

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**OPERATIONS COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**December 10, 2008**

**ACTION REQUIRED**

**AGENDA ITEM NO. XI.**

**Information Only**  
 **Motion**  
 **Resolution**  
 **Executive Session**  
 **Other**

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**TOPIC**

Board Policy 124 – Conflict of Interest

**DISCUSSION**

The purpose of this revision is to allow the Board to suspend payment of meeting attendance fees if a Director is in violation of this policy.

**MOTION**

Move that the Operations Committee recommend the Board of Directors to approve the revised Board Policy 124 – Conflict of Interest.

**CHUGACH ELECTRIC ASSOCIATION, INC.**

**BOARD POLICY: 124**

**DATE: June 17, 2003**

**CONFLICT OF INTEREST**

**I. OBJECTIVE**

To clearly define those areas where the Directors or employees of the Association shall avoid conflicts of interest, or any appearance of conflict of interest, so that the affairs of the Association will always be carried out in a businesslike and ethical manner.

**II. CONTENT**

The following guidelines shall apply to Directors and employees of the Association.

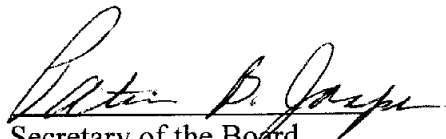
- A. Directors and employees are prohibited from receiving gifts, fees, loans or favors from suppliers, contractors, consultants or financial houses, which obligate or induce them to compromise their duties and responsibilities to the Association including negotiating, obligating, inspecting or auditing, purchasing or awarding contracts with the best interest of the Association uppermost in mind. A meal for the purpose of discussing business matters is acceptable if the cost or value of the meal to the employee or director is \$50.00 or less per person.
- B. The complete confidentiality of Association information must be respected at all times. Directors and employees are prohibited from: 1) knowingly disclosing information to individuals or entities, both inside and outside the Association, who do not have the need to know or whose interests may be adverse to the Association; 2) in any way using such information for personal gain or advancement, or to the detriment of the Association; or 3) individually conducting negotiations or making contacts or inquiries on behalf of the Association unless officially designated to do so. Information obtained in the course of the performance of one's duties is to be kept confidential unless and until the information is or becomes available publicly. An employee having access to Association information on procurement including, but not limited to, bids, awarding of contracts, or other information of a competitive nature, real estate transactions, personnel records, salary information or any other Association matter, is prohibited from using that information for personal benefit or to adversely affect the best interests of the Association.

- C. Directors and employees are prohibited from acquiring or having a significant financial interest in any property which the Association acquires or a direct or indirect financial interest in, including being employed by, a supplier, contractor, consultant or other entity with which the Association does business, or a competing enterprise, except as provided in Article IV, Section 3(a)(4) of the Bylaws. This does not prohibit the ownership of securities in a publicly-owned company except if owned in a significant amount by those in a position to materially influence or affect the business relationship between the Association and such publicly-owned company. Any other interest in or relationship with an outside organization or individual having business dealings with the Association is prohibited if this interest or relationship might tend to impair the ability of the employee or Director to serve the best interests of the Association. If members of the immediate family of an employee or Director, as defined in Operating Policy 012, have a financial interest or other relationship as specified above, such interest shall be fully disclosed to the Board of Directors which shall decide if such interest should prevent the Association from entering into a particular transaction, purchase or employment of services.
  
- D. Directors are prohibited from being:
  - 1. An employee of the Association;
  - 2. An employee of a competing enterprise;
  - 3. A member, officer, director or employee of any union local currently acting as a bargaining agent for Association employees;
  - 4. A person living in the same household with and financially interdependent upon any person included in subparagraphs 1, 2, and 3 above; or
  - 5. A member of a standing or ad hoc committee as described in Article XV, Section 1 of the Association's Bylaws.
  
- E. Employees are prohibited from serving as:
  - 1. Association directors; or
  - 2. A member of a standing or ad hoc committee as described in Article XV, Section 1 of the Association's Bylaws.
  
- F. Every Director and employee of the Association is expected to avoid situations which might be construed as conflicts of interest since it is not feasible in a policy statement such as this to describe all the circumstances and conditions that might be, or have the potential of being, a conflict of interest.

**III. RESPONSIBILITIES**

- A. Each Director and employee shall comply with the letter and the spirit of this Policy.
- B. The Chief Executive Officer shall inform all employees about the content of this Policy and insure that it is complied with.
- C. Each Director and employee must disclose any situation that violates, may violate, or could appear to violate the intent of this Policy.
- D. Any Director or employee whose conduct infringes upon either the letter or spirit of this Policy shall be subject to: (1) if Chief Executive Officer, termination by appropriate action of the Board of Directors; (2) if an employee, termination by appropriate action of the Chief Executive Officer; or (3) if a Director, charges by the Board leading to removal in accordance with Article IV, Section 3(c) or Section 7 of the Association's Bylaws or automatic ineligibility as applicable under the circumstances.

Date Approved: 18 June '03

Attested:   
Secretary of the Board

## CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 124

DATE: [June 18, 2003]

### CONFLICT OF INTEREST

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

Attested: \_\_\_\_\_  
Secretary of the Board

BP: 124