

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE BUCKHORN VALLEY MASTER OWNERS ASSOCIATION**

**A RESOLUTION AFFIRMING AND RESTATING THE POLICY REGARDING BOARD
MEMBER CONFLICTS OF INTEREST**

WHEREAS, pursuant to Paragraph 8.15 of the Master Declaration of Covenants, Conditions and Restrictions for Buckhorn Valley, Town of Gypsum, Colorado (the "Master Declaration") and the Colorado Common Interest Ownership Act, Sections 38-33.3-201 *et seq.*, C.R.S., (the "Act the Buckhorn Valley Master Owners Association (the "Master Association") may adopt, amend, repeal and enforce policies, rules and regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of the Declaration, the operation of the Master Association, the use and enjoyment of any property subject to the Declaration; and

WHEREAS, any such policies rules and regulations are only effective upon adoption by resolution of the Board of Directors of the Master Association; and

WHEREAS, Section 38-33.3-209.5(1)(b)(II), C.R.S. requires the Master Association to adopt policies, rules and regulations concerning, among other things, handling of conflicts of interest involving members of the Board of Directors; and

WHEREAS, on April 19, 2011, the Master Association affirmed and ratified its policy with respect to the handling of conflicts of interest involving board members; and

WHEREAS, House Bill 11-1124, amended Section 38-33.3-209.5(1)(b)(II), C.R.S. and added Section 38-33.3-209.5(4), C.R.S., and now requires conflicts of interest policies to contain a definition or description of the circumstances under which a conflict of interest exists; procedures to follow when a conflict of interest exists; and a provision for the periodic review of the conflict of interest policy; and

WHEREAS, House Bill 11-1124 further requires that the policy remain in compliance with Section 38-33.3-310.5, C.R.S., which applies Section 7-128-501, C.R.S. of the Colorado Revised Nonprofit Corporation Act regarding conflicting interest transactions of board members; and

WHEREAS, the Master Association, acting through its Board of Directors, desires to amend and restate its policy regarding the handling of conflicts of interest involving board members to comply with the new requirements of Sections 38-33.3-209.5(1)(b)(II)&(4), C.R.S.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Buckhorn Valley Master Owners Association as follows:

1. General Duty. All members of the Master Association's Board of Directors (the "Board") shall endeavor to be free from conflicts of interest and operate as much as possible as an

“independent” Board member representing the interests of their elected constituents and the Buckhorn Valley community as a whole.

2. Conflict of Interest. A conflict of interest exists whenever any contract, decision, transaction or other action taken by or on behalf of the Board would benefit, financially or otherwise: (i) a director of the Board; (ii) a party related to a director of the Board; or (iii) an entity in which a director of the Board is also a director or officer of said entity or has a financial interest in said entity (“Conflicting Interest Transaction”).

a. Party Related To A Director. A party related to a director means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent 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.

b. Financial Interest. A financial interest includes the following:

(i) An ownership interest or investment interest in any entity or activity with which the Master Association has or contemplates a transaction or agreement;

(ii) A compensation arrangement with the Master Association or with any entity or individual with which the Master Association has a transaction or other agreement; or

(iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Master Association is negotiating a transaction or other agreement.

3. Disclosure of Conflict of Interest. In the event a conflict arises, the conflicted Board member shall announce the conflict of interest and all circumstances and details involved in the conflict in an open Board meeting prior to any discussion or vote by the Board on the Conflicting Interest Transaction. After disclosure, the conflicted Board member may participate in the discussion but shall not vote on the Conflicting Interest Transaction. The conflicted Board member may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies the Conflicting Interest Transaction. The minutes of the meeting shall reflect the conflict of interest disclosure made by the Board member, the abstention from voting, the composition of the quorum, and a record of who voted for and against the Conflicting Interest Transaction. In the event that a conflict of interest arises without the prior knowledge of the conflicted Board member, that Board member shall notify the Board President in writing within five (5) days after discovery. In the event the conflicted Board member is the Board President, the Board Member shall notify the Board Vice-President. The Board President (or Vice-President, if applicable) will determine whether the Board should hold a special meeting or wait until the next regularly scheduled Board meeting to vote again on the now known Conflicting Interest Transaction.

4. Conflicting Interest Transaction Not Void. No authorized, approved or ratified 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 Master Association, solely because of the existence of a conflict of interest as described in Paragraph 2 herein or solely because the conflicted Board member is present at or participates in the meeting of the Master Association's Board that authorizes, approves, or ratifies the Conflicting Interest Transaction if:

a. The material facts about the conflict of interest are disclosed to the Board and a majority of the disinterested Board members, even if less than a quorum, in good faith approves the Conflicting Interest Transaction;

b. The material facts about the conflict of interest are disclosed or are known to the Board members entitled to vote on the matter, and the Conflicting Interest Transaction is authorized in good faith by a vote of the members entitled to vote on the matter; or

c. The Conflicting Interest Transaction is fair as to the Master Association.

5. Failure to Disclose Conflict. Any Conflicting Interest Transaction authorized, approved, or ratified in violation of this policy shall be void and unenforceable. In such event, the Board, at the next meeting of the Board shall vote again on the Conflicting Interest Transaction authorized, approved, or ratified in violation of this Policy.

6. Loans to Board Members. No loans shall be made by the Master Association to its Board members, directors or officers. Any Board member, director or officer who assents to or participates in the making of any such loan shall be liable to the Master Association for the amount of such loan until the loan is repaid.

7. Policy Review. The Board shall periodically review this policy for handling conflicts of interest and may amend such policy as it deems necessary from time to time.

[Remainder of page intentionally left blank.]

ADOPTED THIS _____ DAY OF _____, 2011.

BUCKHORN VALLEY MASTER OWNERS
ASSOCIATION

By: _____
Its: _____

ATTEST:

By: _____
Its: _____