

**GRANBY RANCH CONSERVANCY INC.
REVISED POLICY AND PROCEDURE
REGARDING CONFLICTS OF INTEREST**

Adopted October 18, 2006
Effective December 1, 2006

The following resolution has been adopted by the Board of Directors ("Board") of Granby Ranch Conservancy Inc. ("Association") pursuant to Colorado statutes, at a meeting of the Board to establish a policy and procedure for handling conflicts of interest by Board members.

RECITALS

- (a) The Board has previously adopted a Policy and Procedure Regarding Conflicts of Interest pursuant to Section 310.5 of the Colorado Common Interest Ownership Act, CRS § 38-33.3-101 *et seq.* ("CCIOA").
- (b) In 2006, Section 310.5 was significantly amended, and the Board desires to revise this policy to be in accordance with the revised Section 310.5 of CCIOA.
- (c) The Board wishes to adopt requirements for its Board Members in order to assure sound management of the Association.

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the following Policy and Procedures regarding Conflicts fo Interest:

I. Conflicting Interest Transaction.

A Definitions.

- (1) **Conflicting Interest Transaction.** A contract, transaction, or other financial relationship:
 - (a) between the Association and a Board Member; or
 - (b) between the Association and a party related to a Board Member; or
 - (c) between the Association and an entity in which a Board Member is also a director or officer, or has a financial interest.
- (2) **Officer.** Any person designated as an officer of the Association and any person to whom the Board delegates responsibilities under CCIOA including a managing agent, attorney or accountant employed by the Board.

B. Dealing with a Conflicting Interest Transaction.

- (1) 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 an owner/member of the Association or by or in the right of the Association as a nonprofit corporation, solely because the conflicting interest transaction involves a Board Member or a party related to a Board Member or an entity in which a Board Member of the Association is a director or officer or has a financial interest or solely because the Board Member is present at or participates in the meeting of the Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the Board Member's vote is counted for such purpose.
 - (a) The material facts as to the Board Member'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 Board Members, even though the disinterested Board Members are less than a quorum; or
 - (b) The material facts as to the Board Member's relationship or interest and, as to the conflicting interest transaction, are disclosed or are known to the Board Members (or members of a committee) entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Owners/Members; or
 - (c) The conflicting interest transaction is fair as to the Association.
- (2) Common or interested Board Members 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.
- (3) For purposes of this Policy, a party related to a Board Member shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Board Member or a party related to a Board Member has a beneficial interest, or an entity in which a party related to the Board Member is a director, officer, or has a financial interest.

II. Loans Prohibited.

No loans shall be made by the Association to any Board Member or Officer. Any Board Member 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.