

Policy: #1023 – Conflict of Interest

SCOPE OF POLICY: Board of Directors

RESPONSIBILITY: Board of Directors, Board President

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**I. Policy**

To provide guidance to the directors of Elkhorn Rural Public Power District ERPPD to avoid conflicts of interest, or any appearance of conflicts of interest.

**II. Procedure**

- A.** Directors are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, or financial houses, which obligates or induces them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts, with the best interests of ERPPD in mind. This does not prohibit receiving gifts or favors of nominal value or casual entertainment which meet all standards of applicable Nebraska law, ethical business conduct, and involves no element of concealment.
- B.** The complete confidentiality of business information must be respected at all times. Directors are prohibited from knowingly disclosing such information to those who do not need to know, or whose interest may be adverse to ERPPD both inside or outside the organization; or in any way using such information for personal gain or advancement; or to the detriment of ERPPD unless officially designated to do so. No director shall use or authorize the use of his or her position or any confidential information received through the holding of such position to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the director is associated.
- C.** Directors are prohibited from acquiring or having a financial interest in any property in which ERPPD acquires a direct or indirect financial interest. Directors are also prohibited from acquiring or having any other interest in or relationship with outside organizations or individuals having business dealings with ERPPD if this interest or relationship might impair the ability of the directors to serve the best interest of ERPPD.
- D.** Pursuant to Neb. Rev. Stat. §§ 49-14,103.01 to 49-14,103.06, no director may have an interest in any contract to which ERPPD, or anyone acting for its benefit, is a party. A director shall be considered to have an interest in a contract if the director, or the director's parent, spouse, or child: (a) has a business association with the business involved in the contract; or (b) will receive a payment, fee, or commission as a result of the contract. Any director with an interest in a contract must disclose that interest prior to approval of the contract by: (i) filing NADC Form C-3 (Contractual Interest Statement) with the Nebraska Accountability and Disclosure Commission; and (ii) delivering a copy to ERPPD's Board secretary for entry into the public records of ERPPD.
- E.** Pursuant to Neb. Rev. Stat. § 49-1499.04, a director who recommends the employment of an immediate family member must disclose such employment relationship by: (i) filing NADC Form C-4 (Employment of Immediate Family Members Disclosure Statement) with the Nebraska Accountability and Disclosure Commission; and (ii) delivering a copy to ERPPD's Board secretary for entry into the public records of ERPPD. This disclosure must be made prior to any action taken with respect to such employment. For purposes of this provision, "immediate family" has the meaning set forth in Neb. Rev. Stat. § 49-1425, meaning a child residing in the individual's

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household, a spouse of the individual, or an individual claimed by that individual or that individual's spouse as a dependent for federal income tax purposes.

If members of the immediate family of a director or employee have a financial interest in property or in an organization with business dealings with ERPPD, as specified above, such interest shall be fully disclosed to the Board of Directors, which shall decide if such interest should prevent ERPPD from entering into a particular transaction, purchase, or employment of services. The term "immediate family," for purposes of this provision of the policy, means children, or their spouses, husband, wife, sister, brother, parents, foster, or stepparents, grandparents, aunts, uncles, mother or father-in-law, sister or brother-in-law, or any relative residing in ERPPD's directors' or employees' households.

- F.** Every director of ERPPD 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 considered conflicts of interest and otherwise considered by Nebraska law to be a conflict.
- G.** Pursuant to Neb. Rev. Stat. § 49-1493, each director of ERPPD is required to file a Statement of Financial Interests with the Nebraska Accountability and Disclosure Commission on or before the date prescribed by applicable law. The Statement of Financial Interests shall disclose the director's sources of income, business associations, and financial holdings as required by law and Commission rules. Failure to file in a timely manner may result in civil penalties. Directors are responsible for ensuring their own compliance with this filing obligation.
- H.** Actions considered inconsistent with these policies are to be reported to the entire board.