

MOUNTAIN VIEW ELECTRIC ASSOCIATION, INC.

BOARD POLICY B-004

CONFLICTS OF INTEREST

I. OBJECTIVE

To provide general guidance to the Directors, General Manager, Department Heads and the Association Attorney in the performance of their duties and responsibilities for the Association to assure the high standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Association.

II. POLICY

A. A "Conflict of Interest" exists when an individual has a personal interest, in a matter of such nature and/or magnitude that he/she may not be able to exercise independent and objective judgement on the matter in the best interests of the Association. A personal interest may not always technically involve the individual but could involve some of his/her relatives, business associates or other persons or organizations with which he/she is closely associated.

B. The Board of the Association has resolved that the statements contained in the following paragraphs will serve as a guide to the Directors, General Manager, Department Heads and the Association Attorney in the management of the affairs of the Association.

1. Use of Position

They will refrain from any use of their respective positions which is, or gives the appearance of being, motivated by the desire for private gain for themselves or for other persons or organizations with which they are associated.

2. Use of Information

They will refrain from any use of inside information for private gain, either by direct action or by counsel, recommendations or suggestions to other persons or organizations with which they are associated.

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3. Gain from Beneficiary Organizations

They are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, financial institutions, related organizations, or other persons having business with the Association which obligate or induce them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts, solely in the best interests of the Association. This does not prohibit receiving normal business courtesies, casual entertainment, gifts or favors of nominal value that meet all standards of ethical business conduct, and involve no element of concealment.

4. Service on Other Boards

- a. They may from time to time serve on a board of directors of a generation and transmission cooperative, a statewide electric cooperative organization, a purchasing organization, or a national organization as a representative of the Association. Further, they may also be sought after to serve on other boards, including without limitation, other corporations, local civic organizations, hospitals, charities, and business leagues. Each director must be aware of the potential for a conflict of interest arising when simultaneously serving on the boards of two or more organizations. Each employee must be aware of the potential for conflict of interest that arises when their Board service could conflict with the Association's interests.
- b. In the case of service on a board of a generation and transmission cooperative (G&T), a statewide or similar organization, it is understood that the nature of our federated system of cooperatives creates a situation where the distribution cooperative will be conducting business with the G&T and/or statewide. This business relationship creates an inherent conflict of interest that is unavoidable. However, it is their responsibility to fulfill their fiduciary duty to the entity that they are presently serving. Stated simply, when they are sitting on the Board for the G&T, their fiduciary duty is to act in the best interests of the G&T, even if such interests are at odds with the best interests of the Association and vice versa. If they believe they may be incapable of exercising the independent judgment necessary to fulfill this fiduciary obligation, they should declare the presence of a conflict.

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5. Decisions Which Pose a Conflict of Interest

They will strive to avoid the appearance or existence of any conflict of interest. When a potential conflict of interest or a situation arises that violates, may violate, or could appear to violate the intent of this Policy, they will make a full and open disclosure of the facts to the Board. The Board will make the proper inquiry, request the opinion of the Association Attorney, and make a determination if a violation of the policy or a conflict of interest exists. If this determination is made, the Director will be excused from the meeting; and the Director will disqualify themselves from discussion and decisions which pose a conflict of interest or the appearance of a conflict of interest. If a Director with a conflict of interest that is known to other directors does not declare the conflict of interest or leave the meeting following such a declaration and determination, the Board may, upon motion, vote to direct the Director to leave the meeting for the discussion and vote.

The presence of a Director with a conflict of interest in relation to an action will not cause such action to be voidable if it is otherwise approved by a majority of the Directors that do not have a conflict.

- C. A “Certificate To Disclose Any Conflicts of Interest” will be completed annually by each Director, the General Manager, each Department Head and the Association Attorney. In addition, any newly appointed or elected Board members or individuals recently hired in the capacity of General Manager, Department Head or Association Attorney will complete a “Certificate To Disclose Any Conflicts of Interest.” These certificates will be submitted to the Board President for review and appropriate action. The Association Attorney will be responsible for maintaining a current file of these Certificates.

III. RESPONSIBILITY

- A. The General Manager will provide assistance to the Board to assure compliance with this policy.
- B. The Association Attorney will counsel and/or advise individuals regarding compliance with this policy.

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- C. The Board of Directors will constantly monitor compliance with this policy and counsel with any individual, as the situation may require. It is also the responsibility of the Board to assure, to the extent possible, that the Association is not damaged or compromised because of the existence of a conflict of interest on the part of Directors, the General Manager, Department Heads or the Association Attorney.

Date Adopted: June 2, 1003  
Date Revised: June 22, 1999, December 16, 2008

ANNUAL CERTIFICATE TO DISCLOSE ANY CONFLICTS OF INTEREST

MOUNTAIN VIEW ELECTRIC ASSOCIATION, INC.  
P.O. Box 1600, Limon, Colorado 80828

To the best of my knowledge and belief, I have no outside interests that conflict with the interest of the Association, except as follows:

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During my service for the Association, I agree to disclose, fully and promptly, any future situation that might involve me in any Conflict of Interest with the Association, and will abide by the provisions of Board Policy B-004.

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Signature

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

\_\_\_\_\_  
Date