



**Board of Director Policies**

**DMEA Board of Directors**

**Subject:** Conflicts of Interest

**Policy Number:** 103

**Previous Revision:** 11/17/2020

**Reviewed:** 06/27/2023

**Revised:** 06/27/2023

**OBJECTIVE**

To prevent transactions, arrangements, and relationships relating to the Board of Directors that could result in private benefit at the expense of Delta-Montrose Electric Association (“DMEA”).

**ACCOUNTABILITY**

The Board of Directors

**POLICY**

**1. Conflicts.** A conflict of interest arises when:

- a. A Director benefits or has the potential of being impacted or benefitted, whether directly or indirectly, financially, or otherwise, from a policy, decision, or action of DMEA;
- b. A Director has a relationship (such as a family member, material ownership interest, potential material investment interest, or compensation arrangement) with another person or entity that has the potential of being impacted or benefitted, whether directly or indirectly, financially or otherwise, from a policy, decision, or action of DMEA such that it may prevent the Director from acting in the best interests of DMEA or creates the perception of preventing the Director from acting in the best interests of DMEA; or
- c. DMEA enters into a contract, transaction, or financial relationship with a Director (other than the typical relationship between DMEA and its members), a party related to a Director, or an entity in which the Director has a financial interest (a “Conflicting Interest Transaction”).

**2. Disclosure of Potential Conflicts of Interest.**

- a. Directors have a continuing obligation to scrutinize their relationships and circumstances to identify any potential conflict of interest, and to disclose any potential conflict of interest on a timely basis to all the other Directors in writing or raise it at the next Board meeting for discussion.
- b. The minutes of any DMEA Board meeting where a potential conflict of interest is disclosed shall reflect the disclosure, a reasonable description of the nature of the conflict, and the action taken by the Director with respect to the (potential) conflict of interest.

**3. Review of Potential Conflicts of Interest.**



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- a. Whenever a potential conflict of interest has been identified, the Directors shall determine the appropriate response. This shall include, but not necessarily be limited to, invoking the procedures described below with respect to a Conflicting Interest Transaction.
  - b. No Director with a conflict of interest may vote on any matter affected by that conflict of interest, but the potentially conflicted Director may participate in the discussion of the matter to the extent permitted by the disinterested Directors, provided that all material facts as to the potentially conflicted Director's relationship or interest have been disclosed to the disinterested Directors.
4. **Procedures for Conflicting Interest Transactions.** The Board may permit or enter into a Conflicting Interest Transaction only if:
  - a. The material facts as to the transaction and as to the potentially conflicted Director's interest are disclosed or are known to the disinterested Directors;
  - b. The Directors, by a majority vote of the disinterested Directors present at the meeting at which the vote is taken (even though the disinterested Directors may be less than a quorum), determine that the Conflicting Interest Transaction is (i) waived and permissible, or (ii) is in DMEA's best interest, for its own benefit, and is fair and reasonable; and
  - c. The Directors in good faith authorize, approve, or ratify the Conflicting Interest Transaction by the affirmative vote of a majority of the disinterested Directors present at the meeting at which the vote is taken (even though the disinterested Directors may be less than a quorum).
5. **Use of Confidential Information.** Non-public or confidential information learned through DMEA may not be used for a Director's personal gain or advantage, or for the gain or advantage of another person or entity affiliated with the Director.
6. **Exceptions.** For purposes of this policy, a conflict of interest does not include any transaction between DMEA and its subsidiary, DMEA Utilities Services, LLC ("Elevate").
7. **Dual Directors.** Certain DMEA Directors may also serve on Boards as Directors or Directors of other entities (e.g., Western United Electric Supply or the Colorado Rural Electric Association). These "dual directors" must manage their participation on both Boards to preserve their ability to discharge the duties separately owed to each entity. If, with respect to a particular issue, a dual director cannot in good faith discharge their fiduciary duties to both DMEA and the other organization, that dual director must withdraw from deliberation and decision on the issue.





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**8. Other.**

- a. For purposes of this policy, "family member" shall mean—either by blood or by marriage—a spouse, sibling, child, or parent.
- b. This policy also applies in situations where the appearance of a conflict exists (e.g., DMEA is looking to enter into a key contract with a Director's close friend).
- c. It is also a conflict to accept gifts, loans, or favors from third parties where those gifts, loans, or favors can influence a Director's DMEA-related decision (e.g., in awarding a contract). This does not prohibit casual entertainment, or gifts and favors of nominal value, where such items meet all standards of ethical business conduct and involve no element of concealment.
- d. A gift, casual entertainment, and/or favor valued at \$100 or greater must be reported to the Board by the Director in receipt of the valued event or item via an e-mail to the Chief Executive Officer (CEO) and Board President within thirty (30) days of receipt of the gift.

**9. Failure to Comply.** Failure to comply with this policy may result in legal liability and/or sanctions against a Director, including but not limited to those set forth in any Board policy regarding fiduciary duties, responsibilities, and standards of conduct.

**10. Policy Confirmation.** Directors shall review and sign this policy upon entering service as a Director and shall be periodically reminded about the policy.

  
\_\_\_\_\_  
Board of Directors President

\_\_\_\_\_  
Date 06/27/2023



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**DMEA Conflict of Interest Policy Certification**

I have reviewed DMEA's Conflict of Interest Policy (Policy 103) and agree to comply with the terms of the policy.

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_