



Board of Directors Policies

Policy Number: 102	Subject: Fiduciary Duties and Designated Dual Directors
Effective Date: 07/22/2025	Previous Version: 07/25/2023

OBJECTIVE

To outline the expectations for Delta-Montrose Electric Association (DMEA) Directors designated by the Board of Directors (Board) to serve in a representative capacity on other boards of directors

ACCOUNTABILITY

Board of Directors

POLICY

- 1. Designation of Directors and Alternates.** The Board will periodically designate Directors to serve in a representative capacity on the boards of other entities (Dual Directors). The Board may also designate alternate directors, if allowed, to serve as Dual Directors in certain situations. If the Board does not designate such alternate(s), the DMEA Board President may do so.
- 2. Fiduciary Duties of Dual Directors.** Dual directors owe a fiduciary duty both to DMEA and to the other entity on whose board they serve. This duty exists regardless of whether the interests of DMEA and the other entity are unified or if they conflict.
 - a.** To the extent possible, a Dual Director discharging their duties must act in a manner that they reasonably believe is in the best interests of DMEA and the other entity. A Dual Director has reasonable, but not unlimited, discretion in determining how to act in the best interests of DMEA and the other entity.
 - b.** If DMEA and the other entity have unified interests, this requirement is straightforward. If DMEA and the other company have conflicting interests, a Dual Director may validly determine that it is appropriate to disclose the conflict to both DMEA and the other entity and to abstain from voting at both DMEA and the other entity with respect to that matter.
- 3. Duties of Confidentiality, Disclosures, and Abstention.** Under the duty of confidentiality, a Dual Director may not disclose information about the legitimate activities of DMEA (or the other entity) unless the information has been disclosed to the public or is a matter of public record. In addition, a Dual Director owes a duty of disclosure to DMEA (and to the other entity). Under this duty, a Dual Director must disclose to other DMEA Directors material information known to the Dual Director that is relevant to the decisions being made by those DMEA Directors.



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- a. In general, if a Dual Director's duty of confidentiality to DMEA conflicts with the Dual Director's duty of disclosure to the other entity (or vice versa), then that Dual Director may need to avoid participating in consideration of that matter.
 - b. Depending upon the material information and the matter being considered by the Board, this action may include abstaining from all or part of the deliberation or voting on the matter.
 - c. The Dual Director shall keep in mind their responsibility to bring back to the DMEA Board all material information relevant to DMEA corporate decisions.
4. **DMEA Board Authority.** Nothing in this policy precludes the DMEA Board from excluding a Dual Director from voting upon or participating in deliberations regarding a matter that the DMEA Board believes will conflict with DMEA interests.
5. **DMEA Minutes.** Relevant meeting minutes will reflect when a Dual Director does not participate in deliberation or vote on any given matter.
6. **Compensation.** If a Dual Director is compensated by another entity for time spent discharging their duties to the other entity or reimbursed for mileage or expenses related to such duties, or any other form of compensation, DMEA shall not pay compensation or provide reimbursement for the same activities or expenses.

Board of Directors President

7/22/2025
Date