

## Elkhorn Rural Public Power District

### Policy #1021

#### Director Duties and Standards of Conduct

##### **I. Objective**

To explain the fiduciary duties of directors and to clarify the standards of conduct for which they will be held accountable when serving on the board.

##### **II. Preamble**

All of the powers of the district are conferred upon and may be exercised by the Board of Directors, except as conferred upon others by law, the Petition for Creation, or the bylaws. It is the purpose of this policy to identify or establish standards whereby such power may be exercised in the best interests of the District.

##### **III. Policy**

###### **A. Legal Duties**

Directors are subject to legal standards of fiduciary responsibility. These include the duties of care and loyalty.

Under the duty of care, directors are required to:

1. Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.
2. Have or acquire the minimum knowledge and skills necessary to direct the affairs of the District.
3. Make every effort to attend all meetings of the board and study materials sent prior to each board meeting.
4. Study and adhere to all obligations imposed by the Petition for Creation, or amended, the bylaws, contractual agreements and board policies.
5. Comply with all laws, rules and regulations applicable to the District.

Under the duty of loyalty, directors are required to:

1. Act only in the best long-term interests of the District and its customers.
2. Place the interest of the District over any personal interest.
3. Not have any financial interest in a directly competing business.
4. Avoid the appearance of any conflict of interest.
5. Avoid any future conflict of interest by refusing to receive any remuneration from any entity proposing to purchase all or substantially all of the assets of the District.
6. Represent and support the interests of the District to elected and public officials.

7. Publicly support decisions of the board except in extraordinary circumstances where the director believes that there is a clear and present threat to the survival of the District.

## **B. Conduct with Respect to Fellow Directors**

Regardless of any personal differences directors should:

1. Demonstrate mutual respect.
2. Allow opportunity for every other director to be heard on any matter being considered by the board.
3. Abstain from revealing to persons other than directors, the Manager or the District's attorney any differences of positions among directors on matters considered and acted upon by the board. (This standard does not preclude fair and accurate publication of such differences to the District's customers in relation to contests for director elections or other matters to be voted upon by eligible voters in the District.)

## **C. Directors Access to District Information**

Any director is entitled to have access to District data or information, at reasonable times during the business hours for a proper purpose that is germane to his or her standing as a member director. The principle is subject to the following:

1. All requests for information shall be made to and through the Manager. In no case shall such information be sought through other employees, agents, or independent contractors (unless after consultation with and being advised by the District's attorney because an actual or potential criminal activity of the Manager is involved.)
2. In any instance in which a director has sought access to information not generally made available or reported to the board, the Manager shall report on this at the next meeting of the board
3. Information received by a director pursuant to this policy shall not be revealed by him or her to any other persons (Except for the remaining directors, Manager and District's attorney) unless he or she is sincerely convinced that he or she is compelled to do so by legal considerations.
4. In no case should a director reveal to others information and data he or she receives if the actual or potential effect of such revelation is to damage the system including its image, its customers or to enable himself or herself and/or others to personally profit therefrom.

5. No director shall have access to customer account information or personnel information unless related to threatened litigation or litigation in process, or as may be required by law, or pursuant to an order of a court of competent jurisdiction. Access to this information shall only be through the Manager or the attorney for the District.

#### **D. Good Faith and Fair Play**

Every director shall deal in good faith and fair play with every other director and Manager in expressing his views, questions, and concerns relating to District policies, rates and programs. Good faith and fair play require:

1. All directors should reveal all information or interests which they may have and that may bear upon action being considered by the District.
2. That directors will not so pursue a position, inquiry or motion as to unduly harass or annoy other directors, the Manager, employees or independent contractors.
3. That directors' communications with employees other than the Manager shall be casual and conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his District-related activities.

#### **IV. Policy Implementation and Responsibility**

1. All duly elected or appointed directors shall receive a copy of this policy and attest by their signatures to having received the policy.
2. The District's legal counsel shall inform all duly elected or appointed directors regarding the terms and conditions of this policy and the personal liability implications resulting from policy violations, but only if so requested by such directors.
3. The District's legal counsel shall review this policy with the board as needed and discuss any personal liability implications resulting from violations.
4. The President of the Board shall ensure that this policy is followed.

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