

HERMANTOWN  
AREA CHAMBER OF COMMERCE  
**Conflict of Interest Policy**

I. Statement of Policy

Hermantown Area Chamber of Commerce (HACC), as a tax-exempt not-for-profit corporation, has a special obligation to uphold the public trust because of its charitable purposes and privileges, and is committed to acting with integrity and fairness in all its operations. A conflict of interest exists when the duty of loyalty of a board of director is potentially compromised by actual or potential benefits received from another source. A business or personal relationship may create a conflict of interest because it could impair the independent judgment of a HACC Director in the exercise of duties relating to HACC and its operations. Conflicts are not limited to financial interests but may also include situations that convey a personal benefit or advantage causing the individual to have dual and/or conflicting loyalties in connection with a grant or other HACC expenditure or business arrangement or contract.

When a Director has an interest in a transaction being considered by the organization, the director should disclose that conflict before the board of directors or staff member acts on the matter. Any board member having a conflict of interest will not vote or use his or her personal influence on the matter and will not be present when the matter is discussed by the board. The minutes of the meeting will reflect that a disclosure was made, and the abstention from voting.

This policy also will apply to immediate family members, the organization's committees, and its volunteer association. Directors, committee members, staff members, and officers of the volunteer association will be required to attest annually to their familiarity with this policy and to provide information concerning any possible conflict of interest so that disclosure, if necessary, is made.

Staff members and their immediate families will not benefit materially from the organization beyond receipt of salaries, fringe benefits, and reimbursement for authorized expenses.

II. Definition of Material Personal Interest

A material personal interest is:

an ownership or investment interest in any entity with which this organization has a transaction or arrangement; a compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement; or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts, favors, and non-financial benefits that are not insubstantial.

III. Procedures

HACC encourages its Directors to be active members of their communities, including being involved as members and board leaders of nonprofit organizations. Because there is potential that material conflicts of interest will arise from such affiliations, the relationships must in every case be disclosed to HACC. Disclosure is the process by which the relationship (such as board membership, employee status or consulting) is formally acknowledged by the individual to his/her colleagues on the HACC Board. For example, where the conflict arises from a deliberate relationship (such as consulting) with a vendor, the nature and reason for the relationship and intended benefit to HACC and the vendor should be described.

The interested director(s) will disclose to the Board, preferably in writing, the material facts as to his or her material personal interest in the transaction and in any corporation, partnership, association or other organization involved in the transaction prior to the meeting at which the Board acts upon the transaction.

The interested director(s) will absent himself or herself from the meeting while the transaction is discussed and acted upon.

A disinterested director, or other disinterested party familiar with the transaction, will present evidence of the fairness of the proposed transaction, such as competitive bids or comparable price quotations.

The vote of a majority of the disinterested directors participating in the meeting and constituting a quorum, after reaching a decision regarding whether the proposed transaction is fair to the organization, will be required for approval of the transaction. The minutes for the meeting will reflect that a disclosure of interest was made and that the interested director(s) abstained from voting and was not present during the Board's consideration of the transaction.

These procedures (i) will apply to transactions approved after the date of adoption of this policy; (ii) will not apply to reimbursement of expenses actually incurred by any director in the course of performing his or her duties as such; and (iii) may be waived or altered in any particular case by vote of a majority of the full Board of Directors for good cause shown.

IV. Potential Conflict Report

All Directors shall receive a copy of the Conflict of Interest Policy and indicate by their signature that they agree to comply with it. You agree to disclose any affiliation that you have, or a member of your immediate family has, with HACC. You consent to advance the HACC's mission and programmatic objectives. To assist in implementing this Policy, each proposed new Board member will file a Potential Conflict Report in connection with the selection process. Existing Board members will file a Potential Conflict Report annually, in June, with the Executive Director, whose responsibility it will be to oversee the annual distribution of such forms to existing Board members.

**I have read and understand this policy.**

**Name** \_\_\_\_\_ **Date** \_\_\_\_\_

# Potential Conflict Report

**Keep and use this form if you perceive there may be a potential conflict of interest.** It will be forwarded to the Executive Committee. Please answer all questions. If the answer is "yes," please explain. An affirmative response does not imply that the relationship is improper or that it should be terminated.

During the past twelve months, have you or any related party [1] had any interest, direct or indirect, in any contract or transaction with HACC?

Do you or any related parties have any interest, direct or indirect, in any pending or proposed contract or transaction with HACC?

Do you or any related party have any other interest, which might conflict, or might be perceived to conflict, with your duty of loyalty to the interests of HACC?

Please list any organizations you are affiliated with and your role with the organization.

The answers to the foregoing are accurate to the best of my knowledge and belief, and I will promptly notify the Executive Director Hermantown Area Chamber of Commerce and the Board President of any change, which would make any of the answers no longer accurate.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

[1] For this purpose, a "related part)" is defined as members of your immediate family, which includes your spouse, children, siblings, and parents; estates, trusts, partnerships, limited liability companies, corporations and other entities in which you or any member of your immediate family has a present or vested future beneficial interest or serves as an officer, director, or trustee, other than entities in which you and your immediate family members in the aggregate own less than five percent in value of all traded securities.