



**DC RANCH ASSOCIATION
POLICY 104
POLICY ON GOVERNANCE**

Date of Adoption: January 8, 2018

Effective Date: January 9, 2018

Last Revised: October 30, 2025

104.1 Purpose. The purpose of this policy is to define governance procedures of the Board of Directors and to delegate authority. The intent is to comply with governing documents, to have an orderly, systematic and transparent decision-making process, and to ensure that authority for certain actions is properly and clearly delegated.

104.2 Scope. This policy applies to all members of the DC Ranch Association Board of Directors. Its scope is to bring attention to, and clarify where needed, important procedures and requirements related to the governance of the Association. Additional information can be found in the Association's CC&Rs, Bylaws, Articles of Incorporation, and Arizona Revised Statutes (Governing Documents). Should a conflict regarding language in this policy and the Governing Documents occur, those documents have precedence over this policy.

104.3 Responsibility/Authority. The Ranch Association Board of Directors.

104.4 Introduction. The Association's mission statement is as follows: To serve all DC Ranch Stakeholders through the professional management and protection of the community's fiscal and environmental assets. DC Ranch Association delivers high quality and consistent operations, landscape, maintenance, and security services with an emphasis on customer care and open communication that result in sustained property values and exceptional quality of life. This policy will provide guidance to the Board of Directors as it endeavors to fulfill the mission and effectively govern the community in accordance with important community ethics as informed by the community-wide values, strategic plan(s), brand standards and other governing documents.

104.5 Board of Directors Removal. This provision prevents all directors who have been removed from office by the membership from immediately returning to elected or appointed positions within the Association.

104.5.a. Statutory Basis. Under Arizona law (A.R.S. 33-1813), members of a planned community may remove a director by a majority vote of the membership.

104.5.b. Period of Ineligibility. Any person who has been removed from the Board of Directors pursuant to A.R.S. 33-1813 and the Association's governing documents shall be deemed ineligible to run for or serve on the Association Board, as Treasurer of the Association, as a Voting Member, as a Board-appointed Committee member, as an employee of the Association, or equivalent roles within any of the Ranch Association sub-associations for a period of five (5) years from the effective date of removal.

104.5.c. Retroactive Application. This provision shall apply retroactively to any person who has been removed from the Association Board of Directors by a vote of the membership within the five (5) years preceding the effective date of this policy. Any such previously removed person shall be deemed ineligible to be a candidate for or to serve in any role as identified in Section 104.5.b. until five (5) years have elapsed from the date of their removal.

104.5.d. Application and Scope. This provision shall apply only to removals conducted in accordance with A.R.S. 33-1813 and the Association's governing documents. The ineligibility period shall begin on the date the recall vote results are announced to the Members of the Association after the recall election. Resignation during a pending recall does not avoid the effect of this policy.

104.6 Board Meeting Attendance via Telephone or Video Conference. Directors may attend in person, telephonically, by videoconference, or by any other means of voice communication as long as all participants of the meeting can hear each other.

104.7 Involvement in Non-DC Ranch Activities. Directors may attend and participate in meetings or events organized by, or involving, individuals, groups, or other entities not affiliated with DC Ranch, including meetings held by the City of Scottsdale or other government agencies. Absent prior approval from the Board President, a Director may not represent, either explicitly or implicitly, that he or she is attending or participating in any such meeting or event as a representative of, or on behalf of DC Ranch or DC Ranch Association. Additionally, if name badges are worn, the Director's badge may not display any affiliation with DC Ranch or DC Ranch Association, and any program, handouts, slides, or other printed material prepared for the meeting or event must similarly exclude the Director's affiliation. Further, oral introductions made before speaking shall not include the Director's affiliation with DC Ranch.

104.8 Vote of Board President. Unless otherwise restricted such as by the Ethics Policy, the Board President may vote on any issue.

104.9 Notice of Board Meetings and Committee Meetings. Requirements for meeting notice will align with requirements in Arizona law A.R.S. 33-1804. However, notice will not be required in the event of an emergency.

104.10 Board of Directors Meeting Calendar. At the beginning of each fiscal year, the Board President will publish a Board Calendar. The Board Calendar will list all regularly scheduled Board meetings and will highlight special presentations requested by the Board throughout the year. The purpose of the calendar is to ensure all major operating elements of the Association are reviewed in open session with the Board.

104.11 Board Agenda Formation. The Board President, working with the Chief Administrative Officer/Chief Operating Officer, will publish an agenda to the Association's website for all regularly scheduled and special open meetings of the Board. In accordance with Arizona Revised Statutes 33-1804, the Board meeting agendas must be available at least 48 hours in advance of the scheduled meeting.

104.11.a. Agenda Items. The Board President will determine the order of business for all meetings of the Board. The Board President will seek input from all Board members and Chief Administrative Officer/Chief Operating Officer on potential Board topics.

104.11.b. Agenda Compliance. The Board will not act on any items not on the published agenda. The Board will address agenda items in the published order, unless there is a majority vote of the Board in favor of changing placement of agenda items for purposes of timing/clarity.

104.12 Executive Sessions of the Board. Pursuant to Arizona Revised Statutes 33-1804, the Board may recess into an Executive Session or hold a separate Executive Session to discuss only one or more of the following:

1. Legal advice from an attorney for the Board or the Association. On final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may disclose information about that matter in an open meeting except for matters that are required to remain confidential by the terms of a settlement agreement or judgment.
2. Pending or contemplated litigation.
3. Personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association, including records of the association directly related to the personal, health or financial information about an

individual member of the association, an individual employee of the association or an individual employee of a contractor for the association.

4. Matters relating to the job performance of, compensation of, health records of or specific complaints against an individual employee of the association or an individual employee of a contractor of the association who works under the direction of the association.
5. Discussion of a member's appeal of any violation cited or penalty imposed by the Association, except on request of the affected member that the meeting be held in an open session.

104.13 Board Meeting Minutes. Official minutes of regular Board meetings shall be recorded by the Board Secretary (or designee). Minutes of the Board meeting shall be prepared for review and approval by the Board at the next regularly scheduled meeting of the Board. Minutes shall include roll call; establishment of quorum; approval of the agenda; discussion; action items; matters voted upon and result of vote; and adjournment.

104.14 Interaction with Management and Other Parties. To ensure efficient management operations, avoid conflicting instructions from the Board to management and avoid potential liability of the Association, Board members shall observe the following guidelines:

104.14.a. The Board President (or their designee) shall serve as liaison between the Board and management and provide direction to management on day-to-day matters. Should the Board President be unable to or fail to carry out the management directives of the Board, another Board member as designated through a majority vote of the Board, may access or communicate with management and provide direction.

104.14.b. The Board President (or their designee) shall serve as liaison with the Association's legal counsel (along with the Chief Administrative Officer/Chief Operating Officer). Should the Board President be unable to or fail to carry out the management directives of the Board, another Board member as designated through a majority vote of the Board, may access or communicate with management and provide direction.

104.14.c. Only the Board President (or their designee) may give direction to management, employees, vendors, contractors, or service providers, unless expressly authorized by the Board or this Policy to do so.

104.14.d. Each director must comply with the decisions of a majority of a quorum of the Board even if they voted against that decision.

104.14.e. No board member shall act independently in matters related to the Association without proper authority granted by the Board.

104.15 Authority of the Chief Administrative Officer/Chief Operating Officer. Article 4.4 of the Bylaws provides that the Board President shall be the Chief Executive Officer. Pursuant to Article 3.20 of the Bylaws, the Board may delegate to an Executive Director (or equivalent) such powers necessary to carry out the duties and services required to operate the business. The Board, by unanimous resolution, recognized the Chief Administrative Officer and Chief Operating Officer as the senior executive staff officers of the Association. The Chief Administrative Officer/Chief Operating Officer thereby, has full authority and responsibility to manage all employees, finances, and activities of the Association except as limited by this Section 104.15, by Section 104.18 of this policy and by any other approved policy. Specific limitations on the Chief Administrative Officer/Chief Operating Officer's authority include:

1. The Chief Administrative Officer/Chief Operating Officer must comply with all approved policies.
2. The compensation budget approved by the Board each year shall be adhered to. Deviations from that plan require approval from the Board of Directors.
3. All contracts with a greater annual value of \$150,000 must be approved by the Board.

104.16 Expense Signature Authority. The Chief Administrative Officer/Chief Operating Officer are authorized to approve Ranch Association expenses as follows:

- Planned and scheduled replacement/repair reserve expenses not exceeding \$150,000.

- Unplanned replacement/repair reserve expenses not exceeding \$50,000 per item in one fiscal year.
- Reallocation and timing of replacement/repair reserve expenses among approved planned reserve expenses not to exceed \$100,000 per reserve item in one fiscal year.
- Reallocation and timing of replacement/repair reserve expenses from approved planned reserve expenses to unplanned reserve expenses not to exceed \$50,000 per item in one fiscal year.
- Recurring operational expenses within the approved budget.
- Other non-budgeted operating and contract expenses not exceeding \$150,000.
- The Chief Administrative Officer/Chief Operating Officer shall be the only authorized check signers to sign operating and reserve account checks for contractual recurring, budgeted expenses and non-contractual budget and unbudgeted expenses if it is within the approved Chief Administrative Officer/Chief Operating Officer limits. In the absence of the Chief Administrative Officer/Chief Operating Officer, the Board President or Treasurer may sign checks. If a purchase is outside of the Chief Administrative Officer/Chief Operating Officer's spending authority, a special manual check will be cut, and the check must be signed by the Board President/Treasurer and the Chief Administrative Officer/Chief Operating Officer.
- The Chief Administrative Officer/Chief Operating Officer may waive fines and fees on an owner's account up to \$1,000 but may not waive hard costs such as legal, liens, filing costs or assessments, without Board of Directors approval.

104.17 Spokespersons. The Board President and Chief Administrative Officer/Chief Operating Officer are authorized to speak or designate another person to make statements on behalf of the Association. No other members of the Board or staff are so authorized. All inquiries for information or requests for a statement from the media, residents, governmental figures of all levels, and all other entities must be handled by the authorized personnel.

104.18 Items Requiring Board of Directors' Approval. The following items must be approved by vote of the Board of Directors:

- All policies other than policies directed to the day-to-day management of the staff
- The CAO/COO's annual reviews and compensation plan
- The annual operation and reserve budgets
- The choice of the auditor and the contract with the auditor
- All standards enforced in the community
- Any additions or reductions in Association authority (Examples include adding or removing neighborhoods, management or oversight of sub-associations, additional or reduced authority over modifications, etc.)
- Expenses greater than those listed in 104.16 above
- Minutes of regular and special board meeting and of Executive Sessions of the Board
- Disciplinary action taken against a Board member
- Appointment of replacement directors
- Disciplinary related lawsuits against members

Approved by:

Effective Date:

Board President or Secretary