

**EAGLE PEAK RANCH PROPERTY OWNERS ASSOCIATION
RESOLUTION 2015-02**

**Conflict of Interest Policy, Code of Conduct and Ethics,
Limitation of Liability of Directors and Officers, and Indemnification**

For Board Members and Officers

The Eagle Peak Ranch Property Owners Association Board of Directors has adopted the following for its members and Officers:

Conflict of Interest

No loans shall be made by Eagle Peak Ranch Property Owners Association to its director or officers.

A “conflicting interest transaction” means a contract, transaction, or other financial relationship between Eagle Peak Ranch Property Owners Association and a director, Eagle Peak Ranch Property Owners Association and a party related to the director, or Eagle Peak Ranch Property Owners Association and an entity in which a director is a director or officer or has a financial interest. A “party related to a director” means a spouse, a descendant, an ancestor, a sibling, a spouse or descendant of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

Each director shall disclose to the Board (and property owners) any facts that he or she knows concerning whether any transaction being considered by Eagle Peak Ranch Property Owners Association is or could be a conflicting interest transaction. Each director is required to make this disclosure regardless of whether he or she is the director who has a relationship to or interest in the transaction.

If Eagle Peak Ranch Property Owners Association is considering entering into a transaction that Eagle Peak Ranch Property Owners Association has been informed is or could be a conflicting interest transaction, then the Board shall follow the procedure below:

- (a) The Chair shall inform the Board that each director is required to fully disclose all material facts as to a director’s relationship to or interest in the transaction.
- (b) The Chair shall invite each director to fully disclose all facts and information concerning his or her relationship to or interest in the transaction.
- (c) If a director knows or understands, upon information and belief, that any other director may have a relationship to or interest in the transaction that that such other director does not

disclose, then the director who has such knowledge or understanding shall disclose the knowledge or understanding regarding the other director's relationship to or interest in the transaction.

(d) After full disclosure, if the director who has a relationship to or interest in the transaction does not concede that his relationship to or interest in the transaction makes the transaction a conflicting interest transaction, then the remaining directors shall vote upon whether the transaction at issue is a conflicting interest transaction. The director whose relationship to or interest in the transaction is in question shall leave the room in which the remaining directors deliberate and vote on whether the facts and circumstances present a conflicting interest transaction. The remaining directors shall decide that issue by a vote of the majority of the disinterested directors. A disinterested director is a director who has no relationship to or interest in a transaction before the Board.

(e) If the remaining directors determine that a transaction at issue is a conflicting interest transaction, then the director whose relationship to the transaction makes it a conflicting interest transaction shall leave the room in which the remaining directors deliberate and vote on the transaction. The vote upon a conflicting interest transaction shall be by majority vote of the disinterested directors, even if the disinterested directors are less than a quorum. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board.

(f) The minutes of the meeting involving a conflicting interest transaction shall reflect all disclosures made and who made them, the action taken to determine whether a conflicting interest transaction existed, the Board's decision on whether a conflicting interest transaction existed, the identity of the directors whose relationship made the transaction a conflicting interest transaction and the nature of the conflict, and the vote on the conflicting interest transaction.

Notwithstanding the provisions above, and consistent with C.R.S. 7-128-501, a conflicting interest transaction shall not be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions solely because the conflicting interest transaction involves a director or a party related to a director or an entity in which the director of Eagle Peak Ranch Property Owners Association is a director or officer or has a financial interest or solely because the director is present at or participates in the meeting of the Board or solely because the director's vote is counted for such purpose if:

(a) 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, and the Board 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; and

(b) The conflicting interest transaction is fair as to Eagle Peak Ranch Property Owners Association.

Standard of Conduct and Ethics

Each director and officer shall discharge his or her duties as a director and officer, as well as his or her duties as a member of a committee of the Board:

- (a) in good faith;
- (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (c) in a manner the director or officer reasonably believes to be in the best interest of the Eagle Peak Ranch Property Owners Association.

The standard set forth in (a) – (c), above, is referred to as the “Standard of Conduct.”

In discharging duties and complying with the Standard of Conduct, a director or officer is entitled to rely on, and is in good faith by relying on, information, opinions, reports, and statements, including financial statements and other financial data prepared or presented by persons and groups whom the director reasonably believes to be reliable and competent in the matters presented. Such persons and groups include, but are not limited to:

- (a) one or more directors, officers, or employees of the Eagle Peak Ranch Property Owners Association whom the director or officer reasonably believes to be reliable and competent in the matters presented;
- (b) legal counsel, accountants, or other persons as to matters the director or officer reasonably believes are within such person’s competence;
- (c) a committee of the Board if the director or officer reasonably believes the committee merits confidence.

Reliance upon such persons or groups is not reasonable or in good faith if the director or officer has knowledge concerning the matter in question that makes such reliance unwarranted.

Limitation of Liability of Directors and Officers

To the fullest extent provided by the Colorado Revised Nonprofit Corporation Act (the “Act,” which is currently at C.R.S. 7-121-101 through 7-137-301, but includes subsequent amendments or renumbering), each director and officer shall have no personal liability to the Eagle Peak Ranch Property Owners Association for any amount for breach of fiduciary duty or for any other action taken or omitted as a director or officer. However, the protection afforded to each director and officer by the preceding provision shall not exist for the following acts or omissions:

- (a) a director or officer’s breach of his or her duty of loyalty to the Eagle Peak Ranch Property Owners Association;

- (b) a director or officer's acts or omissions that are not in good faith or that involve intentional misconduct or a knowing violation of the law;
- (c) acts specified as an unlawful distribution (as currently set forth in C.R.S. 7-128-403) and for taking or assenting to a loan to a director or officer (as currently set forth in 7-128-501(2));
- (d) a transaction from which the director or officer directly or indirectly derived an improper personal benefit.

Directors and officers are not, as such, personally liable for the acts, debts, liabilities, or obligations of the Eagle Peak Ranch Property Owners Association.

A director or officer shall not be personally liable for any amount for any injury to person or property arising out of a tort committed by an officer, director, employee, agent, or representative of the Eagle Peak Ranch Property Owners Association unless such director or officer was personally involved in the act or omission giving rise to the injury or unless such director or officer committed a criminal offense in connection with such injury.

A director or officer of the Eagle Peak Ranch Property Owners Association, in the performance of duties in those capacities, shall not have any fiduciary duty to any creditor of the Eagle Peak Ranch Property Owners Association arising only from the status as a creditor.

The protections afforded in this section shall not restrict other protections and rights, common law or otherwise, that a director or officer may have, nor shall they limit or modify the indemnity and insurance provisions of these bylaws.

Indemnification

The Eagle Peak Ranch Property Owners Association shall defend and indemnify all persons who are or were directors or officers to the fullest extent of and not inconsistent with the Act, including the provisions of C.R.S. 7-129-101 through 109, for and against all expenses and liability, as those terms are defined in C.R.S. 7-129-101. The Eagle Peak Ranch Property Owners Association shall defend and indemnify all persons who are or were directors or officers against expenses and liability reasonably and necessarily incurred by such person in connection with any proceeding, as that term is defined in 7-129-101(7), in which he or she is made a party by reason of having been a director, officer, employee, fiduciary, or agent of the Eagle Peak Ranch Property Owners Association. Such indemnification shall inure to the benefit of a director or officer's estate, personal representative, heirs, and beneficiaries.

The rights of indemnification to a director or officer shall be applicable to acts or omissions that occurred before the Board's approval of this Article and shall continue after such director or officer has ceased to be a director or officer of the Eagle Peak Ranch Property Owners Association. The amendment of all or any portion of these bylaws that would have the effect of limiting, qualifying, or restricting any of the rights or obligations in the Article shall not, solely by reason of such amendment, eliminate, qualify, or restrict the rights and obligations in this Article for any act or omission that occurred before such amendment.

Board of Director's Certification: the undersigned, respectively being the Board members of Eagle Peak Ranch Property Owners Association, a Colorado nonprofit association, certify that the foregoing Resolution 2015-02 was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on July 11, 2015, and in witness thereof, the undersigned have subscribed their names.

By: <u>[Signature]</u>	Date: <u>July 11/2015</u>
By: <u>[Signature]</u>	Date: <u>7/11/2015</u>
By: _____	Date: _____