

CONFLICT OF INTEREST POLICY

Policy Number:

Owner Department: Board of Trustees

Approved Date/Effective Date: October 22, 2014

I. POLICY STATEMENT/PURPOSE

The purpose of this conflict of interest policy is to protect SCNM's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer, Advisory Council Member, or Trustee of SCNM or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

II. POLICY STATUS

Approved October 22, 2014, Updated December 19, 2018

III. HISTORY/BACKGROUND

SCNM Trustees, Advisory Council Members, and Executive Council annually sign a conflict of interest disclosure and are required to disclose any conflicts that may arise throughout the year.

IV. DEFINITION(S)

- A. *Interested person* - Any Trustee, Advisory Council Member, Executive Council Member, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
- B. *Financial interest* - A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - 1. An ownership or significant investment interest in any entity with which SCNM has a transaction or arrangement,
 - 2. A compensation arrangement with SCNM or with any entity or individual with which SCNM has a transaction or arrangement, or
 - 3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which SCNM is negotiating a transaction or arrangement.
 - 4. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
 - 5. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board Executive Committee decides that a conflict of interest exists, in accordance with this policy.
- C. *Independent Trustee* - A trustee shall be considered "independent" for the purposes of this policy if he or she is "independent" as defined in the instructions for the IRS 990 form.
 - 1. Is not, and has not been for a period of at least three years, an employee of SCNM or any entity in which SCNM has a financial interest;
 - 2. Does not directly or indirectly have a significant business relationship with SCNM, which might affect independence in decision-making;

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3. Is not employed as an executive of another corporation where any of SCNM's executive council or employees serve on that corporation's compensation committee; and
4. Does not have an immediate family member who is an executive council member or employee of SCNM or who holds a position that has a significant financial relationship with SCNM.

V. SCOPE/KEY STAKEHOLDERS

SCNM Board of Trustees, Advisory Council(s) and Executive Council

VI. POLICY ITEMS

- A. **Duty to Disclose** -- In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board Executive Committee.
- B. **Recusal of Self** -- Any interested person may recuse himself or herself at any time from involvement in any decision or discussion in which the interested person believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
- C. **Determining Whether a Conflict of Interest Exists** -- After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board Executive Committee members shall decide if a conflict of interest exists.
- D. **Addressing the Conflict of Interest** An interested person who identifies a conflict of interest must disclose the conflict to the President/CEO and Chairman of the Board. The Board of Trustees will determine the impact of the conflict and may investigate alternatives to the proposed transaction or arrangement. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Executive Committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in SCNM's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
- E. **Violations of the Conflicts of Interest Policy** If the Board Executive Committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.
If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the Board Executive Committee determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
- F. **Records of Proceedings** The minutes of the Board and all committees with board delegated powers shall contain:
 1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or Executive Committee's decision as to whether a conflict of interest in fact existed.
 2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

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G. **Annual Statements** Each interested person shall annually sign a statement which affirms such person:

1. Has received a copy of the conflict of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands SCNM is a charitable organization 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.
5. Each voting member of the Board shall additionally declare whether such person is an independent trustee.
6. If at any time during the year, the information in the annual statement changes materially, the interested person shall disclose such changes and revise the annual disclosure form.
7. The Board Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

VII. RESPONSIBILITY FOR IMPLEMENTATION

SCNM President's Office and the Board of Trustees

VIII. RELATED DOCUMENTS

[Conflict of Interest Statement](#)

IX. NEXT REVIEW DATE

As necessary

X. VERSION CONTROL AND CHANGE HISTORY

Version Control	Approved By/Date	Date Effective	Amendment
1	PC 10-22-2014	10-22-2014	
2	PC Review of minor changes 12-19-18	12/19/2018	

XI. POLICY AUTHOR/CONTACT

President's Office