

CONFLICT OF INTEREST POLICY
FOR
KISSING CAMELS PROPERTY OWNERS ASSOCIATION
EXECUTIVE BOARD AND COMMITTEES

Approved on June 13, 2012

Background and Purpose: This policy is adopted pursuant to Section 38-33.3-209.5, C.R.S. of the Colorado Common Interest Ownership Act, which requires the Executive Board to adopt a written policy on handling conflicts of interest. Conflicts of interest are subject to Section 7-128-501, C.R.S. of the Colorado Revised Nonprofit Corporation Act. Members of the Executive Board and Committees (“Members”) have an obligation to conduct themselves without conflict to the interests of KCPOA, and must exercise their duties and powers in good faith and in KCPOA’s best interests.

1. Definition: A “Conflict of Interest” arises where a person’s obligations, work or actions on behalf of Kissing Camels Property Owners Association (“KCPOA”) could result in a monetary or non-monetary benefit to that individual, or his/her spouse, parents, children, siblings, business associates or an entity in which the individual has a financial interest (collectively, “Related Party”). The test for a prohibited Conflict of Interest is whether an objective and reasonable person would perceive the conflict as compromising the integrity and impartiality of the decision made on behalf of KCPOA.

2. Persons Subject to this Policy: Members of the KCPOA Executive Board and Committees. KCPOA independent contractors, agents, employees and other representatives who have knowledge of a potential or actual Conflict of Interest have an obligation to disclose the potential or actual Conflict of Interest to the Executive Board or Committee before a vote is taken on a proposed action.

3. Policy: A Member shall refrain from voting on any contract, decision or other action in which he or she has a Conflict of Interest. A person subject to this policy who would not have a vote (such as a KCPOA independent contractor or other representative) and who has knowledge of the proposed action to be taken by the Executive Board or Committee must disclose to the Executive Board or Committee any Conflict of Interest prior to the vote being taken. In their capacity as Members, they must subordinate personal, individual business, third-party, and other interests to the welfare and best interests of KCPOA. In accordance with this policy, a Member may not vote on a matter where the Board or Committee member, or a Related Party (as defined below) will receive more than an incidental benefit beyond that received by the entire KCPOA membership because of the vote.

A Member must disclose, preferably in writing to the Executive Board, any known Conflict of Interest that exists as of the date the person takes office or at such time as a Conflict of Interest arises during the Member’s term.

No contract or other action in which a Conflict of Interest exists 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 or on behalf of KCPOA or a KCPOA member, solely because the Conflict of Interest involves a member of the Executive Board or a Committee or a Related Party, or solely because the member of the Executive Board or Committee is present at or participates in the Board or Committee meeting that authorizes, approves, or ratifies the contract or other action involving a Conflict of Interest, or solely because the Member's vote is counted for such purpose if:

a) the material facts as to the Member's relationship or interest and as to the Conflict of Interest are disclosed or are known to the Executive Board or Committee, and the Executive Board or Committee in good faith authorizes, approves, or ratifies the matter in which the Conflict of Interest has arisen by the affirmative vote of a majority of the disinterested Members, even though the disinterested Members are less than a quorum; or

b) the material facts as to the Member's relationship or interest and as to the Conflict of Interest are disclosed or are known to the KCPOA members entitled to vote on the matter, and the matter in which the Conflict of Interest has arisen is specifically authorized, approved, or ratified in good faith by a vote of the KCPOA members entitled to vote; or

c) the matter in which the Conflict of Interest has arisen is fair to KCPOA.

The following examples illustrate the policy:

Example #1: Decisions by the Executive Board (such as approving a road paving contract) that benefit all residents in Kissing Camels Estates, including the members of the Executive Board in their personal capacities, are not prohibited by this policy. However, a paving contract awarded to an Executive Board member's sibling would require the interested member to disclose the Conflict of Interest and abstain from voting on the contract award.

Example #2: The spouse of KCPOA's community manager is a landscape contractor and wants to bid on a KCPOA landscape contract. The community manager should disclose to the Executive Board the spouse's intention to bid in advance, and the Executive Board can decide whether to allow a "blind bidding" process to occur so the spouse can have the opportunity to bid, or not to allow the spouse to bid at all. If the spouse is allowed to bid, the community manager should be recused from the bidding, contracting and contract management process.

Example #3: A resident is appointed to the Architectural Committee. The resident's son is a home builder who frequently builds homes in Kissing Camels. The resident should disclose in writing the relationship to the Executive Board upon appointment to the committee and should abstain from voting on any matter related to a home under construction by the son.

4. Procedures:

a. A person who identifies a Conflict of Interest regarding his or her involvement in a KCPOA matter must disclose the Conflict of Interest to the Executive

Board or Committee members prior to or at the meeting where the issue is discussed or the action is taken. The person must declare the Conflict of Interest prior to any discussion or action on the matter and may then participate in the discussion, if allowed by a majority vote of the disinterested Members present at the meeting, but the person cannot vote on the matter. The meeting minutes should reflect the person's participation, if any, in the discussion and his or her abstention from any vote.

b. A person subject to this policy who identifies a potential Conflict of Interest (meaning the person is not sure whether or not the situation creates a Conflict of Interest as defined above) must disclose the potential Conflict of Interest to the Members prior to or at the meeting where the issue is discussed or the action is taken. The disinterested Members will discuss the situation and make the final determination regarding the person's participation and entitlement to vote on the matter. The decision of the disinterested Members should be reflected in the meeting minutes.

c. If a Member, or any other person, believes that an actual or potential Conflict of Interest by another person subject to this policy exists, the Member or other person has an obligation to disclose his or her belief to the other board or committee members prior to or at the meeting where action is taken. The potential Conflict of Interest will be discussed in the presence of the person believed to have a Conflict of Interest, and the person will be allowed to participate in the discussion. The disinterested Members will make the final determination regarding the person's participation and entitlement to vote on the matter. The decision of the disinterested Members should be reflected in the meeting minutes.

5. **Annual Review:** The Executive Board shall review this policy annually.

6. **Amendments.** The Executive Board may amend this policy at any time, provided that it remains in compliance with Colorado law.

7. **Enforcement:** The Executive Board has the authority with respect to the interpretation and application of this policy. The Executive Board has the right to modify or reverse any determination or action taken under this policy.

8. **Compliance with Law:** This policy is subject to Section 38-33.3-310.5, C.R.S. (executive board conflicts of interest from the Colorado Common Interest Ownership Act) and Section 7-128-501, C.R.S. (conflicting interest transaction from the Colorado Revised Nonprofit Corporation Act). To the extent there is a conflict between the terms of this policy and Colorado statutes, the statutes will prevail.