

RESOLUTION
OF THE BOARD OF DIRECTORS OF THE
LEWIS POINTE METROPOLITAN DISTRICT

Establishing Policies Regarding Conflicts of Interest ("Policy")

WHEREAS, Lewis Pointe Metropolitan District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, Section 18-8-308, C.R.S., identifies the penalties imposed on a public servant for failure to disclose a conflict of interest; and

WHEREAS, Section 24-18-104, C.R.S., provides rules of conduct for all public officers, local government officials, and employees; and

WHEREAS, Section 24-18-105, C.R.S., provides ethical principles for public officers, local government officials, and employees; and

WHEREAS, Section 24-18-109, C.R.S., provides certain rules of conduct for local government officials and employees; and

WHEREAS, Section 32-1-902(3)(b), C.R.S., provides certain rules regarding board member compensation and voting on issues where a board member has a conflict of interest; and

WHEREAS, Section 32-1-1001(d)(II), C.R.S., provides certain rules and restrictions regarding contracts between the District and a board member (or an entity controlled by a board member); and

WHEREAS, the District Board of Directors ("Board") wishes to set forth this Policy for defining conflicts of interest, monitoring and managing conflicts of interest and establishing a code of ethics for purposes of complying with the Colorado Law and maintaining the confidence of District residents in its elected Board;

WHEREAS, the Board desires to adopt this Policy.

NOW, THEREFORE, the Board hereby RESOLVES:

1. General Duty.

The Board shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties within the District. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the District. All Directors shall comply with all lawful provisions of the Declaration, Design Guidelines, this Policy and Colorado Law.

2. Definitions.

"Confidential District Information" includes (a) phone numbers and emails of district residents and homeowners that has been collected by the District and for which no express permission has been provided by the owners to disclose such information to the general public, (b) information and opinions discussed by Board members in an executive session, and (c) information and Board communications that are subject to attorney/client privilege. Property account balances with the District are not considered confidential information. However, communications and information connected to any lawsuits filed against homeowners regarding non-compliance with the Declaration is considered Confidential District Information.

"Conflicting Interest Transaction" includes (a) a contract, transaction, or other financial relationship between the District and (i) a Director, (ii) a Party Related to a Director, (iii) an entity in which a Director is a director or

officer or has a significant financial interest¹ or (iv) an entity which has significant contractual business relationships with an entity in which a Director is a director or officer or has a significant financial interest² and (b) a contract, transaction, or other financial relationship between a Director and a person or entity who has filed a lawsuit against the District or is threatening to file a lawsuit against the District.

"Director" means a member of the District's Board of Directors;

"Party Related to a Director" means a spouse, spousal equivalent, dependent, an estate or trust in which the Director or a Director's spouse, spousal equivalent, or dependent has a beneficial interest, or an entity in which a Director's spouse, spousal equivalent, or dependent is a director or officer has a significant financial interest.

3. **Disclosure of Conflict.**

Directors are responsible for ensuring conflict of interest disclosures filed with the Colorado Secretary of State are complete and accurate. Directors shall contact and consult with the District's attorney regarding all potential Conflicting Interest Transactions. All Conflicting Interest Transactions must be separately identified and disclosed within the conflict of interest disclosure filed with the Colorado Secretary of State.

At the beginning of each board meeting, Directors shall verbally disclose whether they are party to any existing Conflicting Interest Transaction or may become party to a Conflicting Interest Transaction depending on the outcome of business to be conducted by the Board at the meeting. Directors shall be prohibited from voting on matters related to existing Conflicting Interest Transactions and matters that may create a Conflicting Interest Transaction (for example, approving a service contract, loan or other financial transaction with a Director-owned company or employer of a Director). Director(s) who are party to such transactions (or potential transactions) shall not participate in nor be present for any Board discussions on such matters. The minutes of the meeting shall reflect the disclosures made by Directors, the abstention from voting, the composition of the quorum and record who voted for and against any matter regarding a Conflicting Interest Transaction.

4. **Conflicting Interest Transaction.**

Conflicting Interest Transactions shall only be considered by the Board after the facts regarding the Conflicting Interest Transaction are disclosed to the Board. A majority of the disinterested Directors, even if less than a quorum, in good faith may approve a Conflicting Interest Transaction.

5. **Code of Ethics.**

In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:

- A. No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
- B. No contributions will be made to any political parties or political candidates by the District.
- C. No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person³ who is seeking to obtain contractual or other business or financial relationship with the District.
- D. No Director shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.

¹ Significant financial interest refers to the significance of the interest to the entity (as opposed to the person who owns the interest) and does not necessarily need to be a majority ownership interest.

² Significant financial interest refers to the significance of the interest to the entity (as opposed to the person who owns the interest) and does not necessarily need to be a majority ownership interest.

³ This includes homeowners who are submitting design request forms to the Board for review and consideration.

- E. No loans shall be made by the District to its Directors or Officers.
- F. No Director shall interfere with a contractor engaged by the District while a contract is in progress. All communications with District contractors shall go through the Board President or be in accordance with this Policy.
- G. No Director shall harass, threaten, or attempt through any means to control or instill fear in any Owner, Director or agent of the District.
- H. Directors shall refrain from representing to anybody that they individually can speak on behalf of the entire Board regarding any matters that must be voted on by the entire Board. Directors are expressly prohibited from executing any contract or transaction or approving/denying any design request form without first allowing the Board to vote on the matter.
- I. Any Director convicted of a felony shall be removed from the Board as required per 32-1-905(1) CRS.
- J. No Director shall knowingly misrepresent any facts to any District resident, Director, contractor or other person or entity to whom the District provides services or with whom the District conducts business or may conduct business.
- K. Directors shall not disclose Confidential District Information to any person or entity without first obtaining Board approval.

6. **Director Compensation.**

No Director shall receive any compensation as an employee of the District. However, each Director may receive as compensation for the Director's service a sum not in excess of \$1,600 per annum, payable not to exceed \$100 per meeting attended.

Board approval of the budget (which includes approval of the per-meeting stipend) and any subsequent amendments thereto are binding on the Directors. Directors shall not subsequently lay claim to a higher meeting stipend than what was ratified by the Director at the budget meeting.

7. **Deviations.**

The District may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

8. **Definitions.**

Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

9. **Supplement to Law.**

The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the District and the Property.

10. **Severability.**

If any term, condition or provision of this Policy shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Policy, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Policy a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

ADOPTED this 3rd day of May 2021.

LEWIS POINTE METROPOLITAN DISTRICT

DocuSigned by:
Peter Adler
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Peter Adler, Board President

ATTEST:

DocuSigned by:
Anthony Garcia
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Board Secretary