

RESOLUTION
(Conflict of Interest and Contracting Rules)

WHEREAS, the Board of Directors of the Parker Jordan Metropolitan District has the power, pursuant to Section 32-1-1001(1)(m), C.R.S. to adopt bylaws and rules and regulations governing its affairs; and

WHEREAS, the Board has determined that a member of the Board having a personal interest in the outcome of the business of the District, whether or not disclosed, can give the appearance of impropriety, hamper the objectivity of all members of the Board, and, if the Board member needed to recuse himself or herself from a vote due to a conflict, lessen the value of the Board member to the District. Consequently, Board members should avoid situations in which either they, or members of their family, shall personally profit, or otherwise reap a financial benefit, from the activities of the District, even if all laws, rules and regulations concerning disclosure of conflict of interest, participation and ethics have been followed; and

WHEREAS, the provisions of this Resolution shall apply in addition to state statutes concerning conflicts of interest, including Sections 32-1-902(3)(b) and (4), 18-8-308, and the Code of Ethics in Section 24-18-201, et seq., C.R.S.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS THAT:

1. (a) General Rule. No member of the Board, or any immediate family members thereof, may have or acquire any interest, direct or indirect, in any property known to be included in any District project or in any contract or proposed contract for materials or services

to be furnished or used in connection with any District project or activity. If any such Board member owns or controls or has an immediate family member who owns or controls any such interest, he or she shall disclose that fact in writing to the Board. After the disclosure is made, the Board member shall not attempt to influence the other members of the Board or any consultant of the District and shall not vote on any action by the Board that affects implementation of the District project or activity unless the remaining members of the Board without potential conflicts of interest determine that, in light of the personal interest disclosed, the participation of the member would not be contrary to the public interest.

(b) Definitions (whether or not capitalized in the text).

- i. “Consultant” means the District manager, engineer, attorney, landscape maintenance contractor, auditor, or other firm or person engaged by the District.
- ii. “Direct interest” means the director would personally receive a pecuniary benefit from the action.
- iii. “Immediate family member” means the director, director’s spouse, director’s parents and parents-in-law, director’s children and director’s grandchildren, and director’s siblings.
- iv. “Indirect interest” means an immediate family member or a company or other entity that is owned by, controlled by, or pays the director will receive a pecuniary benefit from the action. Units of government and not for profit corporations shall not be

considered a “company or other entity” for purposes of this definition.

- v. “May” is permissive, “shall” is mandatory.
- vi. “Related party” means an immediate family member or a company or other entity that creates an indirect interest of a director.
- vii. “Shall” is mandatory, “may” is permissive.

2. State law. The requirements of Section 1 shall be in addition to any disclosure requirements of state law. In the event of a conflict between this Resolution and state law, state law shall prevail.

3. Disclosure.

(a) Responsibilities for Disclosure. It shall be the responsibility of each Board member who has or may have a potential conflict of interest to report the potential conflict to the District Manager, Attorney for the District, and Secretary of the District as soon as practical after the Board member becomes aware of the potential conflict, and at least 72 hours prior to a Board meeting in which an item raising the potential conflict is on the agenda.

(b) Filing of Disclosure Statements. The Attorney for the District or designee is directed to file written disclosure of such potential conflict on behalf of the Board member who has the potential conflict with the Secretary of State and Secretary of the District and who has informed the attorney in writing of the potential conflict.

(c) Disclosure in Meeting Packets. The District Manager is directed to include a written disclosure of potential conflicts of interest in the Board packet for each Board meeting, including new disclosures made since the last Board meeting, if practical, and if not practical (such as due to time or technological constraints), then the disclosures are to be provided in a separate communication to the Board (preferably via e-mail).

(d) Verbal Disclosure. At the start of each meeting of the Board, the Secretary of the District or designee shall verbally refer to the brief summary of the potential conflicts of interest of the Board members and ask all Board members whether new or additional disclosures are needed based on the items on the agenda for the meeting. A Board member with new or additional disclosures beyond those already read by the Secretary or designee, shall make such disclosure as the Board member deems necessary and may request that any agenda item that may raise the conflict be altered or removed from the agenda.

(e) Disclosure and Actions Concerning Certain Contracts. A Board member currently in office with a known possible direct interest or indirect interest in a contract to be entered into by the District: (i) in the near future (within one year to three months of the expected Board action on the contract) should not, and (ii) in the very near future (within less than three months of the expected Board action on the contract) shall not, unless disclosure has been made and the Director is otherwise authorized by the Board, provide substantive assistance to any potential party to the contract in the preparation of the District bid, RFP, RFQ or solicitation; a response to the same; evaluation of bids or responses; furnish pricing analysis; or assist with the negotiation of the terms of the contract.

4. Timing of Disclosure and Board Review.

- i. A Board member shall make the notification of any conflict of interest related to their service as a member at the time provided in Section 3 hereof or as soon as practicable if an unanticipated conflict arises during a meeting of the Board.
- ii. Following receipt of such notification at a Board meeting, the Board will review the nature of the conflict in light of the concerns previously noted (appearance of impropriety, hampering the objectivity of all members of the Board, and lessening the value of the member to the Board)
- iii. After the disclosure is made, the Board member shall not attempt to influence the other members of the Board or any consultant of the District and shall not vote on any action by the Board that affects implementation of the District project or activity unless the remaining members of the Board who do not have potential conflicts of interest determine that, in light of the personal interest disclosed, the participation of the member would not be contrary to the public interest.
- iv. If, contrary to the Board's determination, or in the event of a Board member's failure to disclose, and the Board member has attempted to influence the Board, voted on the matter, or not acted in the best interests of the District, then the Board may determine to sanction the Board member.

5. Sanctions.

(a) Board Comments. Any member of the Board may provide constructive criticism of another Board member.

(b) Potential Sanctions. In the event of a behavior involving a conflict of interest that the Board determines, by motion or resolution, warrants a sanction pursuant to Section 4 hereof, the Board may impose one or more of the following:

- i. A verbal reprimand during a Board meeting;
- ii. A written reprimand during or after a Board meeting;
- iii. A formal resolution of admonishment;
- iv. Request the manager or attorney for the District to investigate and report potential courses of action to the Board; or
- v. Such other action as the Board determines is reasonable under the circumstances.

(c) Board Action Required. A decision to impose any of the sanctions in 5(b) above may only be taken in the name of the District following the affirmative vote of at least three members of the Board (not including a vote by the member with the conflict).

6. Quorum. A Board member (regardless of whether such member may have a conflict of interest) shall be counted for purposes of determining whether a quorum exists at any Board meeting. For example, with five members on the Board, a quorum consists of three members, and a quorum will continue to exist so long as three members are present at the

meeting (in person, by telephone, or other means allowed by law), regardless of whether one or more of the three members who are present has or may have a potential conflict of interest.

7. Competition in Contracting.

(a) Where practical, the District will seek competitive bids for contracts where the aggregate payments by the District over the course of one year are reasonably expected to be over \$60,000. If obtaining bids is not practical due to time, cost of the bidding process, or other factors, and advertising for bids is not required under C.R.S. §32-1-1001(1)(d), then the District Manager may seek a minimum of three quotes from potential contractors prior to making a procurement of materials or services or both without advertising for bids.

(b) The Board's policy is to encourage competition in the provision of professional services to the District. Beginning in 2013 and on the following schedule thereafter, the Board will discuss and determine whether to seek bids, quotes, or proposals for professional services, with the possibility of changing the contractor if it is in the best interests of the District to do so:

2013: General District Management and Accounting

2014: Landscape Maintenance

2015: Engineer

2016: General Counsel

2017: Auditor

2018 – 2011: repeat the above sequence.

(c) The sequence in (b) above will be reviewed from time to time to avoid potential loss of 'institutional memory.' For example, the District will avoid changing (I) the

Manager and Attorney, or (II) the Landscape Maintenance and Engineer, or (III) the Accountant and Auditor; in the same year.

(d) Nothing herein shall limit the discretion of the Board to retain or discharge any consultant at any time in conformance with the terms of the consultant's contract.

(e) The Board may, from time to time, engage special counsel, project engineers, project managers, specialized landscape services, or other consultants on such schedules as the Board deems appropriate.

8. Miscellaneous.

(a) Audit Disclosure. Unless otherwise recommended by its external auditors, the District shall include disclosures of related-party transactions in its annual audit.

(b) Check Signing. In the event that a District check or payment is to be issued to a related-party, such check or payment shall not be signed or approved except at a Board meeting.

(c) Expense Reimbursements. Any reimbursement of Board member expenses exceeding \$1,000 in a calendar year shall be subject to review and approval of the Board. The District Manager shall include a list of any such reimbursement requests in the agenda package for the meeting in which such reimbursement is to be considered.

RESOLVED, THIS 14th day of May, 2013.

BOARD OF DIRECTORS,
PARKER JORDAN METROPOLITAN DISTRICT

Norman Sheldon

President

ATTEST:

[Signature]

Secretary