

**GOLDEN GATE BUSINESS ASSOCIATION  
BOARD OF DIRECTORS**

**POLICY**

**CONFLICT OF INTEREST (DIRECTORS)**

Board Members are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the Board Member's personal interests and the interests of the Corporation. A conflict of interest exists when the Board Member's loyalties or actions are divided between the Corporation's interests and the Board Member's interests or those of another, such as an applicant or member. Both the fact and the appearance of a conflict of interest should be avoided. A Board Member who is unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest should discuss it with the Chair of the Board or the President for clarification.

In general, when conducting the business of the Corporation, a conflict of interest will be presumed when a Board Member or someone with whom the Board Member has a close relationship (a family member or close companion) serves as a trustee, director, officer, or stockholder of an affected organization or firm; has a formal affiliation or interest in an affected organization or firm; or could expect financial gain or loss from a particular decision. Recognizing that it is not possible to describe all possible conflicts of interest that could develop, some of the more common direct conflicts from which a Board Member or someone with whom the Board Member has a close relationship (a family member or close companion) should refrain, however, include the following:

- (1) Accepting personal gifts or entertainment from applicants, members or vendors;
- (2) Using proprietary or confidential Corporation information for personal gain or to the Corporation's detriment;
- (3) Having a direct or indirect financial interest in an activity undertaken by the Corporation or an applicant or member;
- (4) Using Corporation assets or labor for personal use; or
- (5) Representing that the Corporation will give financial or other support to any outside activity, organization, or individual, unless the request for such support has already proceeded through the proper channels and has been approved.

The following cases illustrate the existence or absence of a financial conflict of interest:

- (1) A business transaction between the Board Member and the Corporation, such as an agreement by the Board Member to perform accounting services for a fee, would, as a general rule, be a conflict of interest.
- (2) A Board Member who is an owner of a business that performs services for the Corporation for more than a nominal fee most likely has a conflict of interest even

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though the Board Member may not personally perform the services. A conflict of interest exists because the Board Member shares in the profits from such fees as an owner and therefore probably has a material financial interest in any transaction with the business.

- (3) A Board Member who owns an insignificant number of shares in a publicly traded company whose business activities with the Corporation has virtually no effect on the financial performance of that company generally does not have a conflict of interest in any transaction with that company.
- (4) A Board Member who owns land that will increase significantly in value if the Corporation acquires adjacent property has a material financial interest in the acquisition of the adjacent property. Thus, the acquisition would constitute a conflict of interest.

## CONFLICT OF INTEREST (DIRECTORS) – POLICY AND PROCEDURE

### PROCEDURES

The following procedures will apply to the resolution of any conflict of interest which cannot otherwise be avoided:

- (1) Any potential conflict of interest that may affect a matter under consideration shall be disclosed by the Board Member to the Board of Directors and made a matter of record as soon as the possible conflict is determined.
- (2) The interested Board Member shall not vote on such matter and shall not attempt to exert influence in connection with the matter. He or she may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- (3) The minutes of the meeting shall reflect that a disclosure was made and the abstention from voting.
- (4) A Board Member who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- (5) A member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- (6) No Board Member or committee member whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- (7) For any matter in which the Board Member has a material financial interest, the following additional procedures shall apply prior to entering into the transaction:
  - (a) The Board of Directors determines in good faith that the Corporation will enter into the transaction for its own benefit;
  - (b) The Board of Directors determines in good faith that the transaction is fair and reasonable to the Corporation; and
  - (c) The Board of Directors determines in good faith after reasonable investigation that the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

If the transaction is to be considered for approval by a committee of the Board of Directors, the following shall apply:

## CONFLICT OF INTEREST (DIRECTORS) – POLICY AND PROCEDURE

- (i) It was not reasonably practicable to obtain approval of the full Board of Directors prior to entering into the transaction; and
  - (ii) The Board of Directors, after determining that the conditions of sections 5(a) and (b), above, were satisfied, ratifies the transaction at its next meeting following approval by the committee by a vote of a majority of the Board Members then in office without counting the vote of the interested Board Member.
- (8) Any person who has knowledge of any action or conduct that appears contrary to these Conflict of Interest Policies and Procedures shall report the same to the President of the Corporation or the Chair of the Board of Directors.
- (9) These Conflict of Interest Policies and Procedures shall apply to the members of a committee of the Board of Directors as if each committee member were a Board Member.
- (10) Each Board Member shall be advised of the Conflict of Interest Policy and Procedures prior to commencement of the Board Member's term of office.

If a Board Member or someone with whom a Board Member has a close relationship (a family member or close companion) has or has had, a financial, employment, or personal relationship with an applicant, member or vendor to the Corporation, the Board Member must disclose this fact in writing to the Corporate Secretary on the form approved for this purpose. Each Board Member and member of a committee with delegated powers shall annually sign a statement which affirms such person: (1) has received a copy of the conflicts of interest policy, (2) has read and understands the policy (3) has agreed to comply with the policy, and (4) understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**GOLDEN GATE BUSINESS ASSOCIATION**

**CONFLICT OF INTEREST (DIRECTORS) AND CONFIDENTIALITY  
POLICY STATEMENT**

The policies of the Golden Gate Business Association’s Board of Directors require annual disclosure of (1) your affiliations (as trustee, board member, officer, employee, advisory committee member, development committee member, volunteer, etc.) with any actual or potential Golden Gate Business Association member, vendor, consultant or borrower or any other organization with which the Golden Gate Business Association may have a financial relationship, and (2) the affiliations of persons with whom you have a close relationship (a family member or close companion) with any actual or potential Golden Gate Business Association member, vendor, consultant or borrower or any other organization with which the Golden Gate Business Association may have a financial relationship. See the Conflict of Interest Policies and Procedures (for Directors).

Please complete this form annually and return it to the Corporate Secretary. Note your continuing responsibility to advise the Corporate Secretary of additional affiliations as you undertake them.

The undersigned hereby discloses (circle one and explain, if necessary):

- I know of no existing or likely close involvement or other affiliation between myself (including members of my family and business enterprises in which I may have an interest) and any existing or prospective member, vendor, consultant or borrower of the Corporation.
- I am aware that such an affiliation exists or may exist, with the following prospective member, vendor, consultant or borrower, as described below:

<u>Business/Organization</u>	<u>Nature of Relationship</u>	<u>Dates of Relationship</u>
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In addition, I understand that many of my duties my require the review and/or discussion of sensitive personal, confidential, business trade secret, and financial information of the Golden Gate Business Association and its current and future members. I agree to hold said information in strict confidence for use only in my role as a director, and will not disclose any such information to outside parties.

In addition, I acknowledge that:

- I have received the Conflict of Interest Policies and Procedures (for Directors);
- I have read and I understand the policies and procedures;
- I agree to comply with the policies and procedures; and

**CONFLICT OF INTEREST (DIRECTORS) – POLICY AND PROCEDURE**

- I understand the Corporation is charitable, and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Name: (printed): \_\_\_\_\_

Name: (signed) \_\_\_\_\_

Date \_\_\_\_\_

Reviewed by \_\_\_\_\_

Date \_\_\_\_\_