

THE SMOKE RISE CLUB, INC.

POLICY RESOLUTION

**REGARDING CODE OF CONDUCT FOR MEETINGS AND ACTIVITIES OF THE
BOARD OF GOVERNORS, COMMITTEE MEMBERS, AND MEMBERS OF THE CLUB**

WHEREAS, the Smoke Rise Club, Inc. ("Club") was created by the filing of a Certificate of Incorporation with the State of New Jersey; and

WHEREAS, the Bylaws of the Club were adopted simultaneously with the recording of the Declaration for Smoke Rise, (the "Bylaws") as the same may have thereafter been lawfully amended; and

WHEREAS, the Bylaws empower the Board of Governors (the "Board") with all duties necessary for the proper conduct and administration of the affairs of the Club; and

WHEREAS, the Bylaws provide at Article V, Section 1 that:

Board of Governors establish, adopt and enforce rules and regulations (the "Rules and Regulations") in connection with the conduct of Owners, occupants, Tenants, guests, visitors and invitees with respect to the Common Property and the Lots.

WHEREAS, it is the intent of the Board to adopt a Resolution to memorialize a Code of Conduct for the Board of Governors and committee members of the Club that will be upheld and complied with in performing their duties and responsibilities for the Owners, and for other members of the Club to uphold when participating in meetings of the Board, the Club or committees or when participating in Club or sub-club sponsored activities; and

WHEREAS, the release of information concerning (1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; (2) any pending or anticipated litigation or contract negotiations; (3) any matters falling within the attorney-client privilege; (4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Club; or (5) any matters concerning administrative or substantive policy that has not yet been formally approved by the Board may harm the corporate legal rights of the Club ("Confidential Information"); and

WHEREAS, the Board has previously adopted one or more codes of conduct and it desires to replace any and all previous such codes with the terms of this Resolution.

WHEREAS, this Resolution was duly introduced and was thereafter adopted in accordance with the Bylaws of the Club at a regular, scheduled meeting of the Board, at which a quorum was present, by a majority vote of the members of the Board present and eligible to vote on this matter.

NOW, IT IS THEREFORE RESOLVED on this **20th day of October, 2021**, that the following Code of Conduct be adopted and observed by the members of the Board of Governors, committee members, and managing agents (collectively referred to as "Corporate Agents") and the Owners of the Club:

I. Definitions.

All capitalized terms in this Resolution (other than article or paragraph headings and proper names), have the meaning set forth in the preamble or elsewhere in this Resolution, except that any capitalized term not defined herein, will have the meaning set forth in the Declaration.

II. Parliamentary Procedure for Board of Governors Meetings

- a. **Agenda:** The managing agent shall, with the approval of the President, draft an agenda for use at any Board of Governors' meetings.
- b. **Minutes:** At any meeting of the Board of Governors at which binding votes are taken, the Secretary shall ensure that accurate minutes are taken which document will set forth the exact language of motions, identify the Governors making and seconding the motion and will record the vote of each member as "yea," "nay" or "abstain" with respect to the motion. Minutes shall not consist of a verbatim transcript of the meeting, but may briefly describe the nature of important discussions and shall fully reflect and memorialize the actions taken by the Board.
- c. **Chair of Meeting:** The President, or in the President's absence, the Vice President, shall act as Chair of all meetings of the Board. If both are unavailable, the remaining Board members shall appoint another Board member to act as Chair on an interim basis. The Chair shall have authority to determine the order of the agenda and the time for discussion on each matter. The Chair may also suggest motions for consideration by the Board.
- d. **Making Motions:** Motions shall be made by any member of the Board of Governors after recognition by the Chair. The member shall inform the Board of the motion by stating "I move that..."

- e. **Seconding Motions:** Another member of the Board must "second" the motion in order for it to proceed to a discussion and vote.
- f. **Restatement of Motion:** The Chair must restate the motion by stating "It is moved and seconded that..." After this restatement, the motion may not be withdrawn by its maker.
- g. **Discussion of Motion:** The maker of the motion is afforded the opportunity to speak first on the motion. Thereafter, anyone who has not spoken must be recognized by the Chair before someone who has previously spoken on the motion. Members may only speak twice on a particular motion. The Chair may limit the time for each member's discussion.
- h. **Vote on Motion:** When the discussion ends, the Chair again restates the motion, and a vote must be taken of the Board of Governors. The vote may be taken as a voice, hand or written vote at the direction of the Chair.
- i. **Decision on Motion:** The Chair then announces the outcome of the motion.

III. Financial Ethics

- A. No Corporate Agent will solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Club, or from any person whose intent it is to influence any decision of action on any official matter, provided that this shall not prohibit the managing agent from receiving holiday gifts of nominal value (\$100.00 or less).
- B. No Corporate Agent will use his/her position to enhance his/her financial or business position or undertaking.
- C. No Corporate Agent or his/her agent, employee or family member will enter into a personal service contract with the Club without previous disclosure of such interest to the Board and Owners.
- D. Any potential conflict of interest will be disclosed to the Board and Owners. A "conflict of interest" occurs when a Corporate Agent's private or future interest interferes in any way, or appears to interfere, with the interest of the Club. An "interest" may be personal or financial. A conflict of interest may arise when a Corporate Agent takes an action or has an interest that makes it difficult for him or her to perform his or her work objectively and effectively. Subject to the terms of Article IV, Paragraph E below it shall not be considered a conflict of interest if: (a) a Corporate

Agent owns stock in an entity in which the Club intends to enter into a contract if that stock is traded on the New York Stock Exchange; or (b) a matter of general interest to the Club and its members tends to have a greater impact on a Corporate Agent due to the proximity of the agent's Lot to the matter under consideration.

- E. No Corporate Agent will receive any compensation from the Club for acting as a Board member or committee member.
- F. No Board member will use his/her position to seek personal political advantage or contribute Club funds or favors to any political party or political candidate.
- G. No Corporate Agent shall participate on any social media or other internet site in which matters of interest to the Club are posted or responded to unless specially authorized by the Board.

IV. Business Ethics

- A. No Corporate Agent will seek to have a contract implemented that: (a) has not been duly approved by the Board or (b) is not approved by this Resolution or any other resolution of the Board.
- B. No promise of anything not approved by the Board as a whole or permitted pursuant to a prior resolution of the Board will be made to any contractor, supplier, or contractor during negotiations.
- C. No Board or committee member will interfere with the duties of any representative of the managing agent or any employee of the Club, nor will harass, threaten, or attempt through any means to control or instill fear in a representative of the managing agent or an employee of the Club.
- D. No Board member will conduct meetings on behalf of the Club or Board without the prior approval of the Board of Governors prior to such meeting. No committee member will conduct meetings on behalf of the committee on which he/she sits without approval of the committee chair.
- E. No Board member will participate in any matter that a Board member may have a personal or financial interest in without full disclosure of the interest at a meeting open to the Owners. If the conflict is a continuing one, a Board member will announce the conflict at a meeting open to the Owners at the first meeting of the Board following the annual members meeting and at any time the Board discusses or votes on a matter in which the Board member has a conflict. If a majority of the Board determines that the interest of a member may interfere with a Board member's

objectivity, the Board may require the conflicted member to recuse him or herself in any participation in such matter. "Personal interest" shall mean any matter in which the direct interests of a Board member or an immediate family member of the Board member differs in a material degree from the interests of all or a significant portion of the Club's membership. "Financial interest" shall mean a matter in which the Board member, an immediate family member of the Board member, the employer of a Board member, or an entity in which a Board member or immediate family member has an ownership interest would be benefitted or otherwise affected by a decision of the Board. Owning shares of stock in a publically traded corporation listed on a recognized stock exchange shall not constitute a personal or financial interest that disqualifies a Board member's participation.

- F. Without adoption of any further resolution, the Board may adopt a form of Conflict of Interest form that each Board member is required to complete once each year that will be on file in the business office of the Club and, upon request, will be made available to a Club member. Such form, if adopted, will be in addition to and not in place of the requirement that a Board member annually disclose at an open Board meeting any conflict of interest the Board member has.
- G. Each Corporate Agent will abide by the requirements of the Club's Bylaws.

V. Ethical Relations Among Persons

- A. No Corporate Agent or other member of the Club will engage in any writing, publishing, or speechmaking that defames any other member of the Board, Owner, Tenant or other resident of the community. This includes use of Club email, social media or other public internet sites.
- B. Language at Board meetings and between Board members will remain professional at all times. Personal attacks against Owners, residents, representatives of the managing agent, officers, and Governors are not consistent with the best interest of the community and are not permitted by anyone in attendance at a Board meeting or membership meeting. Any Board member, Owner, or resident not observing the foregoing after a single warning by the meeting chair may be required, by the chair, to leave the meeting.
- C. All employees, agents, and contractors (collectively "Smoke Rise Personnel") are entitled to be treated with respect and dignity. No Corporate Agent will treat any Smoke Rise Personnel in a manner that is intimidating, harassing, demeaning, or unprofessional. All communications with Smoke Rise Personnel must comply with general business practices employed by business enterprises in New Jersey. Absent an emergent circumstance no discipline may be imposed on any Smoke Rise Personnel

by a Governor without approval of the Board. In emergent circumstances a Governor will make all reasonable attempts to confer with the Smoke Rise President, or in their absence, the Vice-President, before imposing discipline.

VI. Information and Disclosure Ethics

- A. The Board will disclose all information about its binding actions through open meetings and by making readily accessible Club business and financial records required by state law including Board meeting agendas and minutes.
- B. The following matters discussed in executive or working sessions of the Board will be remain confidential:
 - (1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
 - (2) any pending or anticipated litigation or contract negotiations;
 - (3) any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer, or
 - (4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Club.

In addition to the matters enumerated above, each Corporate Agent shall retain as Confidential Information any information to which the Corporate Agent comes into possession prior to the Board making a final, binding decision concerning the subject matter of the information. The foregoing includes discussions among Board or Committee members at workshop or executive meetings, or communications that take place through email or telephone conferences.

- C. All Corporate Agents shall refrain from making any comment or expression in any form of written media, including without limitation, email, social media or other online message boards that subjects the Club to any legal risk. All Corporate Agents are reminded that most email and other written communications are not protected by any privilege and in the event of a lawsuit all written communications between Corporate Agents may be required to be disclosed to the adverse party. All Corporate Agents utilizing email communications should establish an email address limited to Club matters to avoid work or other email accounts from being subject to disclosure. Email accounts of Board members may not be shared with any other person. Attorney-client communications are subject to loss of privilege if any party other than Board members and management personnel are able to review such communications.

- D. No Corporate Agent will use any form of media, including social media sites or other bulk forms of communication, to publish any information concerning or in any manner related to the operations or policies of the Club without approval of the Board. Although Corporate Agents are also Owners, their privileged position as a Corporate Agent confers an understanding on the Club's membership that any communications represent the Club notwithstanding any effort to distinguish between a communication by a Corporate Agent and an Owner.
- E. No Corporate Agent may release information determined to be confidential under this Resolution to any other person unless approved by the Board.
- F. No Corporate Agent will willingly misrepresent facts to the Owners and residents, either by withholding, distorting, or fabricating information.

VII. Ethical Resolution of Differences

- A. Differences of opinion about policy or procedures among Board members or between Board members and Owners will be discussed rationally on their merits in a timely and courteous manner, and with emphasis on resolving differences.
- B. The Board will treat all residents of the Smoke Rise community even-handedly and without favoritism.
- C. When any dispute arises between the Board, or a Board member, and any resident of Smoke Rise, or between Board Members, the Board will comply with due process procedures, and utilize alternate dispute resolution when possible.
- D. No Board or committee member will take a public position contrary to a final, binding vote of the Board. This will not prohibit an incumbent Board member running for re-election from stating his or her opposition to a position taken by the Board provided the incumbent Board member does not question the integrity or good faith of any individual member of the Board.

VIII. Privacy Ethics

No Corporate Agent will violate the confidentiality of an Owner's file maintained by the Club during or after their term of service on the Board, including, without limiting the generality of the foregoing, any information concerning the status of any Owner's current or past delinquency in the payment of common expense assessments or any information concerning any Owner's request for an accommodation under the Federal Fair Housing Act or the New Jersey Law Against Discrimination.

IX. Accountability Ethics

- A. Any Corporate Agent who is unable to adequately fulfill the duties of the position in a timely manner shall resign or request a leave of absence.
- B. Any Corporate Agent who violates this Code of Conduct agrees that the Board of Governors may seek injunctive relief against him/her and agrees to pay the attorneys' fees incurred by the Board in that enforcement effort if awarded by a court of law.
- C. Any Board member under investigation for a felony shall take a leave of absence from the Board of Governors during the investigation and, if applicable, trial period. If such leave of absence continues for one year or any Board member is convicted of a felony the Board member must resign from his/her position.
- D. Any committee member under investigation for a felony shall also take a leave of absence from the respective committee during the investigation and, if applicable, trial period. The committee member may seek reinstatement at the Board's discretion after such legal proceedings conclude.
- E. This Code of Conduct will be kept posted in an accessible location and will be made part of the Club Rules and Regulations that are distributed to all Owners, committee members and residents.
- F. No video-taping of any portion of a Board meeting (whether in person or virtual (e.g., Zoom)) will be permitted, except at the sole discretion of the Chair of the meeting. Audio taping is permitted at all times during a Board meeting, provided that if any person other than the managing agent plans to make an audio recording such person must advise the Chair of the meeting prior to the commencement of the meeting and receive approval in writing (email).

X. Member Participation

- A. At the discretion of the Chair, Owners of the Club may be recognized to speak during the "Resident Comment" section of the agenda. The Chair may limit the time for each Owner's discussion and the number of questions or comments that may be raised. Generally, no Owner shall be recognized by the Chair during any other portion of the Board meeting, unless, in the judgment of the Chair, the matter then currently pending before the Board is one that requires Owner input or inquiry prior to the Board making a binding decision.
- B. Any Owner speaking, other than during the "Resident Comment" portion of the agenda or with the permission of the Chair, will be asked to refrain from speaking,

and then asked to leave the meeting if such conduct continues. The Chair may adjourn any meeting in which Owners are disrupting the conduct of the Board meeting.

- C. Any Owner speaking at a Board meeting who engages in discourteous conduct, threats, or, in the opinion of the Chair, intends to disrupt the orderly proceedings of the Board shall be asked to stand down and if such Owner does not cease conduct that is discourteous, threatening or disruptive, will be asked to leave the meeting.

XI. Disciplinary Action

- A. Any Board member, Owner or committee member of the Club who violates this Code will be subject to disciplinary action. This action may include, but not limited to:
 - (i) Being asked to leave any meeting in which a violation occurs (including both open and closed sessions of the Board);
 - (ii) For Board members and committee members, a probationary period for up to and including one business quarter (probation is a time during which the member will be excluded from any meetings where confidential matters are lawfully discussed and from receiving any confidential written information).
 - (iii) For Board members and committee members, a suspension from all Board meetings and committee meetings for not more than three consecutive months.
 - (iv) For Board members and committee members, the withholding of any information deemed confidential and exclusion from working sessions of the Board at which no binding votes are taken for a period of time not to exceed six months.
 - (v) A public reprimand.

No disciplinary action other than being asked to leave a meeting by the meeting chair will be taken without affording the person to be disciplined with an opportunity for a hearing before the Board in executive session. If a hearing is requested, the Board will conduct such hearing within 30 days of receipt of the request for same, provided the request is made in writing within seven days of receipt of notice of the planned disciplinary action. The Board may temporarily suspend a Corporate Agent pending a hearing. A vote of a majority of the Board members present at a hearing required by this paragraph will be final and binding on all parties. If the proposed discipline is against a Board member, the Board member may not participate in the vote and will not count towards a quorum of the Board. All Corporate Agents and the Owners of the Club shall be bound by these requirements.