

CHCA DISCLOSURE AND CONFLICT OF INTEREST POLICY

I. FORMATIVE PRINCIPLES

1. To maintain the Association's public charity tax-exempt status and to avoid any semblance of impropriety, it is imperative that directors, officers, employees, and committee members act independently of any personal or professional interest that they, or those with whom they have a close personal or business relationship, may have in matters that come before the Association.
2. Maintaining the community's trust is critical to the success, effectiveness and reputation of the Association.
3. While outside affiliation with other institutions, contractors, vendors, donors, and agencies brings important input and perspective to discussions held by the board, no such interests should take precedence over a director's duty to act in the best interest of the Association and the community as a whole when acting upon CHCA matters.

II. DISCLOSURE AND CONFLICT OF INTEREST POLICY

A. DUTY TO DISCLOSE

1. To maintain the community's trust in the transparency of all Association actions, directors, officers, employees and members of Association committees authorized to vote on an Association matter or having the authority to influence contract and purchase order decisions of the Association must disclose any direct or indirect affiliation with or interest in individuals, businesses, non-profits, or other entities that have dealings with the Association or that will be affected by its decisions. Such connections include service on other boards, legal relationships, using a straw party or trustee to act on one's behalf, and any other connection that a reasonable person might find material to the director's, officer's, employee's or committee member's decision-making. A straw party is an individual who acts as a front for another who actually incurs the expense and obtains the profit of a transaction.
 - An indirect affiliation means a relationship with or interest of a close family or household member, business partner or associate in businesses, non-profits, or other entities that have dealings with the Association or that may be directly affected by its actions.
 - A close family member means a spouse, child, parent, step-parent, grandparent, sibling, niece, nephew, in-law, or spouse or significant other of a close family member.
2. All directors, officers, the executive director and standing committee members (board and advisory, as described in the by-laws), and any other employees and committee members having the authority to influence contract and purchase order decisions of the Association, are required to fill out the Association's Conflict of Interest Statement and Disclosure Form annually and file it with the Executive Director at least 15 days before the annual meeting of the Association. The Executive Director shall report at the annual meeting whether all forms have been submitted by the required individuals. No individual required to file an annual form shall be permitted to vote on an action until the form has been submitted. In the event that an individual required to file the annual form starts service other than at the annual meeting, the person shall file the form within 30 days of the appointment or election. Additional disclosures need to be reported during the year, the changes should be reported in writing to the Executive Director in a timely manner. The Executive Director shall notify the Association's President and

the chair of any impacted committee of any such changes. An annual disclosure form shall not be released by the Executive Director or governance leadership of the Association without the advance consent of the individual.

3. Committee members on ad hoc committees or employees and volunteers without having the authority to influence contract and purchase order decisions of the Association are not required to complete the Annual Conflict of Interest Statement and Disclosure Form, but should report any conflict to the leadership of the committee or employee/volunteer group when an issue arises that may involve the conflict.
4. The duty to disclose applies not only to discussions before the entire board but also to discussions before all committees, including but not limited to: the Executive Committee, the Land Use Planning and Zoning Committee (LUPZC), the Development Review Committee (DRC), and the Budget and Finance Committee.

B. CONFLICT OF INTEREST

1. A conflict of interest arises when it appears that a particular director, committee member, officer, employee, or someone with whom he or she is closely associated, may derive, directly or indirectly, benefit or detriment commercially or financially from an action of the Association.
2. A conflict of interest does not arise if the benefit or detriment in question is insignificant or likely to accrue similarly to those within an affected group to which the director, officer, employee or committee member belongs, such as to multiple members of the general public or to members of a given industry or occupation.

C. DETERMINATION OF A CONFLICT

1. A director, officer, employee, committee member or volunteer having the authority to vote on an Association action or influence contract and purchase order decisions of the Association shall inform the President, Executive Director or committee chair of any potential conflict of interest that impacts a matter to be considered at a meeting as soon as he or she becomes aware of it, either before or during the relevant meeting of the board or committee.
2. Prior to each meeting, directors and committee members are expected to review the proposed meeting agenda to determine if any matters to be discussed may pose a potential conflict of interest for him or her or another individual serving on the board or committee. Any such concerns should immediately be brought to the attention of the President, Executive Director or committee chair so that the issue may be resolved before the meeting.
3. For conflict issues involving a director and an action before the Board, the President, after consultation with the chair of the Governance Committee and the Vice-President of Operations, shall make a determination of whether a potential conflict exists and whether such conflict requires disclosure or disclosure and recusal. For conflict issues before committees, the committee chair shall make the determination.
4. If the parties agree that a potential conflict exists, the President or committee chair shall announce that determination at the outset of the meeting.
5. If a director or committee member does not agree with the determination about a conflict of interest as defined in this policy, the full board or committee shall, in executive session, make a decision after the director or committee member and guests have been excused from the meeting.

D. IF A CONFLICT IS DETERMINED

1. A director or committee member may not participate in the discussion at the Board or committee meeting or subsequent vote on a matter for which he or she has been determined to have a conflict of interest. An individual who is conflicted from participating as a member of the governing body may speak as a member of the public, after first disclosing their conflict and recusal as a director, during any public participation section of a meeting. A conflict of interest determination and consequent recusal of a director must be noted in the minutes of the meeting. Such notation will include the name of the director but need not describe the particulars of the conflict.
2. A director or committee member who has been determined to have a conflict of interest will not be counted in determining the number of votes required to approve an action. He or she will be counted as contributing to the necessary quorum for the meeting itself.
3. A director or committee member who has a conflict of interest or recuses himself or herself may not have ex parte communications with other directors or committee members to lobby for his or her position without disclosing the conflict of interests that the director has and that he or she will abstain from the vote as required by the CHCA policy. An ex parte communication is an oral or written communication that occurs outside the presence of the governing body.

E. ENFORCEMENT

1. The failure to comply with the policies and procedures outlined herein shall be subject to disciplinary action by the board of directors, at the recommendation of the Executive Committee, after consultation with the Governance Committee and the affected individual, including but not limited to a warning, reprimand or removal as a director, officer or committee member from office. Any removal of a director must be acted upon in accordance with the bylaws of the organization.
2. Any potential violations of the CHCA Conflict of interest Policy and Procedures shall be subject to and handled in accordance with the CHCA Enforcement Procedures.

F. EXAMPLES (Note: Conflicts of interest are fact-specific. These examples are intended to illustrate only some common situations that might arise.)

1. A member of the CHCA Board of Directors has a close relative who owns a retail clothing store on Germantown Avenue. The store owner wants to purchase the property next door to expand. It requires a variance. The decision to recommend a variance will come before the Board.
 - What is the Board member's obligation? Disclose and recuse if store owner is one of the COI defined close relatives. No obligation to disclose or recuse if the store owner is a more distant family member or friend.
2. A CHCA board member lives in the vicinity of a parcel of land which is sold to a developer who announces plans to construct a building that requires a variance. A majority of neighbors are against this project as is the board member.
 - What is the board member's obligation? The board member has an obligation to disclose but no obligation to recuse in this situation because he or she is part of a group that may benefit or suffer from the action similarly. See D #2 in the COI policy.

3. A CHCA board member believes that a proposed development in close proximity to his or her house impacts positively or negatively the value of his or her house.
 - What is the board member's obligation? If all the proximate houses are similarly affected the director has no duty to disclose and may advocate and vote. If his or her house is differently and significantly affected there is a duty to disclose and recuse. The board member may only speak to the matter as a member of the public and not as a board member.

4. A CHCA board member also sits on the board of another Chestnut Hill organization. The board member is not in favor of a particular project which is being considered by both boards.
 - What is the board member's obligation? The board member's service as a director of another organization is not a conflict under this Policy. When voting at the CHCA meetings, the board member should act in the best interest of the CHCA and its mission. Likewise, the individual should act in accordance with the mission and the conflict of interest policies of the other organization.

5. A business owner wants to open a Vegetarian Cafe on Germantown Avenue in a building that is not zoned for restaurant use. A Board member owns a Vegetarian Restaurant in the next block and is concerned about competition for his or her business.
 - What is the board member's obligation? The board member must disclose and recuse because of the direct competitive conflict in the immediate vicinity of the proposed project. If the business owner's café was not a vegetarian café; the Board member is most likely affected similarly to other restaurant owners in Chestnut Hill and should disclose their restaurant ownership but need not recuse him or herself.