

Governance Policies for Telegraph Landing North Association Adopted August 28, 2007

Mission

The mission of Telegraph Landing North Association (“the Association”) is to preserve, maintain, and protect property and enhance property values at Telegraph Landing, for the benefit of the owners

1. The Association will provide for financial and property management, administration, maintenance, preservation, and architectural control of the property at Telegraph Landing. The Association will make prudent financial decisions based on sound business judgment in the best interests of the Association as a whole.

2. The Association will comply with the Davis-Stirling Common Interest Development Act and all other provisions of law. The Association will have an open and transparent decision-making process with members having the opportunity to offer constructive communications to the directors before major decisions are made, except when decisions are to be made in executive session, as provided in the Open Meeting Act, Civil Code section 1363.05. Under the Open Meeting Act, the Board will meet in executive session to discuss litigation, formation of contracts with third parties, personnel decisions, member discipline, and member requests for payment plans. Decisions made in executive session will be announced at the next open Board meeting.

3. The directors, members, and management will act fairly based upon the Association’s policies, procedures, and governing documents and will strive to promote harmonious relationships.

4. The Association will have a reserve study prepared and updated as required by statute. The reserve study is an estimate of the future costs to replace components and the years in which those components are expected to need to be replaced. The Board will annually review the reserve study and make adjustments when actual reserve expenses are different from estimates. Future expenses and component life will also be adjusted annually based on the most current information available to the Association.

5. The reserve study will guide the Association in setting aside funds for maintaining the property. Reserves will be funded annually with an amount which leads to adequate funding of the Association’s capital needs based upon the most recent updated reserve study, thereby providing adequate funds for capital expenditures and minimizing the need for special assessments.

6. The Association will annually prepare operating and reserve budgets. The operating budget will be for annual operating costs. The reserve budget will be for maintaining, repairing, or replacing capital building components.

7. The Association will maintain insurance as specified in the CC&Rs.

Board-Management Relationship

1. The Board will coordinate governance and management functions through one or more professional managers. Management functions include

property management, financial management, and the management of specifically defined projects.

2. Management acts as the agent of the Association, under the direction of the Board. Only decisions of the Board acting as a body are binding on management. Decisions or instructions of individual directors are not binding except when the Board delegates specific authority to a designated director. The Board will designate specific directors to communicate with specific managers to enhance efficiency.

3. The Board delegates day to day property and financial management operations to management. Management is accountable to the Board for achieving the Board's Mission and observing the provisions of the Board's Limitations on Management.

4. The Board will gather data on management's compliance with the Mission and Limitations on Management for the evaluation of management performance. The Board will consider, in this evaluation, whether management was provided with adequate resources to achieve the Board's Mission.

5. The Board will require management to keep Association assets insured, interest bearing accounts that do not risk principal and that generate the best risk-adjusted return given the time frame prior to the time the funds will be need for operating or reserve purposes.

Limitations on Management

Management is subject to the direction of the Board. Management will not allow any practice, organizational circumstance, activity, or decision that is either imprudent or in violation of commonly accepted business or professional ethics or in violation of law or of the Association's governing documents, policies or operating rules.

1. Information provided by management to the Board of Directors will be timely, accurate, and complete.

2. Budget recommendations will be prudent and based upon the most recently updated reserve study.

Board Process

1. The Association acts through a majority of its Board of Directors at either: a) a meeting at which a quorum is in attendance or b) by unanimous written consent. If the latter, any decision is reported at the next Board meeting and entered into the minutes.

2. All Board meetings will comply with the notice provisions of California law and the Association's ByLaws. No individual director can act on behalf of the Association without specific, Board-delegated authority.

3. The Directors will act in accordance with the "Code of Conduct" adopted on April 20, 2005. It requires them to act in the best interests of the Association as a whole, maintain confidentiality when appropriate, disclose conflicts of interest, refrain from defaming or harassing anyone in the community, and refrain from interfering with management, staff, and contractors.

4. The Directors will treat the members respectfully, courteously, and fairly without favoring or disfavoring any individual members.
5. The Board of Directors will obtain and consider legal advice before entering into any significant contract. Legal advice to the Board is subject to the attorney-client communication privilege and is not available to members, unless the Board, as a body, decides to waive the privilege. .
6. The Board may revise these governance policies.

Role of Members and Their Relationship to the Board and Management; Civility

1. Members are responsible for electing directors who act in support of these governance policies, the governing documents, and the law.
2. Members may not direct the services of an Association vendor or employee of such vendor, such as the Association's attorney, accountant, gardener, custodial company, or security company. Members must make their requests through the Property Manager.
3. The Board communicates with members at Board meetings and in connection with the work of committees.
4. Directors and Members will treat each other with respect and courtesy.
5. Directors and Members will treat management and staff of the Association's vendors and contractors with respect and courtesy.

Role of Committees and Their Relationship to Board and Management

1. The Board may from time to time establish committees to help carry out its responsibilities. Committees do not have the ability to make decisions that bind the Board.
2. Committees do not speak or act for the Board except when the Board has formally given such authority for specific and time-limited purposes. This authority will be limited in order to avoid conflict with authority delegated to management.
3. Committees will assist the Board chiefly by preparing policy alternatives and analyzing implications for Board deliberation.
4. Committees cannot exercise authority over management or its staff.
5. Committee terms end at the next annual members' meeting. The Board may renew a committee and appoint committee members.
6. All committee members serve at the pleasure of the Board of Directors and may be removed at any time without cause.