

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 104

PROHIBITED CONDUCT AND CONFLICT OF INTEREST

I. OBJECTIVE

The objectives of this Board Policy are to define prohibited conduct and establish what constitutes a conflict of interest for Association Board Directors (“Directors”) and employees.

II. CONTENT

A. Directors and employees of the Association are prohibited from:

1. Receiving gifts, fees, loans or favors from suppliers, contractors, consultants, financial houses, employees or other Directors which may reasonably obligate or induce Directors or employees to compromise their duties and responsibilities to negotiate, obligate, inspect, audit, purchase or consider, award, or authorize the Chief Executive Officer (“CEO”) to enter into contracts in the best interests of the Association. Payment for a Director’s or employee’s meal for the purpose of discussing Association business matters is not prohibited if the cost or value of the meal is \$100.00 or less per person. This section does not prohibit Directors from receiving contributions to their campaigns for election to the Board of Directors in accordance with any policy or procedure established by the Board for such campaign contributions.
2. Using Association information in any manner that is not in the best interests of the Association;
3. Individually conducting negotiations or making contacts or inquiries on behalf of the Association and/or the Board of Directors unless officially designated to do so;
4. Disclosing confidential Association information in violation of Board Policy 605, “Requests for Association Information” and Board Policy 105, “Confidential Information;”
5. Acquiring or having a financial interest in any Association property;

6. Having a financial interest in a competing enterprise or being a supplier, contractor, consultant or other entity with which the Association does business, except as provided in Article IV, Section 3(a)(4) of the Bylaws. Directors and employees may own securities in a publicly-owned company unless ownership of such securities provides the Director or employee with the ability to materially influence or affect the business relationship between the Association and such publicly-owned company;
7. Having other interests in or relationships with an outside organization or individual having business dealings with the Association if the interest or relationship would impair the ability of the employee or Director to serve the best interests of the Association.

B. Directors are also prohibited from being:

1. An employee of the Association;
2. An employee of a competing enterprise except as provided in Article IV, Section 3(a)(2) of the Bylaws;
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;
5. A member of a standing or ad hoc member committee as described in Article XV, Section 1 of the Association's Bylaws.

C. Financial interests of a Director in addition to those described in Section II.A.5 and II.A.6 above may be determined to be a conflict of interest.

1. A Director shall disclose any financial interest that is not described in Section II.A.5 or II.A.6 above that the Director, or any member of his or her immediate family (e.g. spouse or partner, child, sibling, parent), has in a matter before the Board and request that he or she be excused from participation in discussion and voting on the matter. A majority of Directors present at the meeting (not including the Director who requested the ruling) shall rule on the request.
2. If a Director reasonably believes that he or she cannot disclose the nature of a financial interest that may constitute a conflict of interest because such disclosure would violate a confidentiality or other obligation, he or she may declare a conflict of interest and abstain from participating in, and voting on, the matter before the Board.

3. If a Director reasonably believes that another Director has a financial interest that may constitute a conflict of interest, the first Director shall inform the second Director in writing of the specific circumstances which form the basis for the first Director's belief that a conflict of interest may exist. The second Director shall respond in writing to the First Director. The second Director may thereafter make a disclosure as provided for in subsection II.C.1 or II.C.2 above. If no such disclosure is made, and if the first Director continues to reasonably believe that the second Director may have a conflict of interest, he or she may request that a majority of Directors present at the meeting make a ruling in accordance with subsection II.C.1 above.
4. In this Section, a "financial interest ... in a matter before the Board" means a financial interest that could be affected by official Board action and which might reasonably result in a pecuniary gain or loss to a Director exceeding \$1,000. When the pecuniary value of a financial interest is not apparent on its face or is otherwise at issue, the Chair or Vice Chair will make the determination of whether or not it constitutes a financial interest. An individual's financial interest means: 1) involvement or ownership of an interest in a business including a property ownership, or a professional or private relationship, that is a source of income, or from which the person has received, or expects to receive, a financial benefit; or 2) any affiliation with an organization in which the person has an ownership interest, holds a position of management, or is an officer, director, trustee, employee, or the like.

D. Employees are also prohibited from being:

1. Association Board Directors;
2. A member of a standing or ad hoc member committee as described in Article XV, Section 1 of the Association's Bylaws.

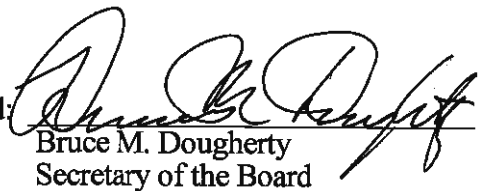
E. If a member of an employee's immediate family (e.g. spouse or partner, child, sibling, parent) has a financial interest described in Section II.A.5 or II.A.6, such interest shall be fully disclosed to the CEO, who shall determine whether it is necessary to inform the Board of Directors. The CEO shall also determine whether the employee's financial interest should prevent the Association from entering into a particular transaction, purchase or employment of services. If the CEO is the employee covered by this Section, he or she shall fully disclose such interest to the Board of Directors.

III. RESPONSIBILITIES

- A. Each Director and employee shall comply with this Policy.
- B. The CEO shall inform all employees about the content of this Policy and use his or her best efforts to insure compliance with it.
- C. Any Director or employee whose conduct violates this Policy may be subject to:
(1) if the CEO, termination by appropriate action of the Board of Directors in accordance with any contract of employment; (2) if an employee, termination by appropriate action of the CEO; or (3) if a Director, removal pursuant to Article IV, Section 3(c) or Section 7 of the Association's Bylaws.

Date Approved: May 25, 2016

Attested:


Bruce M. Dougherty
Secretary of the Board