

Lake County Continuum of Care Conflict of Interest Policy

I. Purpose

- a. The purpose of this conflict of interest policy is to protect the Lake County Continuum of Care (CoC) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer of the CoC or might result in a possible excess benefit transaction.
- b. 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.
- c. This policy is also intended to identify Community-at-Large members.

II. Definitions

- a. **Interested person** - Any Board member with 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:
 - i. An ownership or investment interest in any entity with which the CoC has a transaction or arrangement,
 - ii. A compensation arrangement with the CoC or with any entity or individual with which the CoC has a transaction or arrangement, or
 - iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the CoC is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. 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 CoC Board decides that a conflict of interest exists, in accordance to this policy.

- c. **Community-at-Large members** – a Board member shall be designated as Community-at-Large if s/he
 - i. is not an employee of the CoC Lead Agency or any of its partner agencies;
 - ii. does not directly or indirectly have a significant business relationship with the CoC, which might affect independence in decision-making;
 - iii. is not employed as an executive of another agency where any of the CoC's Executive Committee members serve on that agency's compensation committee; and,
 - iv. does not have an immediate family member who serves on the CoC Executive Committee.

III. Procedures

- a. **Duty to Disclose** – In connection with any actual, possible, or perceived 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 CoC Board.

- b. **Recusal of Self** – Any officer or Board member may recuse himself or herself at any time from involvement in any decision or discussion in which he or she 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 fact, and after any discussion with the interested person, s/he shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.
- d. **Procedures for Addressing the Conflict of Interest**
 - i. An interested person may make a presentation at the Board meeting, but after the presentation s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - ii. The Board Chair or designee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - iii. After exercising due diligence, the Board shall determine whether the CoC 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.
 - iv. If a more advantageous transaction or arrangement is not reasonably possible under circumstance not producing conflict of interest, the Board shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the CoC'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 a transaction or arrangement.
- e. **Violation of the Conflict of Interest Policy**
 - i. If the Board has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - ii. If, after the hearing the member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

IV. Records of Proceedings

The minutes of the Board meeting shall contain:

- a. 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 decision as to whether a conflict of interest in fact existed.

- b. 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.

V. Compensation

- a. A voting member of the Board representing an agency that receives compensation or otherwise contracts with the CoC to provide services in exchange for funding or compensation is precluded from voting on matters pertaining to that agency's contract or arrangement and compensation.
- b. No voting member of the Board representing an agency that receives compensation or otherwise contracts with the CoC to provide services is prohibited from providing information to any committee regarding compensation.

VI. Annual Statements

- a. Each Board member with delegated powers shall annually sign a statement which affirms such person:
 - i. Has received a copy of the conflict of interest policy
 - ii. Has read and understands the policy, and
 - iii. Has agreed to comply with the policy
- b. Each voting member of the Board shall annually sign a statement which declares whether such person is a Member-at-Large.
- c. If at any time during the year, the information in the annual statement changes materially, the Board Chair or designee shall disclose such changes and revise the annual disclosure form.
- d. The Board 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.