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# **Governance Review Committee**

**Report to**

**The Columbia Association**

**Board of Directors**

September 29, 2004

## TABLE OF CONTENTS

	<u>Page</u>
Executive Summary	2
Overview	4
I. Columbia Association Governance Review Committee	5
A. Mission	5
B. Committee Composition	5
C. Process	6
II. Recommendations	7
A. Division of Governance Rights	8
B. CA Board of Directors	9
C. Assistance to Village Associations	12
III. Action Steps and Associated Costs	13
IV. Resolutions	14

List of Appendices [Click an Appendix to open a new window.](#)

Appendix A: Columbia Association Board of Directors Governance Review Committee Charter

Appendix B: Stack Proposal

Appendix C: Feldmark Proposal

Appendix D: Agendas of Committee Meetings

Appendix E: Minutes of Committee Meetings

Appendix F: Kutz Proposal

Appendix G: Blake Proposal

Appendix H: Submissions Received from the July 17, 2004 Public Forum

Appendix I: CA Governance Stakeholders & Constituencies

Appendix J: Proposed Decomposition of Governance Issue

Appendix K: Submissions Received from the August 25, 2004 Meeting with the Village Boards

Appendix L: Memos from CA's Chief Financial Officer, Raffia Siddiqui

Appendix M: Columbia Association, Inc. Rights/Entitlements Granted to Members/Lot Owners by Statute (including CA Board of Directors' waiver of privilege)

Appendix N: Implementation Issues

Appendix O: Letter Dated July 26, 2004 Entitled "Board Restructuring and Private Inurement" (including CA Board of Directors' waiver of privilege)

## **Executive Summary**

The Governance Review Committee (the Committee) was established by the Board of Directors of the Columbia Association (CA) in March 2004 and was given a deadline of September 30, 2004 to complete its work. The Committee's task was to propose changes to CA governance based upon analysis of two governance proposals (one from Josh Feldmark and one from Andy Stack). A key fact in discussing governance is that CA is a non-profit corporation chartered under the laws of Maryland. When we considered changes to CA governance, we were looking at changes in terms of corporate governance. Our goals during our deliberations were as follows.

- A. Recommended changes should improve corporate governance and provide better checks & balances.
- B. Recommended changes should be "easy" to implement and at a minimal cost.
- C. Recommended changes should strengthen the relationship between CA and the Villages.
- D. Recommended changes should keep the parts of the current governance structure which work.
- E. Recommended changes should simplify the governance structure and should be understandable to the general public.

The Committee believes that its recommendations (as contained in this report) make noticeable improvements in the governance structure, are achievable, are fair and equitable, are balanced, contain portions of both governance proposals, and can be considered a plus/enhancement by both the residents and the Villages. The Committee also believes that our recommendations are in line with the goals that we have set forth above. With much work, the Committee has met its September 30, 2004 deadline.

From our examination of the two governance proposals, from the information/testimony gathered from our public hearing, and from our discussions, three themes emerged: Oversight, Voting Eligibility and Simplification.

- I. Oversight: Checks & balances are at the heart of governance. They allow people to be held accountable for their actions. Power should not be centralized. The recent series of corporate scandals shows the need for checks and balances in corporation governance and in particular, for independent oversight. For the past several years, the relationship between CA and the Villages has had its ups and downs; at times it has been adversarial. We need to return to a more inclusive relationship recognizing the roles of both CA and the Villages. We need to better implement Jim Rouse's vision for Columbia. Instead of "us vs. them", the theme should be "we're in this together". Recommended changes should not set one Village against another Village.

- II. Voting Eligibility: Voter eligibility is an issue which has vexed Columbia for the past several years. Eight of the Villages currently base voter eligibility upon property. Two of the Villages base voter eligibility upon residency (all residents 18 years or older can vote). Some Villages have tried to change voter eligibility, but have discovered that the current process for change at the Village level is virtually impossible to achieve. Even Jim Rouse recommended changing the voter eligibility rules. Perhaps the time has come to have one set of voter eligibility rules across all of Columbia.
  
- III. Simplification: Why make things more complex? It is difficult to explain the existing governance structure now. Change should make the governance structure more understandable. Confusion exists over the roles of CA Board of Directors/Columbia Council. Who does what? What's the difference between Board and Council? There is much misunderstanding of the difference in roles between a Director and a Representative. Why recommend changes which would be difficult to implement? Since we are addressing CA's corporate governance, recommended changes should ideally only require modifications to CA legal documents. Changes should not set Village against Village. Parts of the current governance structure work well and should be kept. From the point of view of a resident/voter or a Village, recommended changes should not be losses. Nor should it appear that one Village is gaining power at the expense of another Village. Both residents and Villages should view the changes as an improvement.

### Committee Recommended Changes

Based upon our discussion, the goals we set for our recommendations, and the three themes, the Committee makes the following recommendations regarding changes to the CA governance structure.

- A. Curtail the role of the Columbia Council Representatives in the CA governance process. [*Addresses Theme 3 — Simplification*]
- B. Give the Village Association Boards oversight responsibilities through a CA/Village Association Compact. [*Addresses Theme 3 — Simplification and Theme 1 — Oversight*]
- C. Extend voting eligibility in conjunction with the Village Associations [*Addresses Theme 3 — Simplification, Theme 1 — Oversight, and Theme 2 — Voter Eligibility*]
- D. Have the CA Board of Directors consist of 10 elected Directors (one from each Village) and the President/Executive Director (who will be an ex-officio Director). There will be two-year staggered terms for all elected Directors (5 Directors elected in even numbered years and 5 Directors elected in odd numbered years). Change the title of the CA President to President/Executive Director of CA. [*Addresses Theme 3 — Simplification and Theme 1 — Oversight*]
- E. Require that each Director comply with the *Responsibilities of CA Board of Directors* document and the *CA Board Values* statement. [*Addresses Theme 1 — Oversight*]
- F. Incorporate provisions into the CA Charter for the recall, removal, or replacement of a CA Director. Incorporate provisions into the CA Charter/By-laws to insure that members have the right to speak-out in open CA Board of Director meetings. [*Addresses Theme 1 — Oversight and Theme 3 — Simplification*]

## Overview

This report is the culmination of five months of work by a small committee of volunteers appointed by the Board of Directors of the Columbia Association to propose changes to the governance of the Columbia Association. It sought changes that would improve corporate governance and provide better checks and balances, afford implementation at an acceptable cost, strengthen the relationship between CA and the 10 Village Associations, retain portions of the current governance structure that work, and simplify the governance structure (or at least make it more understandable to the general public). Section I of this report summarizes the mission and composition of the Committee, as well as the process it followed to reach its recommendations.

In contrast to the creation of a new organization, which would offer a "clean slate", the Committee operated within the confines of CA's current organic documents, legally-binding relationships with bondholders and lot-owners, and existing relationships with other stakeholders. From its deliberations, with input from the general public and the Village Boards, the Committee offers its recommendations, as detailed within Section II of this report. These are organized, as follows:

- A. Division of Governance Rights
- B. CA Board of Directors (including Board Composition, Terms in Office, Voter Eligibility/Voting Procedures, Director Responsibilities, and Removal from Office)
- C. Assistance to Village Associations

Section III contains specific action steps that the Committee recommends that the Board of Directors of the Columbia Association follow to implement its recommendations. In consultation with CA staff, the Committee has provided cost estimates associated with each action step.

Section IV sets forth the resolutions that the Committee proposes be passed by CA in order to initiate implementation of the Committee's recommendations.

The Committee looks forward to orally presenting its findings and recommendations to the Board of Directors of the Columbia Association at its October 14, 2004 meeting. The Committee urges the Board to distribute this report to the ten Village Associations and to make the report readily available to the general public through the Columbia Association's website and other means.

## I. Columbia Association Governance Review Committee

The Governance Review Committee (the "Committee") was established by the Board of Directors of the Columbia Association (CA) in March 2004. The Committee was empowered to act through September 30, 2004, at which time the Committee would submit a final report of its work to the Board.

**A. Mission.** Unlike previous governance committees, this Committee was assigned a rather narrow mission, as set forth in its charter [See Appendix A]:

The mission of the Governance Review Committee (the "Committee") is to provide advisory input to the Columbia Association ("CA") Board of Directors ("the Board") by reviewing and analyzing two governance proposals presented to the Board in FY04, one by Andrew Stack and the other by Joshua Feldmark (the "Proposals"). The Committee is to make recommendations as to whether and what changes should be made in the Columbia Association governance process to simplify the process and clarify the duties of the Board and how those changes can be legally implemented, and to address any ramifications of such changes.

[See Appendices B and C for the Stack and Feldmark proposals, respectively.]

To fulfill its mission, the Governance Committee accepted the following charges set forth in its charter:

- To inform and advise the Board of issues and opportunities as they relate to changes to the Columbia Association's governance process as put forth in the proposals;
- To examine and assess concerns related to the Committee's mission;
- To serve as a resource for the Board;
- To review CA's and the Village Community Associations' policies, Governance Committee reports, procedures and legal documents related to the mission of the Committee; and recommend legislative, covenant and Charter changes to enact the governance changes; and
- To assist the Board in disseminating information about the status of the Committee's work.

**B. Committee Composition.** The Committee consists of **seven members** appointed by a majority of the Board, as follows:

<i>Selection Category</i>	<i>Members</i>
Two members selected by the ten village Community Associations as a group	Jennifer Blake (River Hill) Jim Loesch (Hickory Ridge)
Two members from the Columbia Association Board of Directors	Joshua Feldmark (Wilde Lake) Tom O'Connor (Dorsey's Search)
Two members who served on the earlier Governance Committee that completed the prior governance report	Rick Kutz (Wilde Lake) Skip McAfee (Long Reach)
Andrew Stack	Andrew Stack (Owen Brown)

At its organizational meeting on May 5, 2004, the members selected Mr. Loesch as Chairperson and Ms. Blake as Vice-Chairperson. CA's General Counsel, Sheri Fanaroff, served as staff liaison to the Committee, providing key support.

**C. Process.** The Committee conducted 16 meetings that were open to the public and announced in accordance with the Maryland Homeowners Association Act, with all members and the public given at least five days notice. The dates of these open meetings are as follows: May 5 and 26; June 8 and 17 (public forum); July 7 and 28; August 4, 11, 18 and 25 (forum for village boards); and September 1, 8, 15, 22, 27 and 29. In addition, a closed meeting with outside legal counsel was held on September 13 for the purpose of vetting the proposals from a legal perspective, and a portion of the September 22 meeting was closed to discuss the outcome of that legal vetting. [See Appendices D and E, respectively, for open meeting agendas and minutes of the open meetings.] At all Committee meetings, a quorum (i.e., a majority of the Committee's members) was reached, and the rules of parliamentary practice set forth in *Robert's Rules of Order, Newly Revised* governed all proceedings. At the Committee's request, the CA Board of Directors authorized a budget of \$20,000 for legal expenses related to the Committee's work.

Committee members provided written proposed changes to the two major proposals under review. Mr. Kutz's proposal [See Appendix F] was designed to move CA toward a more traditional Homeowners association model. This was ultimately rejected because of the conclusion of most Committee members that the Columbia Association and the Village Associations are private, non-stock, nonprofit corporations, subject to both Maryland corporate law and the Maryland Homeowners Association Act. Given CA's purpose and provision of services, a corporate structure was deemed by the Committee as more amenable relative to that of a typical homeowners association. Ms. Blake's proposal [See Appendix G] was to add an additional class of directors consisting of a small number of directors appointed by the elected CA Board members with specific expertise such as financial background, non-profit legal skills, or experience running recreational facilities. This was ultimately rejected because most Committee members considered advisory committees to be a better vehicle for soliciting such input, and because of concerns that such appointments would become politically-motivated rather than based on skill and merit.

A public forum was conducted on June 17, 2004 to solicit input from the general public, before making a decision to reject or accept for consideration additional proposals. [See Appendix H for written input received at this meeting.] Based on their mission, the consensus of the Committee was that they would only consider proposals that stemmed from or "tweaked" the Stack and Feldmark proposals. Chief concerns raised at the public forum included: lack of representation of commercial sector on the board; lack of a position description for the at-large, paid CA Chair proposed by Mr. Feldmark; expertise for board to be provided by advisory committees and staff instead of consultants; one person/one vote, and at-large voting. It is worth noting that the Committee did not address the possible incorporation of Columbia as a city, deeming this a government issue and beyond the scope of the Committee's charge.

Next, the Committee focused on developing preliminary recommendations. A list of *CA Governance Stakeholders & Constituencies* [see Appendix I] was created to remind Committee members of the numerous types of individuals, groups and organizations that may have an interest/standing in the governance of the Columbia Association. Based on the proposals reviewed by the Committee and the input from the general public, Committee members reached consensus on a *Proposed Decomposition of Governance Issue* [see Appendix J], which was crafted to serve as a "roadmap" for the Committee's deliberations. This set forth various options for the major components of the governance proposals under review.

On August 25, 2004, the Committee convened a meeting devoted to solicit input on its preliminary recommendations from all members of the ten village boards. [In addition to the minutes of this meeting (included in Appendix E), see Appendix K for written input received at this meeting.] On September 13, 2004, the Committee held a closed work session with outside legal counsel for a legal vetting of its preliminary recommendations and to craft specific action steps the CA Board of Directors could follow to implement the Committee's recommendations.

Throughout the Committee's term, the Columbia Association Board of Directors was kept informed through their receipt of minutes of the Committee's meetings and by periodic updates from the Board's two representatives on the Committee.

## **II. Recommendations**

In considering its recommendations, a key concern of the Committee was implementation. The Committee explored several methods of implementation and, after consulting with legal counsel, decided on the "Compact method." Basically, the Committee proposes that a legally binding agreement (called the Compact) be negotiated and signed by CA and the Village Associations. The heart of the Compact is that CA will give the Village Associations enhanced oversight responsibilities in return for the Village Associations giving CA the ability to set voter eligibility requirements. The Committee chose the Compact method for two reasons:

1. It strengthens the relationship between CA and the Village Associations and it does not mandate changes upon any Village Association. In the Committee's view, it is a win-win situation where each party gets something while giving something. It offers a choice to the Village Associations and requires both CA and the Village Associations to agree.
2. It is legally sound. In particular, both parties would have to agree, which would minimize the likelihood of legal action by any party. It is not a mandate. Moreover, the Compact could only be changed by agreement of the parties which signed the agreement.

The Committee makes the following recommendations set forth in the boxes below. Following each recommendation is a summary of the current system and the rationale for the proposed change(s).

<b>A. Division of Governance Rights</b>	<ol style="list-style-type: none"> <li>1. The "Columbia Council" would be retained as a body from which CA's corporate members and Board of Directors derive.</li> <li>2. CA would amend its Charter to provide that the Columbia Council will have no function other than to have its members serve as the members and directors of CA. All references to an "advisory" function for the Columbia Council would be eliminated.</li> <li>3. "Class A Members" (or substitute terminology, to avoid confusing these with CA's corporate members) would be comprised of individuals and entities specified as holding voting rights in CA elections. "Class A Members" would hold certain rights under the Maryland Homeowners Association Act, as specified in Table 1.</li> <li>4. The CA/Village Association Compact would provide the Village Associations with a contractual right to approve Charter and By-Law amendments and standing to sue CA under the terms and standards set forth in an agreement to be executed by CA and all of the Village Associations as corporate entities (the "CA/Village Association Compact").</li> </ol>
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Table 1, below, sets forth the proposed division of governance rights in more detail:

Governance Rights/Entitlements	"Class A Members"	Proposed	Village Associations
		Corporate Members (Columbia Council Reps)	
1. Election of members of CA Board		X	
2. Approve consolidation of organization			X
3. Approve merger of organization			X
4. Approve transfer of sale of all/substantially all of organization's assets			X
5. Approve dissolution of organization			X
6. Approve charter amendment (except name change and "minor" changes)			X
7. Approve amendments to bylaws			X
8. Receive notice of meetings of members per the HOA Act	X	X	X
9. Right to attend open meetings of members per the HOA Act	X	X	X
10. Right to call special meeting of members		X	X
11. Right to receive notice of meetings of CA Board per the HOA Act	X		X
12. Right to attend open meetings of CA Board per the HOA Act	X		X
13. Right to inspect organization's documents per the HOA Act	X		X
14. Right to meet in any facility used for meetings of CA Board			X
15. Approve reinstatement of forfeited charter			X
16. Right to bring action against CA			X

Source: This chart is largely based on information provided in "Columbia Association, Inc. Rights/Entitlements Granted to Members/Lot Owners by Statute", prepared by the law firm of Whiteford, Taylor & Preston for the Columbia Association in August 2004. [See Appendix M for memo and evidence of CA Board of Directors' waiver of privilege]. Information was supplemented by conversations with David H. Bamberger and Theodore D. Segal of Piper Rudnick LLC during a closed attorney-client privileged work session on September 13, 2004.

**Current System:** Currently, the 10 elected representatives to the Columbia Council are the sole members of the Columbia Association, as required by CA's Charter. Lot owners have certain rights under the Maryland Homeowners Association Act.

**Rationale for Proposed Change:** The Committee's recommendation creates a system of checks and balances without incurring legal risks associated with changing the corporate membership. By executing a "CA/Village Association Compact" (a legal agreement between CA and the ten village associations as corporate entities), CA will give the Village Associations important advisory and oversight roles in CA governance and provide them with standing to sue CA and its directors for malfeasance, while ensuring the basic voting rights set forth in Recommendation B3.

In its deliberations, the Committee considered the following groups as possible members: Columbia Council Representatives, Village Associations, Village Board members, property owners, residents 18 and older, classes of members, and business tenants. The Committee also discussed the fundamental rights that members hold under corporate law (i.e., to elect directors, sue for malfeasance, present issues to the Board, and vote on issues presented by the Board to the members) and how these could be divided among various classes of members. After consulting with legal counsel, the Committee decided to adopt the Compact as the preferred method to implement change.

<p><b>B. CA Board of Directors</b></p> <p><b>B1. Board Composition</b></p>	<p>The Committee recommends retention of the current Board composition, with the exception that the ex-officio member's title would be changed from "President/CEO" to "President/Executive Director". Each elected CA Director must be a CA-eligible voter from the Village he/she represents and may only be a candidate for election in one Village at a time and only represent one Village at a time.</p>
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**Current System:** Currently, the CA Board of Directors is comprised of 10 voting Directors (one from each Village, each with one vote) and CA's chief executive officer (ex-officio), whose current title is "President/CEO". The ex-officio Director's term continues so long as he/she holds the position of President/CEO; he/she has no right to vote but has all other rights, privileges and powers held by the elected Directors.

**Rationale for Proposed Change:** The only proposed change would be to change the title of CA's chief executive officer to achieve greater consistency with other nonprofit corporations.

<p><b>B2. Terms in Office</b></p>	<p>Elected Columbia Council Representatives and, consequently, Directors of the CA Board of Directors, would have staggered, two-year terms (5 Directors/Columbia Council Representatives elected in even numbered years and 5 Directors/Columbia Council Representatives elected in odd numbered years).</p> <p>If an elected Director moves out of the Village he/she represents or otherwise</p>
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	<p>ceases to be a CA-eligible voter in that Village, that Director may not continue to serve on the CA Board. In the event that an elected Director's position became vacant, that Village's Board of Directors would have the right to appoint another person to serve the remainder of the term of office.</p> <p>There would be no change in the term of office for the sole ex-officio Director.</p>
<p>The Committee sets forth its preferred staggering of terms for the elected Directors, below:</p> <ul style="list-style-type: none"> <li>• In even numbered years, the Villages of Harpers Choice, Hickory Ridge, Oakland Mills, Owen Brown and Town Center would elect their Columbia Council Representatives who, in turn, would select themselves as Directors of the CA Board of Directors.</li> <li>• In odd numbered years, the Villages of Dorsey's Search, Kings Contrivance, Long Reach, River Hill and Wilde Lake would elect their Columbia Council Representatives who, in turn, would select themselves as Directors of the CA Board of Directors.</li> </ul>	

**Current System:** Currently, voters in each village (using village-specific eligibility criteria) elect a Columbia Council representative from their village; these 10 elected officials become the Columbia Association's sole members and in turn appoint themselves as Directors of CA's Board of Directors. Therefore, the term of each elected CA Board Member is effectively that of the CA Council Representative who appoints himself/herself to the CA Board of Directors. Currently, the term of office for an elected CA Board Member varies by village and is either one or two years. The eleventh Director is the President/CEO, who serves as ex-officio Director as long as he/she holds the position of President/CEO.

**Rationale for Proposed Change:** By a 5-1 vote, the Committee recommends two-year, staggered terms for elected Columbia Council Representatives and CA Board members in order to sufficiently acclimate new Directors while minimizing turn-over without discouraging prospective candidates. [Note: The Committee's decision to recommend a one-year term (renewable for up to five years) for appointed board members (if any) was rendered moot when the Committee rejected the notion of adding some appointed board members.] Also considered was a Chair/Presidency (Professional Association) model, which entails annual elections and a 3-year commitment from the top elected official (the President-Elect in Year 1 becomes President in Year 2 and Past President in Year 3).

<p><b>B3. Voter Eligibility/ Voting Procedures</b></p>	<p>CA would establish uniform eligibility criteria and voting procedures for election of the Columbia Council as permitted under its "reserved powers" set forth in its Charter. These eligibility criteria and voting procedures would be set forth in an amended CA Charter and By-Laws and in an agreement to be executed by CA and each of the Village Associations as corporate entities (the "CA/Village Association Compact"). CA would prepare and maintain a <i>Voter Eligibility List</i> for CA elections and deliver the current version to the applicable Villages at least two weeks prior to the date of CA elections. It is expected that elections would occur in conjunction with each Village's annual meeting. The Committee vetted these criteria with CA's chief financial officer from a cost and timeline perspective. [See Appendix L for two staff memos related to the development of new voter lists and options for conducting elections.]</p>
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**Current System:** Currently, voter eligibility varies by village. Eight villages currently tie voter eligibility to property, the remaining two (the newest villages) enable all residents 18 years or older to vote.

**Rationale for Proposed Change:** A separate election process will enable CA Board members to be selected without requiring changes to the Village Associations' Charters and By-Laws. This entails creating criteria and a process for the election of CA Board members that is separate from (but may be coordinated with) the village elections. The Committee voted 5-1-1 to recommend expanding the voting franchise while achieving consistency Columbia-wide without disenfranchising any currently-eligible voters. Upon vetting this concept with the Village Association boards, the Committee identified a need for the CA Board of Directors and the Village Associations to work together to arrive at a mutually acceptable definition of voter eligibility. [See Appendix L for estimated costs associated with one option.]

<p><b>B4. Director Responsibilities</b></p>	<p>The Committee recommends that each CA Director be bound to follow the <i>Responsibilities of CA Board of Directors</i> document and the <i>CA Board Values</i> statement. Each Director should exercise civility and collegiality when interacting with other CA Directors by a) refraining from derogatory comments that belittle the motives, competency, or character of other members and 2) employing common sense and fairness in all discussions.</p>
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**Current System:** The above-mentioned documents are currently in place but may require periodic updating by the CA Board of Directors.

**Rationale for Proposed Change:** This recommendation is directed toward improving the preparedness and conduct of CA Directors.

<p><b>B5. Removal from Office</b></p>	<p>The CA Charter would be amended to provide enhanced removal powers held by the Village Associations or the "Class A Members". These enhanced removal powers would also be set forth in the CA/Village Association Compact so that an elected CA Director could be removed from office as follows:</p> <ol style="list-style-type: none"> <li>1) A Village Association could remove its CA Director at any time by a 2/3 vote of the Village's Board of Directors.</li> <li>2) Any elected CA Director could be removed by petition, as follows:             <ol style="list-style-type: none"> <li>a. By a 2/3 vote of the CA Board of Directors, the Directors could petition the 10 Village Associations to hold a public meeting to remove any elected CA Director.</li> <li>b. A Village Association could petition the other 9 Village Associations to hold a public meeting to remove any elected CA Director.</li> <li>c. A petition containing the names/signatures of 5% of the total "Class A Members" from one Village could be submitted to the 10 Village Associations requesting the 10 Village Associations to hold a public hearing to remove the petitioners' Village's CA Director.</li> </ol> </li> </ol>
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	<p>A CA Director subject to removal by petition would be entitled to a public hearing. A public hearing must be held unless the CA Director subject to removal by petition requests in writing that the hearing be closed. After the hearing, at a public meeting of the Village Associations, the Village Associations, by an affirmative vote of 2/3 of the total number of Village Associations, could then remove the CA Director. However, one of the affirmative votes <u>must</u> be from the Village whose CA Director is the subject of the removal petition.</p>
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**Current System:** The Charter of CA provides that if a Village Association "removes" or "recalls" its Council Representative through a procedure authorized by the Charter and By-Laws of the Village Association, the members of CA are to remove such individual as a member and board member and the remaining members of the CA Board are to elect the individual designated by the Village Association Board as his or her replacement. Accordingly, the Village Associations currently have the power to recall a Columbia Council Representative.

**Rationale for Proposed Change:** This recommendation is part of the system of "checks and balances" proposed by the Committee to improve governance of the Columbia Association. It respects input from the CA Board of Directors, Village Associations and "Class A Members".

<p><b>C. Assistance to Village Associations</b></p>	<p>The Committee recommends that CA: 1) encourage (but not require) the Village Associations to make conforming amendments to their charter and by-laws and 2) provide financial and legal assistance to facilitate such action.</p>
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**Current System:** Implementation of the central recommendations of the Committee requires no state legislative action. However, implementation of the Committee's recommendations may result in confusing discrepancies with the Village Associations' organic documents. Some changes may require state legislation.

**Rationale for Proposed Change:** It was the consensus of the Committee that, although it would not recommend mandatory changes to the village charters, it would recommend **encouraging and offering assistance to** the Village Associations to make changes in their voter criteria/election procedures to align with changes enacted by the Columbia Association. Changes to the Village Associations' organic documents would eliminate discrepancies between 1) individuals entitled to rights under the Homeowners Association Act, 2) individuals entitled to vote under Village Associations' organic documents, and 3) individuals entitled to vote under the new eligibility requirements for election of Columbia Council representatives. It would also eliminate confusion arising from remnant language pertaining to the Columbia Council in the Village Associations' organic documents.

### III. Action Steps and Associated Costs

To implement its recommendations, the Committee identified the following action steps and estimated the associated costs:

<b>Action Step</b>	<b>Estimated Cost</b>
<b>Action Step #1:</b> The Committee recommends that the CA Board of Directors pass a resolution to adopt and implement the recommendations set forth by the Committee in this report. [See Section IV]	(in-house)
<b>Action Step #2:</b> The Committee recommends that the CA Board of Directors work with the 10 Village Boards to 1) define CA voter eligibility, 2) craft suitable terminology for "Class A Members" (e.g., "CA Voter") referenced in this report that will avoid confusion with "corporate" member rights, and 3) develop voting procedures for election of the Columbia Council. Costs would likely entail one or more work sessions involving members of the CA Board and Village Associations' Boards.	(in-house)
<b>Action Step #3:</b> The Committee recommends that the CA Board of Directors enlist outside legal services for the purpose of 1) vetting the results of Action Step #2 from a legal perspective, 2) drafting specific modifications to CA's current organic documents, and 3) drafting a new "CA/Village Association Compact" to reflect the Committee's recommendations.	\$40,000
<b>Action Step #4:</b> Upon the satisfactory preparation of legal documents in Action Step #3 above, the Committee recommends that CA execute them. It is anticipated that execution of the CA/Village Association Compact by each Village Association would be approved by the applicable Village Association Board.	(in-house)
<b>Action Step #5:</b> The Committee recommends that CA encourage the Village Associations to make conforming amendments to their charter and by-laws to eliminate confusion and ambiguity. CA would facilitate implementation by providing applicable financial and legal assistance to the Village Associations. Costs would include legal fees, filing fees with the state for charter changes, the cost of reprinting the charter and by-laws. Costs may include the drafting of, and lobbying for, state legislation.	\$70,000
<b>Action Step #6:</b> The Committee recommends that CA 1) prepare and adopt CA Board Procedural Rules that are based on the current Columbia Council Procedural Rules, and 2) revise the Columbia Council Procedural Rules to reflect the proposed reduced role of the Columbia Council.	(in-house)
<b>Action Step #7:</b> Direct CA staff to produce the new voter eligibility lists for the election of Columbia Council Representatives. CA staff estimates that it will take approximately 6 months to access, merge and cleanse various internal and external databases with assistance from a consultant.	\$50,000*
<b>TOTAL COST</b>	<b>\$160,000 (plus in-house costs)</b>
*Note: Following this initial cost, CA staff anticipates maintaining the voter eligibility lists in-house in subsequent years at considerably lower cost [See Appendix L].	

During its deliberations and with the assistance of legal counsel, the Committee identified key implementation issues, which are set forth in Appendix N.

#### **IV. Resolutions**

The Governance Committee recommends that CA make the following motions to initiate the next step in this process:

1. Move that CA collaborate with the Villages to create a separate "CA/Village Association Compact" which in perpetuity will:
  - a. Create uniform Columbia-wide voter eligibility criteria;
  - b. Give the Village Associations standing to bring legal action against the CA Board for malfeasance;
  - c. Require the approval of 2/3 of the Village Associations for CA Charter and Bylaw amendments;
  - d. Give the Village Associations enhanced rights to participate in the recall of a Director for cause; and
  - e. Give the voters rights to participate in the recall of a Director for cause.
2. Move to amend the Charter to standardize all terms of Director/Columbia Council Representatives as two year terms. Further, resolve that the following Villages would elect their Directors/Columbia Council Representatives in odd-numbered calendar years: Dorsey's Search, Kings Contrivance, Long Reach, River Hill and Wilde Lake. The remaining Villages would elect their Directors/Columbia Council Representatives in even-numbered calendar years: Harpers Choice, Hickory Ridge, Oakland Mills, Owen Brown and Town Center.
3. Move to amend the Charter to reflect the title change of the President to President/Executive Director.
4. Move to amend the Charter to limit the meeting of the Columbia Council to only the annual meeting at which the Columbia Council Representatives' sole power would be to appoint themselves as the Board of Directors.
5. Move that the Board of Directors, in conjunction with the CA/Village Associations Compact, establish uniform voter eligibility criteria and voting procedures for election of the Columbia Council Representatives throughout all Columbia Villages as permitted under its "reserved powers" set forth in its Charter.
6. Move that CA update its board meeting procedures and bylaws based on this Committee's recommended curtailment of the role of the Columbia Council and to keep its meetings in compliance with the Maryland HOA.
7. Move that the Board of Directors be bound to follow the *Responsibilities of CA Board of Directors* document, as recommended for amendment, and the *CA Board Values* statement.