deliberate and consistent decision making and an adequate history and tracking record of Board decisions.

1. Purpose and Benefits of The Resolutions Process.
 - a. Establish a precedent that can be followed by future Boards.
 - b. Provide consistency of Board actions.
 - c. Save time by reviewing a history to guide future actions.
 - d. Protect members from arbitrary and capricious action and protects the Board from such charges.
 - e. Fosters deliberation in Board decision making.
 - f. Establish due process and reasonableness.
2. For each decision of the Board, the following components should be contained within the Resolution:
 - a. Source of Authority - a statement of the source of authority for the Board to act on this issue.
 - b. Purpose and Scope - a statement of who or what is to be affected or covered by this Resolution.

- c. Specification - provide details of the policy sufficiently clear and complete to assure its impact.
3. There are four basic types of Resolutions in the typical community association.
- a. Policy Resolution - address subjects which affect members' obligations or rights, such as rules and regulations which should be sent to Community Policy Committee and Advisory Board for their input prior to being voted on.
 - b. Administrative Resolution - decisions which set the operational and administrative procedures for carrying out policies such as assessment collection procedures, appointment of committees, procedures for dealing with rules violations.
 - c. General Resolutions - one-time decisions to carry out administrative tasks such as entering into contracts, hiring staff, presenting awards, etc.
 - d. Special Resolutions - dealing with action against specific individuals for rules or covenant violation.

2.5.4 Resolution Recording

All resolutions shall be presented at Trustee meeting in writing, a careful record of the originators, who seconds, and all the amendments shall be kept by the Recording Secretary. THE FINAL MOTION AS AMENDED SHOULD BE PRESENTED TO THE BOARD BY THE RECORDING SECRETARY, PRIOR TO THE PRESIDING OFFICER ASKING FOR FINAL DISCUSSION AND APPROVAL.

2.5.5 Board Of Trustee - Voting Procedure

- a. ALL VOTES FOR APPROVAL, DISAPPROVAL, ABSTENTIONS, AND THE ABSENCES OF INDIVIDUAL TRUSTEES HAVE TO BE RECORDED WITH EACH VOTE ON A RESOLUTION.
- b. In order that all Trustees have an equal opportunity for discussions on all issues and have a voice in all legislation, the following procedure shall be in force:
 - 1. Unless an item is placed on the Agenda for the proposed meeting 72 hours in advance, there will be no vote on the item.
 - 2. Because some items and problems have to be dealt with on a timely basis; there has to be a process for bypassing the 72 hour Agenda notice rule, this will be called "THE CRITICAL TIME APPROVAL PROCESS".

- a) The Critical Time nature of the Resolution must be voted on and approved, prior to voting on the item itself.
 - b) The Resolution itself can then be voted on.
 - c) If the critical time is then approved, the approval is temporary and stands only until the next Regular Scheduled Meeting where it has to be presented on the Agenda, discussed, and voted in permanently.
3. Motions voted on can only be brought up for reconsideration once within a sixty day period after a separate reconsideration vote is approved. Except that Critical Time Approval items can be reconsidered once at the time of the Critical Time vote and once again at the motion for the item at the next Regular Scheduled Meeting.

c. Quorums

The following shall constitute a quorum for voting purposes.

1. The number of Trustees holding at least 51% of the beneficial interest of the Condominiums weighted percentage vote.
2. The President or Presiding Officer shall cast the deciding vote in any tie.
3. The President or Presiding Officer can step down or be asked to step down by any Trustee at any time if a conflict of interest is apparent or felt to be apparent by any Trustee. Any Trustee who has a conflict of interest relationship with an issue is expected to participate in the discussion, but should restrain himself from voting.
4. For any items brought to the Board for approval, a majority vote of approval is required, the Presiding Officer abstaining at will. The Presiding Officer can break a tie, make a tie, or vote at his discretion. A tie dead lock can be brought up for reconsideration once again at the current meeting and can be brought up at the next regular scheduled meeting, otherwise a tie vote is a negative or non-passing vote. The 60 day rule taking effect.
5. Motions to change, amend, modify or discontinue all or portions of this Ridgefield Management Policy and Procedure Manual requires seven positive votes and a 51% weighted vote at two consecutive Regular

Scheduled Meetings.

2.6 THE ORGANIZATION OF THE BOARD OF TRUSTEES

THE BOARD OF TRUSTEE OFFICERS SERVE AT THE PLEASURE OF THE BOARD IN CARRYING OUT ITS SPECIFIC DUTIES.

OFFICERS' DUTIES AND RESPONSIBILITIES

2.6.1 President

- a. Chief Executive Officer and leader of the Association.
- b. Presides at all meetings of the Board and Membership.
- c. Executes legal documents on behalf of the Association.
- d. Sets meeting agendas and controls all meetings.
- e. Represents the Board before the Residents.
- f. Can nominate Committee Members and Chairpersons of Committees, remembering Committees should be independent entities.

2.6.2 Vice President

- a. Performs all of the duties of the President in his or her absence.
- b. Typically shares some of the burden of the President regarding appearances, liaison, public hearings, etc.
- c. Usually assigned liaison responsibility to specific staff, contractors, and to specific Committees.

2.6.3 Secretary

- a. Oversees the preparation of and distributes Board and Membership meeting agendas, minutes and materials referred to in minutes.
- b. Maintains minutes book on all meetings.
- c. Maintains Book of Resolutions.
- d. Maintains all official records, including official correspondence, contracts, Membership roster, etc.
- e. Responsible for signing for the Board of Trustees, all Condominium operating papers and documents such as 6D

certificates, pet policies, recreation facilities leases, condominium contracts, community policy complaints etc., in so far as the documentation is a standard approved procedure or a contract approved by the Board at a Regular Schedule Meeting. The Secretary shall give a report summarizing all documents he/she has signed in the name of the Trustees or expects to sign prior to the next regular Trustee meeting at each regular meeting.

- f. The Secretary with the Trustees approval shall give to the Manager in writing, the right to sign in place of the Secretary, such operating documents as the Secretary deems convenient for the daily operation of condominium business such as 6D certificates, community policy violation letters, maintenance and repair contracts \$2,000.00 and under, etc.
- g. Receives, verifies and maintains all proxies.
- h. Attests, by signature, to the legitimacy of certain documents,

2.6.4. Treasurer and Assistant Treasurer

- a. Works with appropriate staff, contractors, and committees to develop and submit annual operating budget for approval.
- b. Maintains adequate records of all association financial transactions.
- c. Maintains roster of delinquent accounts and recommends action regarding collections.
- d. Receipt and disbursement of funds, as follows.
 - 1. The Board of Trustees may authorize the following disbursement of funds, or a modification, as time and operating procedures may require.
 - 2. The Manager or Treasurer may sign checks in the name of the condominium provided:
 - a) The check is for a budget line item and is within the budgeted amount, or
 - b) The check is for \$2,500.00 or less and for an operating expense item.
 - 3. That all checks, drafts, and withdrawals for an amount greater than \$2,500.00, that is not a budgeted item, may be signed by any two of the following: President, Secretary, Treasurer, or Assistant

Treasurer. NOTE: (The Manager is not included in this list.)

4. All withdrawals or transfers of reserve funds, except initial deposits by the Manager, shall require Board of Trustee approval and two of the three authorized signatures.
- e. Prepares periodic financial reports.

Budget Review Program

1. The Treasurer shall submit the budget for review 30 days after each quarter as follows:

-September 30 for the quarter ending August 31.-
-December 31 for the quarter ending November 30.-
-March 31 for the quarter ending February 28.-
-June 30 for the quarter ending May 31.-

A current estimated financial statement showing income, expenditures and expected variances to the budget line items should be prepared. The intent is to reveal budget variances that the Trustees should be made aware of as the fiscal year progresses. A brief summary of any variance of 10% or greater should accompany the statement.

- f. Arranges, subject to Board approval, an independent audit of financial affairs.

2.6.5 Officer Terms Of Office

BOARD OF TRUSTEE OFFICERS SERVE AT THE PLEASURE OF THE BOARD, THEREFORE NO OFFICER SHOULD FEEL THAT HE IS ABOVE ANSWERING TO THE BOARD FOR HIS OR HER ACTIONS.

The easiest and most appropriate way to set up a check and balance system for the Board is by the election process, therefore the term of officers shall be as follows.

- a. President - term 6 months, elections June and December, term starts June and December
- b. Vice President - term 6 months - term starts June and December
- c. Secretary - term 1 year - term starts June
- d. Treasurer - term 1 year - term starts June
- e. Officers may serve a maximum of 2 consecutive years in any one position, but then must yield the position for a

full year before serving in the position again.

2.6.6 Dereliction of Duties By A Trustee

- a. A member of the Board of Trustees shall be "Derelict of Duties" for any of the following reasons:
1. Failure to attend more than 50% of Trustee meetings in any 4 month period.
 2. Failure to attend 3 consecutive Regular Scheduled Meetings without submitting a written notice to Secretary of expected non-attendance with a legitimate reason for non attendance 24 hours prior to a Regular Scheduled Meeting.
- b. The Secretary of the Board of Trustees shall notify the Board of Trustees and the Derelict Trustee, of a Trustee's default of his role as a Responsible Trustee at the next Regular Scheduled Meeting.

The Derelict Trustee has 15 calendar days after notification by Certified Mail Return Receipt Requested to reply to the Secretary's letter either stating:

1. That the Trustee had legitimate reasons and will immediately correct such defaulting actions, or
 2. Submit his/her resignation effective immediately.
- c. The Board of Trustees shall decide by a majority vote of those present at the next Regular Scheduled Meeting that the Trustee is or is not derelict of his/her responsibility, or that the Trustee has submitted his resignation. The Board then shall decide whether or not to set up an Ad Hoc Election Procedure Committee to find another candidate and set up a Special Meeting and election for that precinct. Consideration should be given the time required to find a candidate, the time remaining on the "Trustee's term", the time (3 months or less) to the next regular annual meeting versus the cost and efforts required to hold a special election.
- d. A Trustee who is guilty of "Dereliction of Duty" and is allowed to remain as a member of the Board can at any Regular Scheduled Meeting be judged negligent again for repeated absences. The Board can then proceed, at the Board's pleasure, to replace the "Derelict Trustee" through the Trustee election process.

e. Section 3.6 of the Ridgefield Condominium Trust

"3.6 Resignation and Removal of Trustee. Any Trustee may resign by notice in writing given to the Secretary of the Trust, who shall in turn transmit written notice of such resignation to each of the other Trustees. Such written resignation shall be recorded by the Secretary of the Trust at the Registry of Deeds. After reasonable notice and an opportunity to be heard, a Trustee may be removed from office with or without cause relating to the performance (or the non-performance), as the case may be, of his or her duties as a Trustee by vote of Unit Owners holding at least fifty-one percent (51%) of the beneficial interest of the section of the Condominium which he or she represents hereunder, which vote shall be cast at an annual or special meeting of the Unit Owners the notice of which shall specify that the removal shall be voted upon thereto. Any such removal shall be evidenced by the recording at the Registry of Deeds of a certificate of removal signed by the Secretary of the Trustee naming the Trustee so removed and reciting that the requisite votes of the Unit Owners were cast for the removal."