



Policy Number 1.5

Chapter: Governance

Title: Auraria Board of Directors Conflicts of Interest and Commitment

Division/Department: Auraria Board of Directors

Policy Administrator: General Counsel

Adoption Date: April 3, 2024

Revision Dates:

1. PURPOSE

The Board of Directors of the Auraria Higher Education Center is committed to operating in an ethical manner and in compliance with applicable legal requirements. Conflicts of interest or commitment, or even the appearance of a conflict, can erode the public trust, undermine the reputation of the Center, and may expose the Auraria Board to liability. Directors must endeavor to remain free from the influence, or the appearance of influence, of personal interests that may interfere with their ability to make decisions in the best interests of the Center. The purpose of this policy is to define conflicts of interest and commitment, help prevent conflicts from arising, and provide a means for the Auraria Board to act when a conflict does arise. This policy is enacted pursuant to Colorado Revised Statutes, Title 24, Articles 3.7 and 18.

2. DEFINITIONS

- 2.1. Auraria Higher Education Center or “AHEC”: The higher education complex established in Title 23, Article 70, of the Colorado Revised Statutes (C.R.S.) and located in the City and County of Denver.
- 2.2. Board of Directors of the Auraria Higher Education Center (“Auraria Board”): The Board of Directors created in C.R.S. § 23-70-102 that oversees AHEC and has the powers and duties assigned to it by the Colorado General Assembly as set forth in Title 23, Article 70, C.R.S.
- 2.3. Conflict of Commitment: A Conflict of Commitment exists when a director undertakes an external commitment, such as outside employment or consulting work, which substantially burdens or interferes with the director’s obligations and time commitments to the Auraria Board.

- 2.4. Conflict of Interest: A Conflict of Interest exists when a director's financial, familial, business, or other personal interests and affiliations, or those of the director's Immediate Family Member, may compromise the director's independence of judgment in fulfilling the duties of the Auraria Board. This includes a potential Conflict of Interest, when a director proposes to enter into a business or financial transaction, affiliation or interest that may be inconsistent with their Fiduciary Duty to the Auraria Board or the interests of AHEC; and an apparent Conflict of Interest, when it reasonably may appear to members of the Auraria Board or the public that the director's private interest, relationship or affiliation could improperly influence the performance of their duties.
- 2.5. Conflict of Interest or Commitment Disclosure Form: A form prescribed by the General Counsel to the Auraria Board, to be completed annually and at any time an actual, potential, or apparent Conflict of Interest or Commitment arises, included as Attachment A.
- 2.6. Fiduciary Duty: The duties of a person or organization that is required to act for the benefit of another on matters within the scope of their relationship, including the duties of good faith, loyalty, due care and disclosure.
- 2.7. Financial Interest: An interest held by an individual or an individual's friend, business associate, or Immediate Family Member which is:
 - (a). An ownership or creditor interest in a business, other than mere ownership of a minority of shares in a publicly-traded corporation;
 - (b). An employment or a prospective employment relationship;
 - (c). An ownership interest in real or personal property;
 - (d). A loan or any other debtor interest; or
 - (e). A directorship, officership or management position in another legal entity.
- 2.8. Immediate Family Member: The spouse, civil partner, parent, stepparent, in-law, child, stepchild, foster child, grandparent, grandchild, sibling, aunt, uncle, niece, nephew, or first cousin of an individual.
- 2.9. Nepotism: The practice of recruiting and/or hiring a less qualified candidate, or giving preference to a candidate, based on a familial relationship, as described in the [AHEC Policy on Nepotism](#).
- 2.10. Official Act or Official Action, as defined by C.R.S. § 24-18-102(7), means any vote, decision, recommendation, approval, disapproval, or other action, including inaction, which involves the use of discretionary authority.

3. POLICY

- 3.1. Each member of the Auraria Board has a Fiduciary Duty to act ethically and in the best interest of AHEC. This policy is intended to ensure that the Auraria Board's decisions, and those of individual directors, are not improperly influenced by Conflicts of Interest or Conflicts of Commitment.
- 3.2. A director may be involved in the affairs of other organizations, and these relationships are valued as they bring unique perspectives, experiences and knowledge to the director's service to the Auraria Board. In most instances, such involvement will not impact their role as a director, but it is critical that the Auraria Board be made aware, in advance, of interests that could be of concern to the people of the state of Colorado so that steps can be taken to address them, as appropriate. Thus, the Auraria Board requires that each director annually review this policy and complete the Conflict of Interest or Commitment Disclosure Form.
- 3.3. Pursuant to C.R.S. § 24-18-108.5, a director who receives no compensation other than a per diem allowance or necessary and reasonable expenses shall not perform an Official Act which may have a direct economic benefit on a business or other undertaking in which such member has a direct or substantial Financial Interest.
- 3.4. Consistent with a director's Fiduciary Duties, a director is expected to serve the public trust and to exercise their powers and duties in the interest of the public, AHEC, and the Auraria Board, and not in the director's own interest or in the interest of another person or entity with whom the director has a relationship, including friends, business associates, or an Immediate Family Member. A director shall exercise care that the director's independent judgment in the discharge of Auraria Board responsibilities is not impaired by a Conflict of Interest or Commitment.
- 3.5. A director shall not use confidential information acquired in the performance of their responsibilities to further the director's own private interest or the interest of another person or entity with whom the director has a relationship, including friends, business associates, or an Immediate Family Member. Directors are subject to the [AHEC Policy on Nepotism](#).
- 3.6. Prior to election or appointment to the Auraria Board, and annually thereafter, all directors shall disclose, in writing, to the best of their knowledge, any Financial Interest they hold, or that is held by their Immediate Family Member, in any business or other organization which conducts or may conduct business with AHEC, and any known Conflict of Interest or Commitment. Such disclosures shall be submitted to the AHEC General Counsel at the annual board training session using the prescribed Disclosure Form ([Attachment A](#)).

- 3.7. If a director fails to complete the annual Disclosure Form within 30 days after the date it is due, the director shall not be entitled to vote on any matter before the Board until the Disclosure Form is submitted.
- 3.8. If at any time during their term of service a director has or may have a Conflict of Interest or Commitment, the director shall promptly disclose the material facts of that conflict in writing to the board chairperson and to AHEC's General Counsel, and shall abstain from taking any Official Act or participating in any decision of the Board that pertains to the conflict. In the case of the chairperson's own disclosure, the disclosure shall be made to the vice chairperson and the General Counsel.
- 3.9. Any person may report a director's Conflict of Interest or Commitment to the AHEC General Counsel.
- 3.10. If a director fails to timely disclose a Conflict of Interest or Commitment or fails to promptly eliminate the conflict as requested by the Auraria Board, the chairperson of the board (or, if the chairperson is the director whose conflict is at issue, the vice chairperson) shall refer the matter to the Governance and Audit Committee ("committee") for investigation. The AHEC General Counsel shall serve as an *ex officio*, nonvoting member of the committee for purposes of the investigation. The following procedures shall apply:
 - 3.10.1. A director who discloses a Conflict of Interest or Commitment who serves on the Governance and Audit Committee shall abstain from any involvement in the consideration and resolution of the conflict and shall not be present except when called by the committee to testify or attend.
 - 3.10.2. The committee may interview those involved and any witnesses, gather facts, review documents, and consult with the General Counsel on procedural issues.
 - 3.10.3. The committee shall consider the actions to be taken to resolve the conflict and/or obtain compliance. The committee shall report its findings and conclusions to the full board and shall recommend actions to be taken. Such actions may include, but are not limited to:
 - Requesting the conflicted director to take such actions as are necessary to eliminate the conflict.
 - Recusing the conflicted director from considering, speaking, or voting on any matter relating to the conflict.
 - Requesting the resignation of the director from the Auraria Board.
 - Determining that the director has the inability to act, or has refused to act, disqualifying that director from serving on the Auraria Board, and

notifying the appointing authority for that director that there is a vacancy to be filled.

- 3.11. Following the recommendation from the committee, the Auraria Board shall decide by majority vote what action is to be taken with respect to the Conflict of Interest or Commitment.
- 3.12. All actions of the Auraria Board with respect to a director's Conflict of Interest or Commitment shall be promptly reported to the authority responsible for electing or appointing such director to the board, including the governing board of the director's institution of higher education, if applicable, and the office of the governor.

4. APPROVAL AND ADOPTION

This Policy has been reviewed and approved by the Board of Directors for the Auraria Higher Education Center.

Date: April 3, 2024

Approved by: Tracy Huggins
Chairperson of the Auraria Board