

# **Desert Mountain Club GUIDELINES FOR COMPLIANCE Member Code of Conduct**

## **SUPPORTING AND PROTECTING:**



**MEMBERS'  
PEACEFUL ENJOYMENT**



**ENTHUSIASTIC AND  
MOTIVATED EMPLOYEES**



**OUTSTANDING  
CLUB REPUTATION**

**The Member Standards Committee is committed to assuring an understanding of the level of conduct expected at Desert Mountain for the benefit of all Members and Employees and the protection of our Club.**

**March 1, 2016  
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## 1. MEMBER CODE OF CONDUCT

The Member Rules and Regulations govern the operation of the Desert Mountain Club, Inc. (the “Club”) and are agreed to by all members when they join the Club. The Code of Conduct is an integral part of the Rules and Regulations and establishes guiding principles for compliance with these provisions. The Code is also critical in setting expectations for acceptable behavior to ensure the peaceful enjoyment of the Club by all, to protect the welfare of our employees and to achieve our vision of being one of the finest golf communities.

The Code of Conduct embraces a set of core and shared values focusing on our members, our people and our Club. At the core of our values are integrity, teamwork, mutual respect, civil behavior, courtesy and personal responsibility. Through a common set of shared values we will enhance our commitment to excellence, provide the best possible membership experience, ensure that we continue to attract and retain high performing employees, protect the reputation of the Club and create a financially sustainable future for the Club. Our values embody:

<b><i>Our Members</i></b>	<b><i>Our Employees</i></b>	<b><i>Our Club</i></b>
We treat each other with courtesy, dignity and respect.	Our people are one of our most important assets.	We manage our business with a spirit of ownership and entrepreneurship.
We welcome, foster, and celebrate our diversity.	Our employees and our members treat each other with courtesy, dignity and respect.	We stimulate creativity and embrace change.
We rely on one another’s good judgment to uphold a high standard of integrity for our Club.	We emphasize teamwork to produce the best results.	The reputation of our Club is among our most prized assets.
We expect all members to abide by both the letter and spirit of our Code of Conduct.	We value our employees’ knowledge, enthusiasm and spirit to serve our members.	Our values and success make Desert Mountain a great place to live and play.
	We listen, understand and help them succeed.	

Embracing and abiding by these principles and shared values fosters harmony among the members and creates pride in the membership, thereby contributing to a positive market reputation of a highly desirable club to join and protecting the investment made by all members. Member behavior that is inconsistent with these values or

results in non-compliance with the Club's Rules and Regulations can impair other members' peaceful enjoyment of Desert Mountain, have an adverse impact on our employees and damage the reputation and health of the Club. The Club Bylaws provide a process for fairly evaluating and promptly addressing inappropriate behavior. Compliance with these Rules and Regulations while embracing our shared values will enable our members to enjoy the many amenities of the Club and comradery with fellow members while making Desert Mountain a great place to live and play.

### **The Intent of the Code of Conduct and Compliance Guidelines**

Desert Mountain is a private Club organized for the benefit of its Members. In this environment, it is essential for all Members to behave in a civil, respectful and appropriate manner, consistent with membership in a top-tier private club. Respectful and courteous treatment applies not only to fellow Members, but also to employees as well as Board and Committee Members. Improper conduct by Club Members can damage the Club in at least three ways. First, misbehavior by one Member (or group of Members) can impair the ability of other Members to enjoy the rights and privileges of membership. Second, Member misbehavior can impair the Club's ability to attract and retain top-notch employees, who are among a club's most important assets. Third, such misbehavior can damage the Club's good reputation, which in turn can be detrimental to its financial health.

The intent of the Club's Code of Conduct is to assure that these three important principles are maintained at all times. When a Member's behavior jeopardizes the Club's interests or violates the Club's Rules and Regulations or the standards of behavior commonly accepted at high-end clubs like Desert Mountain, the Club will act promptly to address the violation. The Member Code of Conduct, Club Bylaws and Rules and Regulations, along with these Compliance Guidelines, are intended to set the appropriate standards for Member conduct, and to address the processes in place in the event a violation occurs. It also ensures that the Club's disciplinary process is carried out in a fair and impartial manner, which is essential to maintaining the integrity of the Club and its governance.

### **The Responsibility of the Club**

As a private Club, Desert Mountain has the right and responsibility to set rules and standards of behavior that all Members promise to follow when they join the Club. Each Member who joins the Club agrees to abide by the Bylaws of the Club and Rules and Regulations, which includes the Code of Conduct, as a condition of joining. The Club Bylaws contain provisions for a Member Standards Committee comprised of Club Members who, along with the Club Board and Management, help to maintain the standards of behavior in the Club.

### **The Outcome We Are Seeking**

The Club's goal in promulgating the Bylaws, Rules and Regulations and Code of Conduct is to ensure that all Members understand the level of conduct that is expected of them. With such understanding among the Members, the Club expects that

violations will be minimized. In those instances when a violation occurs, the goal of the Club is not to be punitive, but rather to improve the Member's behavior and protect the three principles described earlier: the Members' peaceful enjoyment, the welfare of employees, and the reputation and health of the Club. Imposition of the sanctions permitted by the Bylaws is intended to be a remedy of last resort, to be employed only when the Member Standards Committee and the Board determine that this goal cannot be or is not being accomplished.

## **2. CLUB MEMBER STANDARDS COMMITTEE**

The Member Standards Committee (MSC) is a standing committee of the Club Board of Directors. The MSC is chaired by a Member of the Board, as are all standing Club committees. The Members of the Committee consists of Members in good standing who have volunteered their participation, and generally serve for two years. All MSC Members sign and adhere to a Committee Member Code of Conduct that includes a provision that all proceedings of the MSC are held in strict confidence, both during and after their service.

### **MSC Committee Practices**

The MSC has established various procedures and protocols to be followed in the Committee's execution of its assigned duties. These procedures and protocols, which are consistent with the practices of other private clubs throughout the country, include the following:

- All Members should sign and agree to the appropriate Membership documents;
- Rules and policies should be clear and well communicated;
- Rules should be applied in a fair manner through a process that is communicated to the Members;
- The Club should investigate every incident that is reported to it in a manner that is appropriate in light of the nature of the incident;
- Members charged with a violation should receive appropriate notice and an opportunity to be heard;
- All disciplinary matters should be kept confidential; and
- The Club should regularly review and update the Rules and Regulations, the Code of Conduct, the Compliance Guidelines and the disciplinary procedures to ensure they are enforced and adjusted as necessary.

## **3. HOW THE DISCIPLINARY PROCESS WORKS**

### **Complaints and Violations**

Members or employees who observe or are affected by any behavior of a Member or guest (Members are responsible for the conduct of their guests) that violates the Code of Conduct and/or Rules and Regulations may make a complaint. Complaints may be verbal or in writing, and can be provided to a senior manager, a division director, the

Club CEO, a Member of the MSC or a Board Member. A timely complaint is encouraged and will be held in confidence.

### **The Role of Members, Management, Employees, the MSC and the Board**

Members are encouraged to report violations of the Code of Conduct and/or Rules and Regulations. Management or employees may also file a complaint. There is an expectation in a fine private club that members will respect each other's right to the peaceful enjoyment of the Club and inappropriate behavior need not be accepted or tolerated. Fine clubs with good reputations usually have a culture of respectful, courteous and appropriate behavior that fosters harmony among the members.

The MSC has the role of assisting in the investigation of reported misconduct and, in appropriate situations, meeting with the Member accused of misconduct in an effort to improve the Member's behavior going forward. If necessary, the MSC's role also includes conducting hearings with Members who are allegedly in violation, and making a recommendation to the Board regarding the disposition or sanctions, if any, to be imposed. The Board of Directors may uphold or modify complaint recommendations that are heard and presented to them by the MSC; the Board's decision is final unless appealed. The Board's decision on an appealed matter is final.

### **The Disciplinary Process**

When a member of Management, the MSC or the Board receives a complaint or otherwise becomes aware of an alleged violation, the typical process is as follows:

- The Chief Executive Officer (CEO) and Members of the MSC will cooperatively investigate the incident to determine the facts of the case and the concerns of the affected Members or employee(s).
- The individual(s) accused of the alleged violation may be invited to have a discussion about the incident with two or more Members of the MSC or the Board.
- This discussion determines whether the incident can be resolved at this stage, or referred to the full MSC for a hearing.
- If a MSC hearing is necessary, the MSC will notify the accused Member of the date and time for the hearing, during which the Member will have the opportunity to present his or her position to the MSC. The MSC hearing is a peer-to-peer process and is generally closed to all except Members of the MSC, Club Management and the Member who is the subject of the hearing.
- Pursuant to the Club Bylaws, the MSC will report all reported violations to the Board. With regard to each violation, the MSC will determine and report to the Board a recommended course of action for discussion at the next regularly scheduled Board meeting.
- The Board will review the MSC recommendation and make a final determination of action. The decision will then be communicated in writing to the Member.

- Members have a right to appeal the Board’s decision and have a hearing before the Board regarding the violation. If appealed, the Board’s decision after review is final.

### **The Types of Disciplinary Sanctions**

The Bylaws and Club policy specify the potential sanctions that may be imposed as a consequence of a Member’s violation of the Code. The determination whether to impose a sanction and the severity of the sanction to be imposed is entrusted to the discretion of the MSC and Board:

- **Dismissal:** The Club may dismiss the alleged violation and take no action.
- **Fines:** When a violation is sustained, a Member may have a fine imposed.
- **Reprimand Letter:** When a violation is sustained, the Club may send a letter of reprimand to the Member and place such letter in the Member’s file for future reference.
- **Probation:** When a violation is sustained, the Club may place the Member on probation for a specific period of time. During this time, if a further incident occurs, an immediate additional penalty may be imposed, the severity of which may be more extensive.
- **Suspension:** When a violation is sustained, the Club may suspend the Member for a specific period of time. During the period of suspension, all Club use privileges may be suspended for the Member, family and guests. Dues payments (including any assessments and installments that may be due during the suspension) continue to apply.
- **Expulsion:** When a violation is sustained, the Board may expel a Member from the Club, permanently forfeiting all their membership privileges and proceed with other remedies provided in the Bylaws.

### **4. KEY PROVISIONS OVERVIEW**

It is not possible to identify specifically every variant of improper conduct that may result in disciplinary action. The Club may determine that a Member’s conduct may warrant discipline even though the particular form of that Member’s misbehavior does not fit precisely within the description of proscribed conduct. The guiding principle is that Members should, at all times, behave in a civil and respectful manner toward other Members, Club employees and Club Management. The failure to do so constitutes conduct that may subject a Member who engages in such conduct to discipline.

This section addresses commonly encountered behaviors that may result in disciplinary action. They are more fully elaborated here than behaviors in the latter part of these guidelines because they are more common and because their resolution is fact intensive and dependent upon the context in which they occur.

## **Conduct Detrimental to the Reputation of the Club**

The reputation of a club is among its most prized assets. A club with a strong, positive reputation creates pride in the membership, leading to new member referrals, membership growth and a financially sustainable future. A positive market reputation and brand also makes a club more sought after by prospective members, so when they are ready to join, we are on their “A” list. Positive reputations are hard to attain and are easily tarnished by malicious or careless actions by members. Reputational damage may have the consequences of decreased membership sales, damage to home sales and diminished home values. Damage to the Club’s reputation may also drive affected and discouraged Members out of the Club. The Club’s reputational concerns exist both internally within our own membership and externally in the marketplace.

Deliberate or careless actions by Members that clearly and substantially damage our Club’s reputation and desirability are an egregious offense and will not be tolerated. The following are among actions that violate the Code of Conduct and/or Rules and Regulations, and can damage the Club’s reputation:

- Originating, forwarding or distributing emails or other written or electronic materials to Members or non-Members that (1) include harmful gossip, erroneous, malicious, threatening, disparaging, disrespectful, offensive or non-constructive critical comments of the Club, its Members or employees and (2) are otherwise damaging to the reputation of the Club, its Members or employees;
- Engaging in or supporting emails or other communications and activities that damage the reputation of the Club, its Members or employees; and
- Actively financing, promoting or supporting individuals or groups who are perpetrating actions detrimental to the Club, its Members or employees.

The Club welcomes constructive comments from its Members to the CEO and the Board regarding ways in which the Club could improve the membership experience. Member complaints concerning employees are to be addressed solely to the CEO.

It is in all of the Members’ best interests to protect the reputation of the Club. We encourage Members who receive emails and communications, such as those described above, not to forward them to others, as they perpetuate and increase the damage to the Club. We also encourage Members to forward any such communications to Management and the Board, and to assist in limiting the damage.

This section is not intended to discourage Members from communicating their disappointments, issues or concerns constructively to Club Management and the Board. Rather, the Board and Management encourage Members to communicate in a manner that is respectful of the Board, Management and the Club.

### **Conduct That Interferes With the Operations of the Club**

As stated in the Club Bylaws and the Membership Agreement, Club memberships are offered exclusively for the purpose of permitting the use of the Club's facilities. The operations of the Club are overseen by the elected Board of Directors through their supervision of the CEO and Club Management team that runs the Club. Members have no direct role in running the Club.

Members of the Club are not permitted to interfere with the operation of the Club. In addition, it is the role of Club Management, with support of the Board, to define the operating policies and practices deemed most beneficial to the enjoyment of the entire membership when operating the facilities and programs. The following are examples of conduct that does not comply with the Code of Conduct and/or Rules and Regulations:

- Attempting to direct, influence, manage or interfere with an employee's activities;
- Encouraging an employee to do anything that violates Club rules or policies;
- Interfering with, contacting or attempting to influence by any means the Club service providers, vendors, or other entities doing business with the Club, including but not limited to, individuals or entities that provide any sort of service, whether professional or otherwise, or products to the Club;
- Interfering with, contacting or attempting to influence the Club's dealings with any entity having a material relationship with the Club, including but not limited to, the PGA, Golf Course Superintendents Association of America, or other golf organizations, club or course rating services, or national club organizations such as National Golf Foundation, National Club Association and Club Managers Association of America; and
- Interfering with or attempting to negatively affect the Club's relationship or reputation with other clubs, realtors, news organizations, publications or other interested third-parties that might tarnish the Club's reputation and brand.

The Club welcomes suggestions to improve the Member's experience and Club operations. There are many ways of providing constructive input. Input that is intended to be truly constructive should be directed either to the Board or to the CEO and should be presented in a manner that reflects a positive tone and an interest in addressing a perceived problem or improving an aspect of Club operations.

### **Conduct That Impairs Members' Enjoyment of the Club**

Members have access to the Club facilities and activities, according to their respective membership category, and are entitled to their peaceful enjoyment of these facilities. This is a core principle of the Club. Conduct by a Member that interrupts or interferes with other Members' peaceful enjoyment is conduct unbecoming a Member, as it displays disrespect for this important principle. It may also cause harm to the

reputation of the Club when such conduct involves families or guests, or is observed when interacting with other clubs both on and off property.

Accordingly, the following are illustrative examples of conduct that violate the Code of Conduct and/or Rules and Regulations:

- Engaging in rude, vulgar, threatening, harassing, or otherwise offensive or inappropriate behavior that disturbs others, interferes with the planning or conduct of a Club activity or event, or disturbs the enjoyment of the Club by Members and guests;
- Using rude, vulgar, threatening, harassing, defamatory, ridiculing, or otherwise offensive or inappropriate language (written or oral) or using similarly offensive or inappropriate gestures in the presence of Members and guests; and
- Interfering with or disrupting the enjoyment of membership in, or use of, the Club by other Members and guests, during participation in a Club activity or event, or in situations (both on and off Club property) where such conduct is likely to create a hostile environment.

The foregoing is not intended as an exhaustive list of the types of unbecoming conduct that could potentially interfere with the use and enjoyment of Club facilities by other Members and that could violate the Code and/or Rules and Regulations. Club activities are generally held by and under the supervision of Club Management and employees. If, during the course of these activities, Club Management or employees observe unbecoming conduct, they may request the Member(s) involved to refrain from such conduct. In the event the Member is unresponsive to requests to restrain his or her actions, the Member may be referred to the MSC to seek its intervention. The referral may be by another affected Member, employee or by Club Management.

### **Inappropriate Conduct Toward Club Employees**

In the world of private clubs, there is an emphasis on member service. Providing the best possible membership experience at a club requires the club to attract and retain top-notch employees. Hence, a club's employees are among its most prized and important assets. Club employees represent a major investment in recruiting, training and retention. The institutional knowledge about the Club, our service standards and protocols, and the Members and their preferences and interests – all are reflected in the motivated employees who enjoy working here and come back every year. Inappropriate behavior by a Member, when directed at employees and Management, threatens the Club's ability to attract and retain the caliber of employee essential to a first class membership experience.

In addition, there are liability risks when Member treatment translates into a hostile workplace for our employees.

Accordingly the Club will go to great lengths to protect its employees when Members act in an unbecoming or threatening manner. The following are examples of conduct that violate the Code and/or Rules and Regulations related to employees and Club Management:

- Threatening, disparaging or reprimanding an individual Club employee in any way to include verbal, written, by actions or attitude, or by other means;
- Engaging in any conduct generally accepted as harassment, sexual or otherwise, or by creating a hostile workplace;
- Attempting to direct, influence, manage or interfere with an employee's activities;
- Encouraging an employee to do anything that violates Club rules or policies;
- Using rude, vulgar, threatening, harassing, defamatory, ridiculing, or otherwise offensive or inappropriate language (written or oral) or using similarly offensive or inappropriate gestures toward or in the presence of Club employees; and
- Engaging in inappropriate excessive relationship building with employees such that an employee is uncomfortable in serving that Member.

If a Member has a concern with any aspect of a Club employee's performance of his duties, the Member should (as provided in the Bylaws) express those concerns to the CEO. If the concerns relate to the performance of the CEO, those concerns should be expressed to the Club President.

### **Conduct Involving Electronic Communications**

Email or other electronic communications by Members raise potential issues. These concerns relate to both the content of the communications and the manner in which they are distributed. Previously Members have circulated electronic communications while employing a "Blind" list of recipients. This creates a communications challenge for the Club when the communication has erroneous or misleading statements that need to be responded to by the Club. Otherwise the Club cannot respond to or correct the record for the "blind" copied Members. Members must not engage in or support electronic communication activity that harms the reputation or damages the Club, disturbs the peaceful enjoyment of the Club for other Members, or contributes to a threatening or hostile employee workplace at the Club. In addition, most members at private clubs value their privacy, including the privacy of their contact information. Use of the Club directory for anything but social activity is strictly prohibited.

All forms of electronic communications greatly increase not only the risk but also the scope of the potential damage to the Club, Members and employees. They are susceptible to rapid dissemination far beyond the scope of their original audience and seem to have a perpetual life on the internet. For these and other reasons, electronic communications are taken very seriously by the Club. The prohibitions set forth herein apply to the initial transmittal and also to any redistribution, forwarding or re-

publication of problematic electronic communications. All such activities potentially violate the Code and/or Rules and Regulations.

Violations of Content include:

- Communications that contain harmful gossip, erroneous, malicious, threatening, disparaging, disrespectful, offensive or non-constructive critical comments about the Club, its Members or employees;
- Communications that interfere with the performance of Club duties by employees;
- Communications that otherwise damage the reputation of the Club, its Members or employees;
- Communications that interfere with or disturb the peaceful enjoyment of the Club; and
- Communications that use rude, vulgar, threatening, harassing, defamatory, ridiculing, or otherwise offensive or inappropriate language.

The foregoing is not intended as an exhaustive listing of the types of content that may render an electronic communication violative of the Code and/or Rules and Regulations. The Club expects its Members to act with an appropriate degree of decorum and civility in their communications with one another and the Club. Content that is inconsistent with the foregoing violates the Code and/or Rules and Regulations.

Violations of Distribution

If an electronic communication is in violation of the description above or the spirit of the description, its ***distribution*** to others becomes an additional aspect of the violation of the Code or Rules and Regulations as follows:

- A Member originating a prohibited electronic communication is directly responsible for its content and distribution, regardless of how it is distributed. This means that:
  - All electronic communications that come to the attention of the Club – even if originally distributed only to presumed friends and confidants – may be brought to the attention of the Club and may be the subject of discipline if the content of the communication is found to violate the Code and/or Rules and Regulations;
  - Members who receive an electronic communication that they believe contains prohibited content may make a complaint to the Club;
  - An electronic communication that contains improper content, but is sent “anonymously,” may violate the Code and/or Rules and Regulations despite the ostensible “anonymity” of the initial sender; and
  - Members who originate electronic communications that are injurious to the Club’s reputation, another Member or Club Management, that are found to have been distributed to non-Members, the public or other clubs, will be held accountable regardless of how the distribution took place.

- Members who knowingly receive and then forward prohibited electronic communication to other Members, the public or other clubs may be held accountable for that distribution.
- In addition to their responsibility for the content of electronic communications that they knowingly receive and forward, other conduct by Members may subject them to discipline if the underlying communication violates the Code and/or Rules and Regulations:
  - Forwarding electronic communications and removing the originating source, thereby concealing the initial identity of the initial source or origin of the communication;
  - Originating or forwarding or distributing electronic communications in a manner that conceals the identities of those copied; and
  - Originating or forwarding electronic communications that affirm or condone another communication that is in violation of the Code or Rules and Regulations.
- Members who use the Club's private directory other than for personal/social and non-business purposes may be in violation of the Code and/or Rules and Regulations.
- Use of "blind" recipient electronic communications that refer to Club affairs and operations including Club Management, employees or the Board may violate the Code and/or Rules and Regulations.

### **Conduct Involving Verbal Communications**

Protection of Members from being subjected to inappropriate verbal harangues or verbal abuse is critical to every Member's peaceful enjoyment of the Club. The Members' general freedom of expression must be exercised in a manner that does not infringe upon the rights of others. In order to strike a proper balance between these competing interests, the Club has enacted and will enforce reasonable restrictions that are commonly adhered to by the members of fine private clubs.

Ordinarily, the Club will not be concerned with private, consensual communications between Members that are not overheard by others. Problems arise, however, when communications are made to or overheard by persons who are offended or otherwise object to the content or manner of the communication.

In the context of verbal communications, improper content is similar to that previously addressed regarding electronic communications.

With regard to the manner of verbal communications, Members should ensure that their conversations occur in a manner, at a volume and in a location where they are not likely to be overheard by others. For this reason, Members should take particular care with regard to verbal communications made at Club facilities or at public locations in the presence of third-parties.

The items discussed in this previous section are addressed in more depth because they are the most relevant and common areas where Members may engage in unbecoming conduct. The additional areas where Member conduct is an issue are listed below.

## **5. OTHER PROVISIONS**

### **Failure to Comply With Provisions of the Club Bylaws and/or Rules and Regulations, Including But Not Limited to:**

- Failing to present proper identification or follow approved check-in procedures at any Club facility;
- Club use in violation of the membership agreement;
- Failing to properly authorize guests using Club facilities;
- Aiding third-parties to gain unauthorized access to the Club;
- Hosting guests in violation of guest policies;
- Failing to observe appropriate dress codes;
- Violating cell phone policies;
- Billing dishonesty;
- Charging another Member's account for use of Club facilities or for purchase of goods or services;
- Bypassing Club membership sales policies;
- Theft or damage to Club property and failing to report its occurrence;
- Pilfering Club-provided supplies and amenities from Club facilities;
- Reprimanding a Club employee;
- Failing to take and follow direction from golf staff while using golf facilities;
- Unauthorized parking and hazardous driving on Club property; and
- Repeated no shows for Club reservations of facilities or events.

### **Failure to Comply with Election Procedures and Campaign Rules and Regulations, Including But Not Limited to:**

- Interfering with any Club vote or election process; and
- Attempting to unduly influence the outcome of a vote or election;

### **Other Unbecoming Conduct, Including But Not Limited to:**

- Falsely accusing another Member or employee;
- Engaging in illegal activities; and
- Lack of candor in any proceeding of the MSC.