

**PORTAL ESTATES HOMEOWNERS ASSOCIATION
BOARD POLICY AND PROCEDURE
REGARDING CONFLICTS OF INTEREST**

Adopted January 8, 2024

The following resolution has been adopted by Portal Estates Homeowners Association, Inc. (“Association”) pursuant to Colorado statutes, at a meeting of the Board of Directors (“Board”) to establish a policy and procedure for handling conflicts of interest by Board members.

RECITALS

- (a) The Board wishes to avoid self-dealing, actual or apparent, in its administration of the Association.
- (b) The Board wishes to adopt requirements for Directors in order to assure sound management of the Association.

NOW, THEREFORE, BE IT RESOLVED that the following shall apply:

Requirements Upon All Directors.

- A. All Directors shall exercise their power and duties in good faith and in the interest of, and with utmost loyalty to the Association and owners. All Directors shall comply with all lawful provisions of the Association’s Declaration, Bylaws, Articles of Incorporation, and Rules and Regulations.
- B. A duality of interest or possible conflict of interest is any interest on the part of a Director that serves a personal interest or that of any family member, extended family member, friend, neighbor or business interest in a manner that could be considered unfair to other Owners in the Association as determined by a majority of the Directors other than the interested Director.
- C. Any duality of interest or possible conflict of interest on the part of any Director shall be disclosed to the other Directors at the first meeting of the Board at which the interested Director is present after the conflict of interest is or should be discovered. Such disclosure shall be made a matter of record in the minutes of the Board meeting at which the disclosure of the conflict or possible conflict of interest is made.
- D. The interested Director shall leave the meeting during any time when discussion of any topic related to the conflict or possible conflict of interest is conducted. The minutes of the meeting shall reflect that the interested Director did not participate in the discussion and left the meeting during the discussion.

- E. Any Director having a duality of interest or possible conflict of interest on any matter shall not vote or use his or her personal influence on the matter. The minutes of the meeting shall reflect the abstention from voting and the reason for the abstention.
- F. The foregoing requirements shall not be construed as preventing the interested Director from briefly stating his or her position in the matter nor from answering pertinent questions of other Board members since his or her knowledge may be of great assistance.
- G. Any breach or suspected breach of this resolution by a Director shall be brought to the attention of the remaining Board members for appropriate action.
- H. If the remaining Board members by a majority vote determine that a breach of this resolution has occurred, it may impose sanctions upon the interested Director as appropriate and reasonable. If the breach is determined by a majority vote of the remaining Directors to be knowingly and willfully committed, the Board may accept the breach as the interested Director's resignation from the Board of Directors.
- I. 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 (a) the conflicting interest transaction involves a Board member or a party related to a Board member or an entity in which the Board member is a director or officer or has a financial interest, or (b) the Board member is present at or participates in the meeting of the Association's Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction, or (c) the Board member's vote is counted for such purpose if:
 - i. 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 directors, even though the disinterested directors are less than a quorum; or
 - ii. 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 entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Board members entitled to vote thereon; or
 - iii. the conflicting interest transaction is fair as to the Association.

- J. The Board shall review the Policy and Procedure contained in this resolution periodically, but no less than annually, for its effectiveness.
- K. From the date of adoption of this resolution set forth above, all Directors shall serve subject to the requirements of this resolution.

IN WITNESS WHEREOF, the undersigned has executed this Resolution the 8th day of January, 2024.

Portal Estates Homeowners Association, Inc.

By: *Joel Groebner*
Joel Groebner (Jan 8, 2024 00:23 MST)

President

By: *Dinah McKay*
Dinah McKay (Jan 7, 2024 21:58 MST)

Secretary