



Board of Director Policies  
DMEA Board of Directors

<b>Subject:</b> Director Responsibilities, Duties, & Standards of Conduct		<b>Policy Number:</b> 101
<b>Previous Revision:</b> 11/17/2020 & 02/23/2021	<b>Reviewed:</b> 07/25/2023	<b>Revised:</b> 07/25/2023

**OBJECTIVE**

To identify and define key responsibilities, legal duties, and standards of conduct of the Delta-Montrose Electric Association (DMEA) Board of Directors in order to ensure accountability in addition to proper management, administration, and regulation of DMEA's business.

**ACCOUNTABILITY**

The Board of Directors

**POLICY**

1. **General Responsibilities.**

- a. **Governance.** To govern DMEA as a member-owned cooperative and to take such actions on behalf of the DMEA membership that are consistent with the law and with DMEA's governing documents.
- b. **Rates, Tariffs, and Fees.** Adopt and revise DMEA rates, tariffs, and fees following recommendations from the CEO and input from DMEA members.
- c. **Policy.** Adopt DMEA's Board policies, ensuring that the provisions of the DMEA Articles of Incorporation and Bylaws are followed. Approve and revise regulations and policies regularly and as required.
- d. **Planning.** Set DMEA's overall program and engage in longer range strategic planning to establish its general course for the future. Participate in regular board self-evaluation and development.
- e. **Finance.** Establish fiscal policy and parameters, with budgets and financial controls. Review key financial documents, including the annual audit.
- f. **Legal.** Monitor and, as appropriate, ensure DMEA's compliance with all local, state, and federal laws and regulations. Follow DMEA's conflict-of-interest policies and adhere to the fiduciary duties and relevant standards of conduct.
- g. **Evaluation and Analysis.** Study information presented, consistently attend DMEA Board meetings and deliberations, and become skilled in analyzing the results achieved in key performance areas.
- h. **Communication with Membership.** Communicate the work of DMEA among the membership and in the community, consistent with DMEA Board policies.



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- i. **Cooperative Principles.** Support the *Seven Cooperative Principles*.
- j. **Leadership.** Recruit, supervise, retain, evaluate, and compensate the DMEA Chief Executive Officer.
- k. **Legal Representation.** Require that DMEA maintain a licensed attorney to represent the entity, which may be contracted externally or employed in-house.
- l. **Outside Advisors.** Contract consultants as deemed necessary to assist with its duties. Such engagement and scope should be clearly defined.

**2. Additional Responsibilities.**

- a. Serve on Board committees and/or additional representative roles to other Boards as designated by the Board.
- b. Conduct business meetings in accordance with appropriate parliamentary procedures and ensure accurate meeting minutes for disclosure to the membership.
- c. Review memberships and meter counts monthly, with the ability to suspend or terminate a membership if deemed appropriate within the parameters in the Bylaws.
- d. Encourage additional educational and certifications to maintain adequate industry knowledge to properly govern.
- e. Receive compensation, if desired, for Director duties.
- f. Ensure there is an annual meeting of the DMEA membership including a fair, accurate election process.
- g. Approve contracts requiring Board action and officer signatures.
- h. Delegate the necessary authority to the CEO to conduct the day-to-day operations and business affairs as deemed necessary to meet cooperative objectives.
- i. Support the advancement of legislation and public policy that further DMEA's goals.

**3. Duties and Responsibilities not of the Board.**

- a. Participate in any day-to-day operations or business affairs.
- b. Engage employees or contractors on DMEA matters.



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- c. Allow personal relationships to conflict with professional responsibilities.
- d. Attempt to make or influence any operational decisions outside of the boardroom.
- e. Be involved in any personnel matters other than the CEO.
- f. Speak on behalf of the Board or DMEA as an organization unless authorized.
- g. Work independently of the Board on matters related to DMEA.
- h. Leverage position on the Board of Directors for any special treatment.

**4. Fiduciary Duties and Standards of Conduct.**

a. **General Fiduciary Duties.** Colorado law imposes three primary fiduciary duties on DMEA directors: a *Duty of Loyalty*, a *Duty of Due Care*, and a *Duty Not to Usurp*.

i. **Duty of Loyalty.** Under the Duty of Loyalty, Directors must, in alignment with DMEA Board policies regarding communications:

- A. Act only in the best interests of DMEA.
- B. Place the interests of DMEA above personal interests.
- C. Avoid a substantial financial interest in any competing business.
- D. Avoid any conflict of interest, or even the appearance of such a conflict.
- E. Represent and support the interest of DMEA to elected and public officials.
- F. Disclose all information the Director has that may be materially relevant to DMEA's business or affairs.
- G. Publicly support decisions of the DMEA board except in extraordinary circumstances where the Director believes there is a clear and present threat to the survival of DMEA.

ii. **Duty of Due Care.** Under the Duty of Due Care, Directors must:

- A. Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.



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- B. Acquire the knowledge and skills necessary to govern DMEA's affairs.
- C. Study and adhere to all obligations imposed by the Articles of Incorporation, the Bylaws, and Board policies.
- D. Make every effort to attend all meetings of the Board and study materials sent prior to each Board meeting.
- E. Maintain proper qualifications, as identified in the DMEA Bylaws, to remain a member of the DMEA Board.
- F. If the Board should determine that an incumbent, nominee, or potential appointee lacks or has lost any of the necessary qualifications, it is the duty of the Board to remove such incumbent or to declare such nominee or potential appointee ineligible.

iii. **Duty Not to Usurp.** Under the Duty Not to Usurp, Directors must:

- A. Not pursue a business opportunity that might otherwise have been a business opportunity for DMEA without first letting DMEA consider the opportunity.
- B. Not engage in a business opportunity that competes with or is harmful to the business interests of DMEA.

- b. **Other Legal Duties.** In addition to fiduciary duties, a director's duties include a Duty of Obedience, a Duty to Act within the Scope of Authority, a Duty of Fairness, a Duty of Good Faith, and a Duty of Candor. Directors must also maintain the confidentiality of confidential information entrusted to them, except when disclosure is authorized by DMEA's CEO, General Counsel, Auditor, or is required by applicable laws or regulations.

5. **Conduct with Respect to Fellow Directors.** Directors must:

- a. Demonstrate mutual respect.
- b. Allow opportunity for other Directors to be heard on matters being considered.
- c. Abstain from revealing to persons other than Directors, the CEO, and the General Counsel any differences of positions among Directors on matters considered and acted upon by the Board. (This standard does not prevent fair and accurate publication of such differences to the system's members in relation to contests for Director elections or other matters to be voted upon by the members).



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- d. Reveal all information or interests that they may have and that may bear upon action being considered by DMEA.

**6. Director Access of DMEA Information.**

- a. Requests for information and access to DMEA resources and personnel must be made through the CEO. Directors should not engage employees, except on a general basis of cordiality, other than the CEO for information.
  - i. In the event of a complaint or investigation relating to the CEO, the Board shall not engage DMEA employees for information without the authorization of the General Counsel or such other individual provided for by relevant DMEA policy.
- b. In any instance in which a DMEA Director has sought access to information or data not generally or ordinarily made available or reported to the Board, the CEO shall so report to the Board at the most expedient opportunity.
- c. Information received by a Director pursuant to this policy shall not be revealed to any other person except to the remaining Directors, the CEO, and General Counsel. If any information received by a Director is sought by any governmental entity or is subject to future disclosure in litigation or by court order, the affected Director shall, as soon as practicable, promptly notify the CEO and General Counsel.

**7. Director Compliance and Acknowledgment.**

- a. All candidates, nominees, appointees, and current Directors shall receive copies of the DMEA Articles of Incorporation, Bylaws, and policies. All Directors will acknowledge they have read, understand, and intend to comply with these key corporate documents provided, and will sign a written acknowledgement to that effect.
- b. Any Directors violating any key corporate document will be subject to Board sanction, including a private or public censure, a written admonition, removal from any Board office, removal as a representative to other entities, excluded from participating in executive sessions, and being prohibited from attending regular or special meetings of the board. Before imposing any of the foregoing sanctions, the DMEA Board shall consider the severity of the offense, whether the violation was intentional, the number of violations, the willingness of the offending Director to come into compliance, and the potential harm to DMEA from the violations.



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Board of Directors President

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**Acknowledgement of DMEA Articles of Incorporation, Bylaws, and Policies**

I, \_\_\_\_\_ as a Director of the Board (or Director candidate by nomination or appointment of DMEA) hereby acknowledge receipt of copies of the DMEA's Article of Incorporation, Bylaws, and Policies. I affirm that I have read all materials and agree to comply with them as they now exist or may be amended in the future and agree to enforce the content of said materials.

I specifically affirm that I have read Director policies regarding Director Responsibilities, Duties, and Standards of Conduct as well as regarding Conflicts of Interests and understand their content.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**