

RESOLUTION NO. MCFML 2014-04

BOARD OF DIRECTORS
MESA COUNTY FEDERAL MINERAL LEASE DISTRICT
MESA COUNTY, COLORADO

A RESOLUTION ADOPTING A CONFLICT OF INTEREST AND ETHICS POLICY FOR
THE MESA COUNTY FEDERAL MINERAL LEASE DISTRICT

- A. WHEREAS, in 2011 the Colorado General Assembly passed the Colorado Federal Mineral Lease District Act, C.R.S. § 30-20-1301, *et seq.*, (2013) (“the Act”), establishing federal mineral lease districts in Colorado; and
- B. WHEREAS, the District, authorized by § 30-20-1301 *et seq* C.R.S., was created by the Mesa County Board of County Commissioners (“BOCC”) on June 20, 2011 and was subsequently reformed on June 25, 2012. The District Board has been appointed by the BOCC. The boundaries of the District are all of Mesa County including all municipalities within Mesa County; and
- C. WHEREAS, the District is an independent public body politic and corporate. The District is a public instrumentality, not an agency of county or state government and is not subject to administrative direction by any department, commission, board, or agency of Mesa County, or any county, or the State of Colorado. § 30-20-1305.5(1), C.R.S.; and
- D. WHEREAS, the District Board has authority under statute to distribute-all of the funding that the District receives from the Colorado Department of Local Affairs (“DOLA”), except such funds as expended or reserved for administrative expenses as permitted by C.R.S. § 30-20-1307 (1)(b), to eligible entities, in this case political subdivisions of the State of Colorado, in areas that are socially or economically impacted by the development, processing, or energy conversion of fuels and minerals leased under the Federal “Mineral Lands Leasing Act” of February 1920, as amended, for eligible purposes, limited to (1) planning, (2) the construction or maintenance of public facilities, and (3) the provision of public services (*See* 30 U.S.C. § 191); and
- E. WHEREAS, the District is designed to be a funding and service delivery mechanism, which will, consistent with sound financial practices, result in the greatest use of financial resources for the greatest number of citizens of this state, with priority given to those communities designated as impacted by the development of natural resources covered in the federal act.
- F. WHEREAS, Directors of the District are responsible for allocating funding to eligible entities and would benefit from guidelines concerning conflicts of interest and ethics; and
- G. WHEREAS Article IX of the District’s Bylaws include guidance on ethics, and the Directors desire that this policy supplement Article IX; and

H. WHEREAS this conflict of interest policy is designed to help directors, officers, and employees of the District identify situations that present potential conflicts of interest and to provide the District with a procedure that, if observed, will allow a transaction to be treated as valid and binding even though a director, officer, or employee has or may have a conflict of interest with respect to the transaction. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in federal or state law, the law shall control. All capitalized terms are defined in Part 2 of this policy.

NOW, THEREFORE, BE IT RESOLVED that the Directors hereby adopt the following additional guidelines as follows:

1. Conflict of Interest Defined. For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

a. Outside Interests.

i. An Agreement or Transaction between the District and a Responsible Person or Family Member.

ii. An Agreement or Transaction between the District and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.

b. Outside Activities.

i. A Responsible Person competing with the District in the rendering of services or in any other Agreement or Transaction with a third party.

ii. A Responsible Person's having a Material Financial Interest in, or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to, an entity or individual that competes with the District in the provision of services or in any other Agreement or Transaction with a third party.

c. Gifts, Gratuities and Entertainment. A Responsible Person accepting gifts, entertainment, or other favors from any individual or entity that:

i. does or is seeking to do business with, or is a competitor of the District; or

ii. has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from the District;

iii. is a charitable organization;

iv. under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of the District.

2. Definitions.

- a. A “Conflict of Interest” is any circumstance described in Part 1 of this Policy.
- b. A “Responsible Person” is any person serving as an officer, employee, or member of the board of directors of the District.
- c. A “Family Member” is a spouse, domestic partner, parent, child, or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.
- d. A “Material Financial Interest” in an entity is a financial interest of any kind that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person’s or Family Member’s judgment with respect to transactions to which the entity is a party. This includes all forms of compensation. (The board may wish to establish an amount that it would consider to be a “material financial interest.”)
- e. An “Agreement or Transaction” is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of pecuniary relationship by the District. The making of a gift to the District is not an Agreement or Transaction within the meaning of this document.

3. Procedures.

- a. Before board or committee action on an Agreement or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.
- b. A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- c. A person who has a Conflict of Interest shall not participate in or be permitted to hear the board’s or committee’s discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

d. A person who has a Conflict of Interest with respect to an Agreement or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a conflict of interest may not vote on the Agreement or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.

e. Responsible Persons who are not members of the board of directors of the District, or who have a Conflict of Interest with respect to an Agreement or Transaction that is not the subject of board or committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Responsible Person has with respect to an Agreement or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect the District's participation in such Agreement or Transaction.

In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the President or the President's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

4. Confidentiality. Each Responsible Person shall not disclose or use information relating to the business of the District for the personal profit or advantage of the Responsible Person or a Family Member or the Responsible Person's company.

5. Review of Policy.

a. Each new Responsible Person shall be required to review a copy of this Policy and to acknowledge in writing that he or she has done so.

b. Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions, or circumstances might include service as a director of or consultant to a not-for-profit organization, or ownership of a business that might provide goods or services to the District. Each Responsible Person should also disclose to the board of directors any potential Conflict of Interest that may arise during the course of the year between the submission of annual disclosure forms. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

c. This policy shall be reviewed annually by each member of the board of directors. Any changes to the policy shall be communicated immediately to all Responsible Persons.

DONE THIS 13th day of August, 2014, at Grand Junction, Colorado.

Voting:

Director Justman: aye
Director Ludlam: aye
Director Springer: aye

BOARD OF DIRECTORS MESA COUNTY
FEDERAL MINERAL LEASE DISTRICT

By: _____
President

ATTEST: _____
Secretary