

MCKINLEY VILLAGE COMMUNITY ASSOCIATION
BOARD OF DIRECTORS DUTIES
AND OPERATING PROCEDURES

The Board of Directors (Board) is the governing body of the McKinley Village Community Association (Association). The purpose of these Procedures is to set forth the duties of and the expectations for the Board and its Directors. The Procedures also lay out the process for the Board's governance of the Association on behalf of the community.

The Procedures supplement the Association's governing documents, including, the By-laws; the Covenants, Conditions & Restrictions (CCRs); and the Davis-Stirling Act (the Act) (collectively, the Governing Documents). To the extent there is a conflict between the Procedures and the Governing Documents, the Governing Documents control. At the Board's discretion, the Procedures may be changed by a majority vote of the Directors at an open Board meeting.

Section 1. Fiduciary Duties.

The Directors are elected to represent the interests of the community they serve. Directors have fiduciary duties owed to the Association and the membership as a whole, including:

- a. A duty to act in good faith, exercise due diligence and inquiry, and reasonable care when making decisions.
- b. A duty of loyalty to act in the best interests of the Association and its members. Directors cannot use their position of trust to further their own private interests.

- c. A duty to keep confidential information confidential. The authority to release confidential information lies solely with the Board, acting as a whole, and not with individual Directors. This duty of confidentiality continues even after a Director leaves the Board.
- d. A duty to protect, preserve and enhance the assets of the Association. These assets incorporate the common areas of the Association, including, but not limited to, the clubhouse area, the parks, community garden, community landscaping, landscaped front yards, T-courts and alleyways.

Section 2. Board Responsibilities.

The Board should act in an ethical, businesslike, transparent, and lawful manner. The Board's responsibilities, include, but are not limited to:

- a. Complying with and enforcing the By-laws and CCRs. Directors should become familiar with both documents; however, Directors are not expected to become an expert on the Governing Documents. Directors may seek guidance related to the Governing Documents from the Association Manager.
- b. Overseeing and monitoring the financial performance and integrity of the Association, including, diligently reviewing the Association's financial statements on a monthly basis; adopting the annual budget; ensuring adequate revenues are collected to fully fund Association activities, operations, maintenance, and meet reserve requirements; and, adjusting homeowners' dues, as necessary, to meet the Association's financial and operational requirements.

- c. Periodically retaining expertise to perform a competent and diligent inspection of the Association's assets to ascertain the useful life and expected replacement, maintenance, repair, and enhancement costs of the assets as part of the Reserve Study. Annually, the Board shall review the Reserve Study and its updates to determine reserve requirements and help plan the maintenance, repair, replacement, and enhancement of assets.
- d. Overseeing the operations of the Association. To assist in this responsibility, the Board hires and supervises the Association Manager, who is responsible for managing the day-to-day operations of the Association. The Association Manager works closely with the Board and assists the Board in fulfilling its fiduciary duties and other responsibilities.
- e. Collaborating with the Association Manager, to retain qualified vendors and contractors necessary for the Association's operations and the maintenance, repair and replacement of Association assets.
- f. To the extent legally permissible, conducting the business of the Board openly and with transparency, providing timely communication of matters under consideration and Board decisions to the community on a regular basis. The Board may use formal and informal communication channels to keep the community well-informed, including, but not limited to, public meetings, email communications, Facebook, and the Association website.
- g. Ensuring opportunities for members of the community to provide feedback on proposed Board actions and bring other issues of community concern to the Board's attention. The Board may use

multiple channels for community feedback, including Board meetings, public forums, and surveys. The Board is not required to take any action based on community input but should receive community comments with an open-mind and consider community feedback in its decision-making.

- h. Hiring an independent inspector of elections to conduct a fair and impartial election of Directors in accordance with the Governing Documents and the Association's adopted election rules. The Board will facilitate the election process for Directors by sponsoring one or more public forums for the community to meet Board candidates. The public forum should provide the opportunity for candidates to discuss their candidacy and allow community members to ask questions of the candidates. Nothing prevents Board candidates from holding their own forums to meet with community members.
- i. Ensuring new Directors receive an orientation to Board service, including training on the Board's responsibilities, procedures, processes, and the Davis-Stirling Act. The Association's legal counsel will participate in the training of new Directors and existing Directors are encouraged to refresh their knowledge at these trainings. Each new Director will be assigned an experienced Director to serve as a mentor and resource.
- j. In making decisions, the Board and individual Directors, in good faith, may rely on expert advice from persons/vendors competent in the matters under consideration.
- k. The Davis-Stirling Act provides that Board decisions must be made at duly noticed and open Board meetings, except where expressly permitted to be made in closed Executive Sessions of

the Board. Outside of open Board meetings or Executive Session, California law prohibits more than two Directors from meeting privately to discuss or decide matters that are subject to the authority of the Board.

- I. Taking any other actions as may be required by the Governing Documents or law.

Section 3. Director Conduct.

In fulfilling their duties on behalf of the community they serve, Directors are expected to:

- a. Act with civility and respect towards one another, the Association Manager, vendors, and community members.
- b. Attend all Board meetings to the extent possible, review all meeting materials in advance of the meeting, and be prepared for Board discussion and deliberations. In addition, each Director is required to review the monthly financial statements.
- c. Respect that Board decisions are made by majority vote of the Directors. Individual Directors have no independent authority to make decisions on behalf of the Board, unless expressly authorized by the Board.

Section 4. Director Interactions with the Association Manager, Vendors, Committees and Community Members.

The Board's relationship with the Association Manager is critical to ensuring efficient and effective Association operations. Directors'

interactions with community members can help build trust and engagement when conducted in a transparent and respectful manner. Director interactions should be guided by the following:

- a. Directors may contact the Association Manager to answer questions, request information, access Association records, or notify the Association Manager of a problem or issue within the community. In general, Directors have a right to review Association records, subject to confidentiality requirements, and requests should be coordinated through the Association Manager. Using their best judgment, the Association Manager may refuse the Director's request to gather information if such a request would substantially increase the workload of the Association Manager. In such cases, the Association Manager will notify the requesting Board member and the Board President of the refusal. The requesting Director or Board President may then refer the request to the full Board for its consideration.
- b. In general, Directors seeking to contact Association vendors, including the Association management company and legal counsel, should coordinate requests through the Association Manager and/or the Board President. Any concerns by the Association Manager regarding the request will be referred to the Board President for resolution, including referral to the Board for action. Notwithstanding the above, the Board Treasurer may contact the Association management company with questions on any of the financial statements prepared for the Association.
- c. If a Director has specific questions about the work being done by a committee (e.g., an update on a design review issue), the Director should contact either the Board Liaison for that committee or the Association Manager.

- d. Generally, if a Director is contacted by a community member with an issue, the Director should refer the community member to the Association Manager to help resolve the issue or address the concern. The Director should notify the Association Manager that they have referred the community member. Nothing in these rules prohibit a Director from meeting with community members to discuss the community, homeowner issues, or receive feedback; provided that the Director does not disclose confidential information to the community member and makes clear that the Director is acting in their individual capacity as a Director and not speaking for the entire Board.

- e. In general, Directors should refrain from speaking on behalf of the Board or other Directors except to report on decisions made by the Board. However, Board members are free to express their personal opinions around any public matter but should take care to communicate that they are speaking in their individual capacity and not on behalf of the Board

Section 5. Board Meetings and Schedules.

- a. Annually, the Board will adopt and approve a schedule for Board meetings for the upcoming year. Board meetings will be held at least quarterly but may be held more frequently as determined by the Board. To the extent reasonably possible, the Board will adopt a schedule intended to allow all Board members to attend all meetings. The Board meeting schedule may be adjusted from time to time to accommodate changes in the schedules of individual Directors. The Board meeting schedule and adjustments will be posted on the Association's website.

- b. In accordance with the By-laws, the Board President or any two Directors may call a special meeting of the Board. Special meetings of the Board must be open meetings.
- c. Generally, open Board meetings will be held in person in the clubhouse at a time determined by the Board. The Board may permit an individual Board member to attend an in-person meeting electronically. In addition, the Board may schedule an electronic Board meeting when circumstances do not reasonably allow an in-person meeting. Community members are invited and encouraged to attend Board meetings.
- d. For each open Board meeting and Executive Session, the Association Manager in consultation with the Board President and Directors will develop an agenda which will provide notice to community members of the Board meeting and items to be considered. In general, open Board meeting agendas will include the following items: review of financial statements, approval of minutes, items requiring Board action, committee updates, unfinished business from prior Board meetings, a Board report, a management report and an open forum which provides community members the opportunity to address the Board on any item related to the community or the Association.
- e. The Board will provide an opportunity for community members to comment on items listed for Board action at the time the item is considered. In general, after an item is summarized, Directors will have the opportunity to ask questions. Next, community members may provide comments. Thereafter, the Board may discuss and vote on the item. The Board may set reasonable time limits for public comment on either items on the agenda or

during the public forum. Community members may not record or take photographs of Board meetings.

- f. For open Board meetings the Association Manager will timely distribute electronically the Agenda and Board packet, and the Agenda and homeowners' version of the Board packet. For an open Board meeting, notice must be provided a minimum of four days in advance of the meeting.

- g. California law permits the Board to convene closed Executive Sessions to consider and take action on a narrow range of topics: personnel matters, member discipline, legal matters, delinquent accounts, contract formation, or at the request of a homeowner with regard to payment of assessments. Executive sessions will be noticed by the Association Manager at least two days in advance of the Executive Session. Executive Sessions are closed to community members. Minutes of each Executive Session will be prepared but the minutes are not available to the community for review. Executive Sessions may be convened by the Board President or by any two Directors after consultation with the Board President, provided, the proposed meeting is on a legally permissible topic. To the extent reasonably possible, Executive Sessions will be scheduled to allow all Board members to attend. The Board and/or Board President will seek guidance from the Association Manager and/or legal counsel regarding limitations on publicly reporting on actions taken in Executive Session.

Section 6. Election of Officers and Duties.

Directors serve a two-year term and terms are staggered to ensure continuity of the Board's operations. At the Annual Board meeting, the

Directors select the Board's Officers by majority vote. As part of this process, the Board appoints the following Officers:

- a. **President.** The President presides over Board meetings and is responsible for ensuring the Board is operating efficiently and according to its rules. The President together with the Association Manager prepares the Board meeting agendas, coordinates Board member requests, and is the primary point of contact with the Association's legal counsel. The Board President also serves as a resource for other Board members when questions arise.
- b. **Vice President.** The Vice President presides over Board meetings in the absence of the President and assumes the other responsibilities of the President if the President is unavailable for an extended period of time. The Vice President assists the President as requested by the President.
- c. **Treasurer.** The Treasurer reviews the Association financials on a monthly basis, reports any concerns or issues to the Board, and works with Association management to resolve issues and ensure that Association accounts payable are reviewed and paid in a timely manner. The Treasurer coordinates with the Association Manager to oversee the annual Reserve Study and monitors the reserve balance and projections to ensure reserve funding goals are met. The Treasurer may assist with special projects as requested by the Board President.
- d. **Secretary.** The Secretary is responsible for working with the Association Manager to ensure that minutes are timely prepared, accurate, reviewed and approved for all open Board meetings, the Annual meeting, and Executive Sessions. The Secretary signs all minutes approved by the Board. The

Secretary together with the Association Manager maintains a roster of committee members and chairs. The Secretary may assist with special projects as requested by the Board President.

- e. Member at Large. The member at large may assist with special projects or take on additional duties as requested by the Board President.

Section 7. The Association Manager.

The Board of Directors selects and approves the hiring of an Association management company with expertise in the management of all aspects of homeowner associations and the communities they serve. The Board hires the Association management company to manage the day-to-day operations of the Association and provide high quality service to the community. As part of the contract, the Association management company assigns the Association Manager to work directly with the Board of Directors. The duties of the Association Manager include:

- a. Managing the day-to-day business operations of the Association, including developing proposals and reviewing bids, and managing, monitoring, and directing the work of vendors hired by the Board.
- b. Collaborating with the Board to plan for the maintenance, repair, replacement, and enhancement of community assets.
- c. When requested, provide information and advice to committees to assist in the execution of their responsibilities under the respective charters.

- d. Serving as the primary point of contact with community members to answer questions, resolve problems, and bring issues of importance to the attention of the Board. In most instances, the Association Manager will be able to resolve community member questions or issues without involving the Board.
- e. Assisting the Board President and Directors to ensure that the Board is operating efficiently, lawfully and meeting its responsibilities.
- f. Timely notifying the Board of significant issues or concerns within the community.
- g. Serving as the primary point of contact with individual Directors to answer questions, gather information and resolve issues.
- h. Assisting the Board President in the preparation of Board meeting agendas and ensuring notices and Board packets are timely provided to community members.
- i. As requested, assisting the President in facilitating Board and Executive Session meetings.
- j. Preparing minutes and ensuring all Association records are properly maintained.
- k. Generally, the Association Manager or their delegate is available 24X7 to address emergencies. For non-emergency matters, the Association Manager is available during normal business hours to assist community members.

Section 8. Committees.

Committees assist the Board in fulfilling its duties, create opportunities for community member engagement, provide ideas and

recommendations to the Board, and serve as one channel to bring the thoughts and perspectives of the community and its members to the attention of the Board. Community members are actively encouraged to volunteer and participate as members of committees.

- a. Except for the Architectural Review Committee (ARC), whose scope, function and number of members is proscribed in the Governing Documents, the Board may create permanent and ad hoc committees by majority vote at an open Board meeting. The Board also approves committee charters which define the scope, purpose, and function of each of the committees.
- b. At its discretion, the Board may dissolve a committee (other than the ARC), create a new committee, or revise a committee charter at an open Board meeting. All committees will meet at least quarterly.
- c. The ARC will have a minimum of three and a maximum of five members. To provide broad opportunities for the community to participate, all other committees, including ad hoc committees, will not have a cap on the maximum number of committee members.
- d. Members of the community will be notified annually (April/May/ June) of the opportunity to serve as a member of a committee and the deadline to apply. The Board will approve the roster of members for all committees at its first meeting following the closing of the application period (typically the June/July Board meeting). During the year, the Board may, but is not required to, appoint additional members to a committee. Additional members may be appointed due to resignation or upon recommendation of the Committee or Liaison.

- e. Committee members are appointed for a one-year period but will continue to serve as members until the Board approves the new committee members following the application process. Committee members may serve consecutive terms on a committee subject to re-appointment by the Board. Committee membership is limited to homeowners.
- f. Only committee members appointed by the Board may serve as voting members on the committee. Except for the ARC, other community members may, with the consent of the committee, assist the committee in supporting committee work.
- g. Directors, including officers, may serve as non-voting members of a committee; provided, however, Directors may not serve as the chair of any committee and no more than one Director may serve on a committee to avoid a conflict with the Davis-Sterling Act.
- h. The Board will appoint a Director to serve as the Liaison between the Board and the committee, and help ensure compliance with the committee charter. The Liaison is not a voting member of the committee. The Liaison may express their views, insights and advice to the committee and is free to support or oppose committee recommendations. As necessary, the Liaison may help facilitate committee meetings and will bring committee issues of concern to the attention of the Association Manager and the Board. The Liaison and/or committee chairs may invite the Association Manager to committee meetings. As necessary, the Liaison will work with the committee chairs to access information through the Association Manager and, where appropriate, help coordinate meetings with vendors. Meetings with vendors will include the Association Manager and the chair or co-chairs and may include the Liaison and other committee members as necessary.

- i. Each committee will select co-chairs or a chair and vice-chair. The co-chairs or chair will coordinate and facilitate committee meetings. Under the guidance of the co-chairs or chair, the committees will identify and work on activities consistent with the committee charter and for the benefit of the community.
- j. The committee members are subject to and will comply with the Board approved committee charter. The committee may recommend changes to a committee charter but any changes are subject to approval by the Board.
- k. As part of committee work, the Association may provide members confidential information related to Association operations, vendors, or community members. Members must treat all such information as strictly confidential. The duty of confidentiality continues after the committee member leaves the committee.
- l. At its discretion and with or without cause, the Board may remove a chair, co-chair or vice-chair from their position or remove any member from the committee.
- m. In consultation with the Liaison, the committee will consult with the Association Manager to understand the impacts, implications, or barriers to its recommendations or proposed projects.
- n. At each regularly scheduled open Board meeting, the Committee co-chairs, chair, or vice chair will briefly report on the activities of the committee. In the absence of the co-chairs, chair, and/or vice-chair, the Liaison may provide the report.

Adopted: July 2, 2024