

**ELK STREAM RANCH**  
A Colorado Common Interest Community  
Located in T36N R13W, T35N R13W, T36N R12W and T35N R12W, N.M.P.M.  
Montezuma County and La Plata County, Colorado

Elk Stream Ranch Property Owners Association, Inc.  
A Colorado Non-Profit Corporation

POLICIES

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**POLICY #3-2010: CONFLICT OF INTEREST POLICY**

Adopted August 6, 2010

Amended 8-30-, 2018

The following procedures have been adopted by the Elk Stream Ranch Property Owners Association, Inc., a Colorado Non-Profit Corporation ("Association") pursuant to C.R.S. §38-33.3-209.5, and in accordance with C.R.S. §38-33.3-310.5, 7-128-501, the Governing Documents of the Association, and the Act at a regular meeting of the Board.

**Purpose:** The Association desires to ensure that the Board and all individuals appointed to committees of the Board maintain a high standard of ethical conduct in the performance of the Association's operations and adhere to the standards and requirements of the Act. By adopting a policy governing the handling of conflicts of interest of Board and Committee members, the Board hopes that the Owners will be able to have confidence in and respect for the Association's leadership.

**NOW, THEREFORE, IT IS RESOLVED** that the Association does hereby adopt the following policy to govern the handling of conflicts of interest of Board and Committee members:

**Part I. Conflicting Interest Transaction**

**1. Conflicting Interest Transaction.** A "conflicting interest transaction" is a contract, transaction, or other financial relationship between the Association and a Director or Committee member of the Association, or between the Association and a party related to a Director or Committee member, or between the Association and an entity in which a Director or Committee member of the Association is a director or officer or has a financial interest. A "party related to a Director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director, Committee member or a party related to a Director or Committee member has a beneficial interest, or an entity in which a party related to a Director or Committee member is a director, officer, or has a financial interest. The term "Director" or "Board member" as used in this Policy includes Committee members, and this Policy shall apply in its entirety to Committee members in the same manner as if they were a Director of the Association, whether or not the provision specifically states its applicability to Committee members.

**2. Loans Not Allowed.** No loans shall be made by the Association to its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

**3. Determination of Quorum.** Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction.

**4. Conduct Regarding Conflicting Interest Transactions.** No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the conflicting interest transaction involves: 1) a director of the Association or 2) a party related to a director or 3) an entity in which a director of the Association is a Director or officer or has a financial interest. The director with the conflicting interest may be present at and participate in the meeting of the Association's Board or of a committee of the Board addressing the conflicting interest transaction.

**5. Actions of the Association.** The Association may authorize, approve, or ratify the conflicting interest transaction if:

**a. Board Approval.** The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

**b. Member Approval.** The material facts as to the Director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon; or

**c. Fair to Association.** The conflicting interest transaction is fair as to the Association.

**6. Records of Proceedings.** The minutes of meeting of the Board and all committees with Board delegated powers shall contain the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflicting interest transaction, the nature of the conflicting interest, any action taken as a result, and the Board's or committee's decision.

## **Part II. Gift Policy**

**7. Gifts Not Allowed.** To avoid a conflict of interest, the appearance of a conflict of interest, and in order to demonstrate the Association's commitment to treating all people and organizations impartially, Board or Committee members shall not accept gifts from vendors, suppliers, customers,

potential employees, potential vendors or suppliers, or any other individual or organization. All Board and committee members must abide by the following no-gift policy requirement.

a. No gifts of any kind, no matter the value, will be accepted by any Board member at any time, on or off the Association premises. A "gift," includes marketing materials as well as items of greater value. A "gift" also includes vendor or potential vendor or supplier-provided food, beverages, meals, or entertainment such as sporting events, and any business courtesy offered such as a product discount or any other benefit if the benefit is not extended to the entire Association. This policy is supplemental to other Association codes of conduct, ethics, standards, values, and policies in other company documents.

#### **8. Gift Exemptions.**

a. Exempted from this policy are gifts such as marketing materials that Board members may obtain at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event. This includes attendance at and food, beverages, and marketing materials provided at events, exhibitor trade show floor locations, press events, and parties funded by conference or event sponsors.

b. Exempted are cards, thank you notes, certificates, or other written forms of thanks and recognition.

c. Exempted are food, beverages, and moderately priced meals or tickets to local events that are supplied by and also attended by other current customers, vendors or suppliers in the interest of building positive business relationships with the Board. This moderately priced entertainment is provided as part of a "working" meeting or session to benefit and advance positive working relationships and Association interests. These types activities may be reciprocated by the Association in turn.

d. Exempted are food, beverages, and moderately priced meals for Board and Committee members paid for in whole or part by others in the conduct of ordinary Association business.

**9. Notification.** Board Members are required to professionally inform vendors, potential vendors and others of this no-gift policy, and the reasons the Association has adopted the policy. Board members will request that vendors respect our company policy and not purchase and deliver any gift for our Board member(s).

#### **10. Received Gifts.** If a Board member receives a gift:

a. If feasible, the gift is returned to the vendor.

b. If not feasible to return the gift, the gift will be donated to a charity that the Board has identified for the calendar year.

**11. Interpretation.** If any Board member has questions about and/or needs clarification of any aspect of this policy, the Board member should address the matter at the next regular Board meeting. Any exceptions to the gift policy may be made only in accordance with Paragraph 5 of this Policy.

**PRESIDENT'S CERTIFICATION:** The undersigned, being the President of the Elk Stream Ranch Property Owners Association, Inc., a Colorado Non-Profit Corporation, certifies that the foregoing Resolution was approved and adopted by the Board, at a duly called and held meeting of the Board on (date) 8/30/18 and in witness thereof, the undersigned has subscribed his name.

Elk Stream Ranch Property Owners Association, Inc.,  
a Colorado Non-Profit Corporation

ATTEST

By: 

TOM OLSON, President

By: 

KERI SURABIAN, Secretary