

Board Policies Manual (BPM) for Lake Jane Estates

Approved by the Board of Trustees on 2-19-2015.

Revised 4-19-2018

Part 1: Introduction and Administration

This Board Policies Manual (BPM) contains all of the current standing (ongoing) policies adopted by the board of Lake Jane Estates since the initial approval of the BPM on 2-19-2015.

- 1.1 **Reasons for Adoption.** The reasons for adopting this BPM include:
 - * Efficiency of having all ongoing board policies in one place
 - * Ability to quickly orient new board members to current policies
 - * Elimination of redundant or conflicting policies over time
 - * Ease of reviewing current policy when considering new issues
 - * Providing clear, proactive policies to guide the staff
 - * Modeling an approach to governance that other organizations might use
- 1.2 **Consistency.** Each policy in this document is expected to be consistent with the law, the articles of incorporation, and the bylaws, all of which have precedence over these board policies. Except for time-limited or procedural-only board decisions (approving minutes, electing an officer, etc.), which are recorded in regular board minutes, all standing policies shall be included or referred to in this document. The board is responsible for developing organizational and administrative policies and procedures that are consistent with this BPM.
- 1.3 **Transition.** Whether adopted part by part or as a complete document, as soon as some version of the BPM is voted on as the “one voice” of the board, those policies are deemed to supersede any past policy that might be found in old minutes unless a prior board resolution or contract obligates the organization with regard to a specific matter. If any actual or apparent conflict arises between the BPM and other policies or board resolutions, the matter shall be resolved by the board as may be appropriate.
- 1.4 **Changes.** These policies are meant to be reviewed constantly and are frequently reviewed and refined. The president helps the board formulate new language in the BPM by distributing proposed changes in advance. When language is recommended for deletion, it is shown in ~~strike-through~~ format. Proposed new language is underlined. Each section with a proposed change can be preceded by the # sign to help readers quickly locate proposed changes. Any change to this BPM must be approved by the board. Proposed changes may be submitted by any board member as well as by the president or other officer. Whenever changes are adopted, a new document should be printed, dated, and quickly made available to the board and staff. The previous version should be kept on a disk for future reference if needed.

- 1.5 **Specificity.** Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies should be drafted from the "outside in," i.e., the broadest policy statement should be presented first, then the next broadest, etc., down to the level of detail that the board finds appropriate for board action and below which management is afforded discretion as to how it implements the policies in this BPM.
- 1.6 **Oversight Responsibility.** Below are the parts, the committees primarily responsible for drafting and reviewing those parts, and the individuals given authority to interpret and make decisions within the scope of those policies:

Part/Section		Implementation Authority	
		Oversight Committee	
1.	Introduction	Full Board	Board
2.	Organization Essentials	Full Board	Board
3.	Board Structure and Processes	President	Board
4.	Board–Staff Relationship	Full Board	President
5.	Executive Parameters	-----	
5.1	General Guidance	Full Board	Board
5.2.	Finance	Full Board	Board
5.3	Programs	Lake Committee	Board
		Park Committee	Board
		Pool Committee	Board
5.4	Advancement	Full Board	Board
5.5	Audit and Compliance	Full Board	Board
5.6	Miscellaneous	Full Board	Board

- 1.7 **Maintenance of Policies.** The assistant secretary shall ensure that staff member's record and publish all standing policies correctly. The assistant secretary shall maintain the policies file and provide updated copies to the board whenever the policies change, or upon request. The board will ask that legal counsel review this BPM biennially to ensure compliance with the law. Discrete documents referred to in the BPM will be kept in a three-ring notebook called the Board Reference Book.

Part 2: Organization Essentials

- 2.1 Our **vision** is an outstanding neighborhood where people enjoy living.
- 2.2 Our **mission** is to provide excellent and efficient management of Lake Jane Estates.
- 2.3 The **values** that guide everything we do are honesty, integrity, excellence.
- 2.4 The **moral owners** to whom the board feels accountable (e.g., members, alumni, donors, or taxpayers) are the members of Lake Jane Estates.
- 2.5 The primary **beneficiaries** of our services are the members of Lake Jane Estates.

- 2.6 The major general **functions** and the approximate percentage of total effort that is expected to be devoted to each are lake functions, one third, park functions, one third and pool functions, one third.
- 2.7 The primary **strategies** by which we will fulfill our mission include efficient management of our resources.
- 2.8 The major organizational **goals** and monitoring indicators for the next three years are maintain and/or improve our lake, parks and pool.
- 2.9 **Strategic Plans.** The board is expected to think strategically at all times.

Part 3: Board Structure and Processes

- 3.1 **Governing Style.** The board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of board and staff roles, and proactivity rather than reactivity. In this spirit, the board will:
 - 3.1.1 Enforce upon itself and its members whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, respect for clarified roles, speaking to management and the public with one voice, and self-policing of any tendency to stray from the governance structure and processes adopted in these board policies.
 - 3.1.2 Be accountable to the membership for competent, conscientious, and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the board to usurp this role or hinder this commitment.
 - 3.1.3 Monitor and regularly discuss the board's own processes and performance, seeking to ensure the continuity of its governance functions by selection of capable directors, orientation and training, and evaluation.
 - 3.1.4 Be an initiator of policy, not merely a reactor to staff initiatives. The board, not the staff, will be responsible for board performance.
- 3.2 **Board Job Description.** The job of the board is to lead the organization toward the desired performance and ensure that that performance occurs. The board's specific contributions are unique to its trusteeship role and necessary for proper governance and management. To perform its job, the board shall:
 - 3.2.1 Determine the mission, values, strategies, and major goals/outcomes.
 - 3.2.2 Monitor the performance of the organization relative to the achievement of the goals/outcomes within the executive

parameters.

3.2. 3 Maintain and constantly improve all ongoing policies of the board in this BPM.

3.2. 4 Ensure financial solvency and integrity through policies and behavior.

3.2. 5 require periodic financial and other external audits to ensure compliance with the law and with good practices.

3.2. 6 Evaluate and constantly improve our board's performance as the governing board, and set expectations for board members' involvement as volunteers.

3.3 Board Member Criteria. Trustees will be nominated to the board as outlined in the Bylaws. When there is no quorum, the previous board selects the new board at the next board meeting following the annual meeting.

3.4 Orientation. Prior to or after election, each nominee shall be given this BPM along with adequate briefings on the role of the board, officers, and staff and an overview of programs, plans, and finances.

3.5 President's Role. The job of the president is, primarily, to maintain the integrity of the board's processes. The president "manages the board." The president is the only officer authorized to speak for the board, other than in rare and specifically board-authorized instances.

The president ensures that the board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside the organization. Meeting discussion content will be those issues that, according to board policy, clearly belong to the board to decide, not to staff.

The authority of the president consists only in making decisions on behalf of the board that fall within and are consistent with any reasonable interpretation of board policies in Parts 3 and 4 of this BPM and the bylaws. The president has no authority to make decisions beyond policies created by the board and the bylaws.

In the event that a motion before the board has resulted in a tie vote, the president is allowed to cast a vote to break the tie.

3.6 Board Meetings. Board events often will include time for guest presenters, interaction with staff and beneficiaries, board training, and social activities, as well as business sessions. Policies that are intended to improve the process for planning and running meetings follow:

3.6.1. The schedule for board meetings shall be set one year in advance.

3.6.2. The president and board will work in developing agendas, which, along with background materials for the board and committees, monitoring reports, the board's recommendations for changes in the BPM, previous minutes, and other such materials, shall be e-mailed to all board members approximately one to two weeks in advance of board meetings.

- 3.6.3 Minutes and the updated BPM shall be sent to board members within one to two weeks of board meetings.
- 3.6.4 Regular board meetings shall be held monthly on the third Thursday of the month preceded by a reminder notice one to two weeks in advance of the meeting date. The March meeting shall include a review of the planning and budgeting for the upcoming year. Special meetings of the board can be called according to the bylaws.
- 3.7 **Standing Committees.** Committees help the board be effective and efficient. They speak "to the board" and not "for the board." Unless authorized by the whole board, a committee may not exercise authority that is reserved to the whole board by the bylaws or by the laws of Washington State governing not-for-profit organizations.
 - 3.7.1 **Lake Committee.** This committee shall recommend policies to the board pertaining to management of the lake and is responsible for the day to day management of the lake.
 - 3.7.2 **Park Committee.** This committee shall recommend policies to the board pertaining to management of the parks and is responsible for the day to day management of the parks.
 - 3.7.3 **Pool Committee.** This committee shall recommend policies to the board pertaining to management of the pool and is responsible for the day to day management of the pool.
 - 3.7.4 **Architectural Committee.** This committee shall review all Architectural Application Forms and approve all structures that meet the Building Regulation standards and the approval must be done in a timely fashion. Approval requires 2 committee members affirmation. The committee consists of 2-3 members who are appointed annually by the board and are members in good standing. All approved and disapproved structures will be submitted to the board for their acknowledgement and recording in the minutes. Appeals shall be presented to the board.
 - 3.7.5 Other committees as determined.
- 3.8 **Functions.** Required regulatory functions not handled by committee.
 - 3.8.1 **Finance Function.** This function is accomplished by the board with the assistant treasurer and shall develop and recommend those financial principles, plans, and courses of action that provide for mission accomplishment and organizational financial well-being. Consistent with this responsibility, it shall review the annual budget. In addition, this function shall make recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and reports, employee benefit plans, signatory authority for expenditures, and other policies for inclusion in the BPM that this function determines are advisable for effective financial

management.

3.8.2 Audit and Compliance Function. This function is also accomplished by the board with the assistant treasurer and shall oversee the organization's internal accounting controls; recommend external auditors for board approval; review the external auditors' annual audit plan; and review the annual report, the management letter, and the results of the external audit. The function, or its delegate, shall have an annual private conversation with the auditor. In addition, the function shall be responsible for oversight of regulatory compliance, policies and practices regarding corporate responsibility, and ethics and business conduct-related activities, including compliance with all federal, state, and local laws governing tax-exempt entities. The function shall also oversee written conflict of interest policies and procedures for directors and officers.

3.8 Advisory Groups, Councils, and Task Forces. To increase its knowledge base and depth of available expertise, as well as complete special projects, the board supports the use of groups, councils, and task forces of qualified advisers. The term "task force" refers to any group appointed by the president and or the board to assist in carrying out various time-limited goals and responsibilities. The board will be notified of its formation, purpose, and membership within 10 days of its formation.

3.9 Board Members' Code of Conduct. The board expects of itself and its members ethical and businesslike conduct. Board members must offer unconflicted loyalty to the interests of the entire organization, superseding any conflicting loyalty such as that to family members, advocacy or interest groups, and other boards or staffs of which they are members. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.

Each board member is expected to complete and sign an Annual Affirmation and Conflict of Interest Statement, which covers for example, board conflicts of interest, in accordance with the laws of the state governing not-for-profit organizations, and other expectations of board members.

Part 4: Board/Staff Relationship

- 4.1 Staff Compensation.** The board is expected to hire, train, motivate, compensate, and terminate staff in a professional and caring fashion. Salaries will be determined by the board, should be considered fair and does not include vacation benefits. Sick Leave is included, see below.
- 4.1.1 Salaries for the Assistant Treasurer, Assistant Secretary and Facility Manager will be reviewed by the Board every February.
- 4.2 Staff Treatment.** With respect to treatment of paid and volunteer staff, the board may not cause or allow conditions that are inhumane, unfair, or undignified. Accordingly, they may not:
- 4.2.1 Discriminate among employees on other than clearly job-related, individual performance or qualifications.
- 4.2.2 Fail to take reasonable steps to protect staff from unsafe or unhealthy conditions.
- 4.2.3 Withhold from staff a due-process, unbiased grievance procedure.
- 4.2.4 Discriminate against any staff member for expressing an ethical dissent.
- 4.2.5 Prevent staff from grieving to the board.
- 4.2.6 Fail to acquaint staff members with their rights under this policy.
- 4.2.7 Current staff:
- 4.2.7.1 Assistant (Executive) Secretary - See BRB for duties.
- 4.2.7.2 Assistant Treasurer - See BRB for duties.
- 4.2.7.3 Facilities Manager - See BRB for duties.
- 4.2.7.4 Temporary seasonal hire for lifeguarding, pool hut workers and park/lake workers.
- 4.3 Sick Leave Guidelines.**
- 4.3.1 Lake Jane Estates will follow the Labor and Industry standards for sick leave.
- 4.3.2 Sick leave will be compensated at the rate of 1 hour per 40 hours worked.
- 4.3.3 Rollover sick leave hours per fiscal year are capped at 40 or less. Fiscal year is July 1st to June 30th.
- 4.3.4 There will be no pay out of unused sick leave hours at time of separation.
- 4.3.5 Employees are required to be employed 90 days prior to being able to use any earned sick leave.
- 4.3.6 If an employee is re-hired within 12 months from separation, all previous unused earned sick leave will be reinstated.
- 4.3.7 When the Assist. Secretary and Assist. Treasurer are the same person: the sick leave rate will be based on the combined hours reported on taxes in one year and divided by 40. Rate of hourly compensation will be calculated by hours worked in a fiscal year

divided by her/his yearly salary. When the Assist. Secretary and Assist. Treasurer are not the same person: the calculation will be hours reported on taxes in one year divided by 40. Rate of hourly compensation will be calculated by hours worked in a fiscal year divided by her/his yearly salary.

- 4.4 Board Reference Book.** The assistant secretary shall develop and maintain a Board Reference Book with all pertinent documents to which board members might want to refer during board and committee meetings (e.g., articles, bylaws, organization chart, recent minutes, committee roster, list of key volunteers/consultants, board documents referred to in this BPM, etc.).

Part 5: Executive Parameters

- 5.1 General Guidance.** The purpose of the remainder of the BPM is to detail those executive parameters that will guide the board and the staff as they accomplish the mission.
- 5.2 Finance Parameters.** The board must ensure that the financial integrity of the organization is maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and nonfinancial assets are appropriately protected.
- 5.2.1 Budgeting.** The budget during any fiscal period shall not (a) deviate materially from the board's goals and priorities listed in Part 2, (b) risk fiscal jeopardy, or (c) fail to show a generally acceptable level of foresight. Accordingly, the board may not cause or allow budgeting that:
- 5.2.1.1 Contains too little detail to (a) enable accurate projection of revenues and expenses, (b) separate capital items (expenses of \$500.00 or more that go to Repair & Maintenance (R&M) or long term improvements) from operational items, (c) monitor cash flow and subsequent audit trails, and (d) disclose planning assumptions.
 - 5.2.1.2 Anticipates the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
 - 5.2.1.3 Reduces the current assets at any time to less than twice current liabilities or allows cash to drop below a safety reserve of \$15,000.00 at any time. This \$15,000 reserve account is to be used for emergencies, not usually covered under R&M or otherwise usually budgeted. This reserve account will be brought back up to the \$15,000 level as soon as possible after any of the funds have been used.

5.2.2 Financial Controls. The board must exercise care in accounting for and protecting the financial assets of the organization. To this end, the board is expected to incorporate generally accepted accounting principles and internal controls in the financial systems that are employed in the organization. In addition, the board may not:

5.2.2.1 Receive, process, or disburse funds under controls insufficient to meet the board-appointed auditor's standards.

5.2.2.2 A committee may not approve an unbudgeted expenditure of greater than \$ 500 or exceed a line item within their budget without the approval of the full board.

5.2.2.3 All service and major improvement contracts should have 3 competitive bids for board consideration and approval.

5.2.3 Asset Protection. The board may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked.

5.2.4 Investment Principles. The board may not invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating, or in non-interest-bearing accounts, except where necessary to facilitate operational transactions.

5.3 Program Parameters. In general, the board is expected to establish, maintain, and eliminate programs and services to achieve the organization's mission and goals in the most effective and efficient manner.

5.3.1 New programs should be projected to serve at least 100 people.

5.3.2 Any new program must be approved by the board. Those programs now approved include: Lake, Park, Pool

5.3.2.1 Lake - all functions of the lake are directed by the Lake Committee. See Lake Rules maintained in the BRB.

5.3.2.2 Park - all functions of the parks are directed by the Park Committee. See Park Rules maintained in the BRB.

5.3.2.3 Pool - all functions of the pool are directed by the Pool Committee. See Pool Rules maintained in the BRB.

5.3.2.4 General rules are also maintained in the BRB.

5.4 Advancement Parameters. The various efforts to represent the organization to the public (media, public relations, fund-raising, new member recruitment, etc.) shall be integrated sufficiently that the organization's brand/positioning in the external world is positive and effective.

5.4.1 **Fund-Raising Strategy.** The primary fund raising is through the collection of dues.

However, additional fund raising may be undertaken to offset expenses to hopefully avoid any unnecessary increases in dues. A current example of this is charging for swimming lessons and offering

swimming lessons to nonmembers at an increased fee.

5.4.2 **Public Affairs.** The board shall exercise care in representing that we are a charitable, mission-centered, listening organization and shall develop policies and procedures for communicating with primary stakeholders and the public at large in a way that reinforces that image.

5.4.2.1 **Communications Restrictions.** To preserve our image in the community, the president is generally the only spokesperson authorized to speak for the organization and for the board. None of the spokespersons may represent the organization in any way that is inconsistent with the policies in Part 2 of this BPM; make statements that may be perceived as supporting a political party or platform; be the author of an article, book, or publication that includes classified or sensitive information about the organization; or engage in lobbying activities at any governmental level without prior permission from the board.

5.5 **Audit and Compliance Parameters.** The board shall take the necessary steps to ensure the integrity of our systems and procedures; to see that they comply with all pertinent legal, regulatory, and professional requirements; and to report to the board any material variations or violations.

5.5.1 **Annual External Audit.** An independent auditor will be hired and work in collaboration with the Assistant Treasurer. The board shall work with the auditor to gain a clear opinion on the annual financial statements and respond in detail to items in the auditor's management letter concerning opportunities to improve systems and procedures related to financial controls.

5.5.2 **Internal Compliance.** The board shall meet all requirements for complying with federal, state, or local laws and regulations.

5.6 **Building Regulations.** All building within Lake Jane Estates must be approved by the Architectural Committee prior to commencement of construction and acknowledged by the board. See Building Regulations in the BRB.

5.7 **Short Plat Application Guidelines.** Approval by the City of Bonney Lake for an individual to subdivide does not override Board denial. A property owner still may not subdivide without board approval.

5.7.1 A lot owner wishing to short subdivide her/his property must submit to the LJE Board of Trustees in writing a plan outlining his/her intentions for subdividing his/her property. This plan must include the overall site plan, including locations of all houses and driveways, and the resulting square footage of each lot. Please note that the LJE Board of Trustees has adopted a **minimum lot size of 14,400 square feet** for lots created through a

short subdivision (each created lot must be a minimum of 14,400 square feet) – applications seeking a **smaller lot size** will be **automatically denied**.

5.7.2 An applicant for short-subdivision approval must be current in the payment of his/her assessments before the Board of Trustees will consider the application. All short-plat applicants will be charged for costs incurred by the Association in reviewing and processing their applications and are required to pay a \$200 deposit at the time they submit their application to the Association. Costs incurred by the Association during the review and processing of the application will be deducted from this deposit. The applicant will be provided with a report of the costs deducted at the end of the review process, and any unused funds will be refunded to the applicant. Costs in excess of the deposit will be charged to the applicant. This rule applies regardless of the Association's ultimate decision regarding the short-plat application.

5.7.3 Following receipt of a completed application, the Board of Trustees will survey nearby property owners about the proposal by mailing the "Lake Jane Estates Short Plat Application Neighbor Notification" form to property owners within 600 feet of the proposed subdivision. Responses to the Neighbor Notification must be submitted on the original form and mailed to LJE at the PO Box. The applicant may not deliver the Neighbor Notification form for any third parties.

5.7.4 In making its decision on a short plat application, the Board will consider a variety of factors. These include, but are not limited to, overall community sentiment, the proposed site plan, potential adverse affects on Association property or assets, aesthetics, effect on the general plan of the Lake Jane Estates community, and possible effects of its decision on future subdivision requests. The Board will also consider feedback from property owners sent the Neighborhood Notification form. No one factor will be determinative of the Board's decision. The Board of Trustees will endeavor to approve or deny subdivision proposals within 90 days after receiving a completed application.

5.7.5 Following its decision, the Board of Trustees will send a letter to the applicant advising her/ him of its decision. If the application is approved, the applicant will have one calendar year from the date of receipt of the approval letter to complete the proposed subdivision. If the subdivision is not completed within a year, the applicant must submit a new application for approval with the Board of Trustees, including the submission of the \$200 deposit. Approval of a subdivision is not transferrable – it is only valid for the member to whom it is granted.

5.8 Collection Policy for Membership. The board along with the assistant treasurer shall take the necessary steps to collect any and all outstanding assessments and charges owed by members of Lake Jane Estates, as permitted by the bylaws. Current policy is as stated below effective July 1st, 2015:

5.8.1 Late fee is increased to \$50.00 at one month late, a one-time, yearly charge.

5.8.2 Interest of 1% per month (12% per year), will be charged to all accounts past due one month.

5.8.3 Liens will be placed on Members properties at one year past due.

5.8.4 Member accounts will be sent to our Attorney for collections at 2 years past due.

5.8.5 Member accounts will be sent to a Collections Agency of the boards choosing for collections at 3 years past due.

5.8.6 Members will receive a notification 30 day prior to any of the above-mentioned actions taking place.

5.8.7 One (in arrears) Member will selected at a time to pursue Foreclosure proceedings with approval of 6 out of 9 Board members.

5.8.8 Foreclosure Procedure:

After Board has selected a Member for foreclosure per 5.8.7, the Member will be sent a certified Demand Letter.

If Member responds and account is paid off, no more action is taken.

If Member does not respond to demand letter, account is turned over to association's Attorney and Foreclosure proceedings are started.