

BIG SKY OWNERS ASSOCIATION
BOARD OF DIRECTORS POLICY RESOLUTION

POLICY: CONDUCT AND CONFLICT OF INTEREST

Date of Board Adoption: 19 June 1997 Policy No.: 97-010(R1)

Effective Date: 19 June 1997 Date(s) Revised: 17 July 1997

RESOLUTION

- Whereas, The Big Sky Owners Association, Inc. (Association) is filed with the Montana Secretary of State as a public benefit, nonprofit Montana Corporation; and
- Whereas, The Association Bylaws (Article VIII, Section A) assigns the Board of Directors (Board) all powers and duties necessary for the administration of the affairs of the Association which are enabled by law, the Covenants, The Articles or the Bylaws and which are not exclusively reserved for the membership; and
- Whereas, Montana Code Annotated (35-2-418) specifies that certain steps shall be taken to avoid conflicts of interest of directors; and
- Whereas, The Board has determined that it is in the best interest of the Association to develop and specify standards of conduct, which reinforce and supplement Montana Code, to which Board members and members of committees of the Association are held, and to specify a process for considering contracts and other issues where an actual or perceived conflict of interest exists;

Now, Therefore Be It Resolved That the following standards of conduct exist for each member of the Board and its committees:

1. The duty to act in accordance with good faith judgment and in the best interest of the Association.
2. The duty of loyalty to the Association.
3. The duty to avoid conflicts of interest in transactions with the Association in which a Board member or committee member has a direct or indirect interest.
4. The duty to maintain confidences of the Association.
5. The duty to comply with Montana State Law, and relevant provisions of the Covenants, Articles and Bylaws of the Association.

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And Be It Further Resolved That if the Board of Directors or a committee considers (a) a matter which may have a direct and personal affect on a Board member or a committee member, or a person or entity with which a Board member or committee member is associated, or (b) a proposal presented by a Board member or committee member, or an entity or person with which the Board member or committee member is associated, the following conditions shall apply to consideration of the contract or issue:

1. The fact of the member's interest must be disclosed in writing to the Board or committee by the member with the potential conflict.
2. Such interest must be noted in the minutes.
3. The member with the conflict of interest shall not participate in the discussion or in the voting upon the issue which is the subject of the member's conflict. However, a transaction involving a member's conflict of interest is authorized, approved or ratified if it receives the affirmative vote of a majority of the directors on the Board, or on the BSOA committee, who have no direct or indirect interest in the transaction.
4. The Board or committee must authorize, approve or ratify any proposed contract or transaction in good faith by a vote sufficient for the purpose.
5. The contract or transaction must be financially reasonable to the Association at the time it is authorized, ratified approved or executed.

And Be It Further Resolved That if (a) the Board member or committee member fails to disclose the circumstances or relationship giving rise to a potential conflict of interest, and the Board or committee is otherwise made aware of the potential conflict, or (b) the Board member or committee member chooses to participate in consideration of a matter in which that Board or committee member has a potential conflict, the Board or committee may vote by majority vote to exclude the member from voting on the matter giving rise to the potential conflict.

And Be It Further Resolved That each Board member at the beginning of his/her term shall disclose in writing, for the record and file, any potential conflict that he/she perceives by virtue of office or position held, business interest held, property owned, or for any other reason.

This Resolution supersedes all other Policies regarding conduct or conflict of interest.



Chair, BSOA Board of Directors

Date 8-18-97



Secretary, BSOA Board of Directors

Date 13 Aug 1997