

POLICY ON POTENTIAL CONFLICTS OF INTEREST

The Board of Directors of the JEFFERSON COUNTY PREVENTION AND RECOVERY BOARD has adopted the following policy designed to avoid any possible conflict between the personal interests of Board members or staff and the interests of the MHADA BOARD.

The purpose of this policy is to ensure that decisions about the BOARD operations and the use or disposition of BOARD assets are made solely in term of the benefits to the BOARD and are not influenced by any private profit or other personal benefit to the individuals affiliated with the BOARD who take part in the decision. In addition to actual conflicts of interest Board members and staff are also obliged to avoid actions that could be perceived or interpreted in conflict with the BOARD's interest.

Conflicts of interest may occur when the BOARD enters into transactions with not-for-profit organizations as well as those that are undertaken with profit-making entities. The best way to deal with this problem is to make known one's connection with organizations doing business with the BOARD and to refrain from participation in decisions affecting transactions so long as the relationship is clearly divulged and non-involved individuals affiliated with the BOARD make any necessary decisions.

POLICY

1. **Directors.** Any member of the Board of Directors who may be involved in a BOARD business transaction in which there is a possible conflict of interest shall promptly notify the Chairman of the Board. The member shall refrain from voting on any such transaction, participating in deliberations concerning it, or using personal influence in any way in the matter. The member's presence may not be counted in determining the quorum for any vote with respect a BOARD business transaction in which he or she has a possible conflict of interest. Furthermore, the member, or the Chairman in the members absence, shall disclose a potential conflict of interest to the other members of the Board before any vote on a BOARD business transaction such disclosures shall be recorded in the Board minutes of the meeting at which it is made. Any MHADA BOARD business transaction that involves a potential conflict of interest with a member of the Board of Directors shall have terms that are at least as fair and reasonable to the BOARD as those that would otherwise be available to the BOARD if it were dealing with an unrelated party.

2. **Staff.** Any staff member who may be involved in a BOARD business transaction in which there is a possible conflict of interest shall promptly report the possible conflict to the Executive Director. If the possible conflict involves the Executive Director, the possible conflict shall be reported to the Chairman of the Board.

The executive Director or, where applicable, Chairman, after receiving information about a possible conflict of interest, shall take such action as is necessary to assure that the transaction is completed in the best interest of the BOARD with out the substantive involvement of the person who has the possible conflict of interest. (This does not mean that the purchase or other transaction must necessarily be diverted, but simply that persons other than the one with the possible conflict shall make judgments involved and shall control the transaction.)

Each Board member and staff member shall complete the attached questionnaire on an annual basis.

A written record of any report of possible conflict and of any adjustments made to avoid possible conflicts of interest shall be kept by the Executive Director or, where applicable, the Chairman.

3. **Definitions.**

- A. **"Involved in a A BOARD business transaction"** means initiating, making the principle recommendation for, or approving purchase or contract; recommending or selecting a vendor or contractor; drafting or negotiating the terms of such a transaction; or authorizing or making payments from BOARD accounts. That language is intended to include not only transactions for the BOARD's procurement of goods and services, but also for the disposition of BOARD property, and the provision of services or space by the BOARD.
- B. A **"possible conflict of interest"** is deemed to exist where the Board member, Director, or staff member, or a close relative, or a member of that person's household, is an officer, director, employee, proprietary, partner, or trustee of, or, when aggregated with close relatives and members of that person's household, holds 1% or more of the issued stock in the organization seeking to do business with the BOARD. A possible conflict is also considered to exist where such a person is (or expects to be) retained as a paid consultant or contractor by an organization which seeks to do business with the BOARD, and whenever a transaction will entail payment of money or anything else of value

to the official, member, close relative or member of that person's household.

A "possible conflict of interest" exists when an individual affiliated with the BOARD has an interest in the organization which is in competition with a firm seeking to do business with the BOARD if the individual's position gives him or her access to proprietary or other privileged information which could benefit the firm in which he or she has an interest.

A "possible conflict of interest" exists when an individual affiliated with the BOARD is a trustee, director, officer or employee of a not-for-profit organization which is seeking to do business with or have a significant connection with the BOARD or is engaged in activities which could be said in a business context to be "in competition with" the programs of the BOARD.

- 4. This policy statement shall be made available to each Board member and each person appointed to the BOARD position that regularly involves initiation, review, or approval of significant BOARD contracts or other commitments. Such people will be asked to sign the attached acknowledgement concerning reporting of potential conflicts of interest.

I have read and understand the BOARD's policy on Potential Conflicts of Interest. I agree to report promptly and such interest which arises in my conduct of BOARD business and, in other respects, to comply with the policy and its procedures.

[Signature]

[Date]

Adopted	9/96
Revised	11/00