

## CONFLICT OF INTEREST PROCEDURES

### I. DEFINITIONS.

- A. "Compensation" includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- B. A "conflict of interest" may occur when a corporate officer, Board of Directors member, employee, or other representative has competing personal and/or professional obligations and/or interests including but not limited to financial and/or personal interests that would make it difficult or impossible for the individual to perform assigned duties in a fair and credible way as might be perceived through the eyes of an independent auditor or reviewer. A person shall be deemed to have a conflict of interest when the Executive Director, Board of Directors, applicable corporation committee, and/or other designated corporate authority or auditor determines that a conflict of interest exists.
- C. A "financial interest" occurs when a person has, directly or indirectly, through business, investment, or immediate family (grandparent, parent, child, and/or grandchild) an ownership or investment interest of more than 5% in any entity with which the corporations have a transaction or other financial arrangement; a compensation arrangement with either or both of the corporations or with any entity or individual with which the corporations have a transaction or other financial arrangement; or an actual or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporations are negotiating a transaction or arrangement. A financial interest is not necessarily a conflict of interest.
- D. "Insubstantial" means any gift or favor or collection of gifts and favors with a value of \$25.00 or less.
- E. A "person" is any officer, Board of Directors member, employee, or representative of the corporations.
- F. A "personal interest" includes non-financial interest, the existence of which may unduly influence a corporate transaction or arrangement. Personal interests include but are not limited to family and fraternal relationships. A personal interest is not necessarily a conflict of interest.

### II. CONFLICT OF INTEREST PROCEDURES.

- A. All Metro 4/SESARM employees shall be provided access to a copy of the Metro 4/SESARM Conflict of Interest Policy and these Procedures.
- B. Disclosure Requirements.

1. Metro 4 and SESARM Representatives.

Any person associated with Metro 4 and/or SESARM and having an actual or potential conflict of interest, or having knowledge of an actual or potential conflict of interest of another Metro 4/SESARM associate, shall promptly disclose the nature of the situation along with its bearing on current and/or future corporation business to the Executive Director of Metro 4 and/or SESARM or to any officer of the affected corporation's Board of Directors. Said person shall be given the opportunity to disclose all material facts that support the disclosure.

2. Bidders.

Metro 4/SESARM staff shall ensure that bidders for corporation business are informed of the requirement to disclose the nature of any existing or possible conflict of interest at the point that a bid is submitted to the corporation or at the point that an existing or possible conflict of interest is determined to exist if a bid has been submitted but a contract has not been awarded.

3. Contractors.

Metro 4/SESARM staff shall ensure that contractors are informed of the requirement to disclose in writing promptly to the contracting corporation the nature of any existing or possible conflict of interest as soon as such situation is determined to exist.

C. Addressing an Actual or Potential Conflict of Interest.

1. Any person associated with Metro 4 and/or SESARM and any bidder or contractor may provide information on an actual or potential conflict of interest to the Executive Director or to any officer of the affected corporation's Board of Directors. After review of the information disclosed, the person providing the information shall be interviewed by telephone, videoconference, or in person as appropriate, upon request of the person disclosing the information and/or at the initiative of the affected corporation. After discussion with the person providing the information disclosed, the person shall leave be asked to exit the conversation to allow for discussion and determination of whether a conflict of interest actually exists. Subsequent conversations with the person may be held as warranted, and the outcome of the review shall be provided by the corporation to the person.
2. The President or Chair of the affected corporation's Board of Directors shall, if appropriate, appoint a disinterested person or committee to investigate further the nature of the disclosure and/or to determine alternatives to the proposed transaction or arrangement that will avoid creation or perpetuation of a conflict of interest.

3. After exercising due diligence, the affected corporation's Board of Directors shall determine whether the corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest or a substantial appearance of one.
4. As a remedy to an actual or potential conflict of interest, a person, bidder, or contractor may ask to be removed from the transaction process or arrangement, or the Board of Directors may require such removal.
5. If a more advantageous transaction or arrangement is not reasonably possible to eliminate an actual or potential conflict of interest, the corporation may determine by a majority vote of the qualified board members whether the transaction or arrangement is in the best interest of the corporation, and whether it is fair and reasonable. In conformity with the above evaluation, the corporation may make a decision as to whether to enter into the transaction or arrangement, with consideration of the credibility of the corporation and any potential for litigation.

D. Addressing Violations of the Conflict of Interest Policy.

1. If Metro 4 or SESARM has a reasonable cause to believe a person, bidder, or contractor has failed to disclose actual or possible conflicts of interest, it shall inform the entity of its basis for such belief and afford the entity an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the person, bidder, or contractor and after making further investigation as warranted by the circumstances, the Board of Directors determines the entity has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action, including possible disciplinary action if the person is an employee, elimination of a bidder from further consideration, cancellation of a contract, or other appropriate action, if the conflict of interest cannot otherwise be rectified.

E. Records of Proceedings.

Metro 4 and SESARM shall document all proceedings relative to conflicts of interest including the following:

1. The name of the person who disclosed, the name of any person or other entity found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the conflict of interest, any action taken to determine whether a conflict of interest was present, the corporation's decision as to whether a conflict of interest in fact existed, and any formal action taken and/or direction given. The name of the person disclosing an actual or potential conflict of interest

may be maintained confidentially, if required by federal, state, or local conflict of interest and/or whistleblower statutes, regulations, and ordinances.

2. The name(s) of the person(s) who participated in the determination, a summary of the review including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

F. Compensation.

1. A voting member of the Metro 4 or SESARM Board of Directors who receives compensation, directly or indirectly, from Metro 4 or SESARM for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any Metro 4 or SESARM committee whose jurisdiction includes compensation matters and who receives compensation directly or indirectly from Metro 4 or SESARM for services is precluded from voting on matters pertaining to that member's compensation.
3. A voting member of the Metro 4 or SESARM Board of Directors or any committee whose jurisdiction includes compensation matters and who receive compensation directly or indirectly from Metro 4 or SESARM, either individually or collectively, is prohibited from inappropriate influencing of any compensation committee. Said member may provide general information upon request.

G. Annual Disclosures.

1. Each Metro 4 and SESARM officer, director, and Executive Director shall sign and submit for official corporation records an annual disclosure certifying answers establishing any conflict of interest circumstances for the previous year.
2. Submittal of an annual conflict of certification disclosure shall be on a form designed specifically for the purposes stated herein and may be provided to the Executive Director in hard copy format or electronically for review, any necessary follow-up, and filing. A current version of the certification form shall be maintained with the current version of these procedures.

H. Periodic Reviews.

An annual review of corporate operational information shall be conducted. This review and any necessary follow-up will be deemed sufficient to meet the goal for conducting periodic reviews to ensure the integrity of the corporations provided that such review considers the following:

1. Whether any conflicts of interest, or appearances of such, have arisen in the past year and whether confirmed instances of conflict of interest were adequately addressed and rectified;
2. Whether there are any ongoing procurement process concerns; and
3. Whether compensation arrangements and benefits are reasonable.

**III. CERTIFICATION AND SIGNATURE.**

This certifies that these Conflict of Interest Procedures have been prepared for the exclusive use of Metro 4 and SESARM, that they will be made available to all Metro 4/SESARM staff and the Metro 4 and SESARM Boards of Directors, and that the requirements herein will be explained in adequate detail to ensure that all Metro 4/SESARM staff and representatives are aware of, comply with, and fully implement them.

Greg DeAngelo, Executive Director  
Metro 4/SESARM

## Conflict of Interest Procedures—Attachment 1

### Annual Conflict of Interest Disclosure Form and Attachment (Instructions)

1. Purpose.

These instructions provide information on completing the Annual Conflict of Interest Disclosure Form and the Attachment, if applicable.

2. Applicability.

Metro 4/SESARM records indicate you were an officer and/or director of Metro 4 or SESARM for all or part of the most recent fiscal year. Thus, completion of this form is requested.

3. Form Instructions.

a. Please indicate your organization affiliation, the fiscal year for which you are filling out the form, and respond accurately to each subsequent question by checking the appropriate box. Questions 1-9 typically, but may not always, require a "no" answer. Questions 10 and 11 typically, but may not always, require a "yes" answer.

b. Please check the appropriate boxes below the table:

- i. Please check the applicable box or boxes to indicate the position(s) in which you served during the most recent fiscal year.
- ii. Please check the "added explanation" box if you have added an explanation in the Attachment.

c. Please sign and date the form.

4. Attachment Instructions.

If responses to any of the questions in the Form require explanation, please add, in the table row corresponding with the applicable table question, a brief but informative explanation of the circumstances prompting the answer given.

5. Return of Form and Attachment.

Please return the Form, and the Attachment, if applicable, to Greg DeAngelo at [gdeangelo@metro4-sesarm.org](mailto:gdeangelo@metro4-sesarm.org) as soon as possible.

### Annual Conflict of Interest Disclosure Form

<b>I am affiliated with:</b>		<input type="checkbox"/> <b>Metro 4</b> <input type="checkbox"/> <b>SESARM</b>	
<b>I am filling out this form for fiscal year (Oct to Sept):</b>			
#	Question	Yes	No
1	During this fiscal year, did the corporation provide you or an immediate family member a grant, or any other assistance constituting a financial benefit?	<input type="checkbox"/>	<input type="checkbox"/>
2	During this fiscal year, did you or any immediate family member, as an individual, have a direct business relationship with the corporation, other than as an officer and/or director?	<input type="checkbox"/>	<input type="checkbox"/>
3	During this fiscal year, did you or an immediate family member, as an individual, have an indirect business relationship with the corporation through owning, individually or collectively with others, more than 35% of another entity?	<input type="checkbox"/>	<input type="checkbox"/>
4	During this fiscal year, did you serve as an officer, director, trustee, key employee, partner, or member of an entity doing business with the corporation, other than an organization exempt under Internal Revenue Service Code Section 501(c), or as a shareholder of a professional corporation?	<input type="checkbox"/>	<input type="checkbox"/>
5	During this fiscal year, was there any relationship or activity that caused you not to be independent and that created, or had the appearance of creating, a conflict of interest?	<input type="checkbox"/>	<input type="checkbox"/>
6	During this fiscal year, did you, as an individual, have a family relationship with any officer, director, or key personnel of the corporation?	<input type="checkbox"/>	<input type="checkbox"/>
7	During this fiscal year, did you, as an individual, have a business relationship with any officer, director, or key personnel of the corporation?	<input type="checkbox"/>	<input type="checkbox"/>
8	During this fiscal year, did you receive compensation from an organization related to the corporation other than as an employee of a member agency?	<input type="checkbox"/>	<input type="checkbox"/>
9	During this fiscal year, did you receive compensation from any entity which did business with the corporation?	<input type="checkbox"/>	<input type="checkbox"/>
10	Have you received, read, understood, and agreed to comply with the Metro 4/SESARM Conflict of Interest Policy?	<input type="checkbox"/>	<input type="checkbox"/>
11	Do you understand that Metro 4 and SESARM are 501(c) non-profit corporations and that, in order to maintain their federal tax exemptions, they must engage primarily in activities designed to accomplish one or more of their tax-exempt purposes?	<input type="checkbox"/>	<input type="checkbox"/>

I held the following corporation position(s) in this fiscal year. — Officer  Director  Executive Director

I have added explanations in Attachment 1 for one or more questions above. — Check if applicable.

**I certify that the information in disclosure is true and accurate, to the best of my knowledge and ability.**

<b>Signature:</b>	<b>Date:</b>
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### Annual Conflict of Interest Disclosure Form—Attachment 1

Please provide additional information for any question on the previous page that requires further explanation. Explanations are required for "yes" answers for any of Questions 1-9 and "no" answers for Questions 10-11. Each cell in the table below will expand to accommodate necessary explanations.

#	Explanation
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