

# CONFLICT OF INTEREST POLICY

*Adopted August 5, 2010, pursuant to Bylaws of the Rotary Club of Gainesville Foundation*

## 1. Purpose

The purpose of the Conflicts of Interest policy is to ensure that the deliberations and decisions of the Corporation are made in the interest of the global community as a whole, and to protect the interests of the Corporation when it is contemplating entering into a transaction, contract, or arrangement that might benefit the private interest of an Interested Director, Officer or Person (as defined below). An Interested Director, Officer or Person may not use his or her position with respect to the Corporation, or confidential corporate information obtained by him or her relating to the Corporation, in order to achieve a financial benefit for himself or herself or for a third person, including another nonprofit or charitable organization. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest in nonprofit and charitable corporations.

## 2. Definitions

2.1 Compensation. "Compensation" includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.2 Family. The "family" of any individual shall include only his or her spouse; his or her siblings and their spouses; his or her ancestors; and his or her descendants and their spouses.

2.3 Financial Interest. A person has a "financial interest" if the person has, directly or indirectly, through business, investment or family:

(a) An existing or potential ownership or investment interest in any entity with which the Corporation has a transaction, contract, or other arrangement, or

(b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction, contract, or other arrangement, or

(c) An existing or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction, contract, or other arrangement, or

(d) An existing or potential ownership or investment interest in, or compensation arrangement with, any entity whose business or operation has been or will be directly affected by a decision or action of the Corporation.

2.4 Interested Director. "Interested Director" shall mean any Director of the Corporation who has a material financial interest, as defined above, or who serves as a Director or Officer of any entity with which the Corporation has a transaction, contract, or other arrangement.

2.5 Interested Officer. "Interested Officer" shall mean any Officer who has a material financial interest, as defined above, or who serves as a Director or Officer of any entity with which the Corporation has a transaction, contract, or other arrangement. For purposes of this policy, the President of the Corporation shall be treated as an Officer.

2.6 Interested Person. "Interested Person" shall mean either:

(a) Any person currently being compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full- or part-time employee, independent contractor, or otherwise, or

(b) Any person whose family member, as defined in Section 2.2, is currently being compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full- or part-time employee, independent contractor, or otherwise.

### **3. Committee on Conflicts of Interest**

3.1 To administer and monitor compliance with this Policy, the Board shall create a [Committee of the Board on Conflicts of Interest](#) (“Conflicts Committee”), to consist of at least two Directors named by the Board.

3.2 The [Conflicts Committee](#) shall require a statement from each Director and Officer not less frequently than once a year setting forth all business and other affiliations which relate in any way to the business and other activities of the Corporation.

### **4. Duty to Abstain**

4.1 No Director shall vote on any matter in which he or she has a material and direct financial interest that will be affected by the outcome of the vote.

4.2 In the event of such an abstention, the abstaining Director shall state the reason for the abstention, which shall be noted in the minutes of the Board of Directors.

### **5. Disclosure by Directors and Officers**

5.1 When requested by the Conflicts Committee (not less frequently than once a year), each Director and Officer shall promptly submit a statement to the Committee setting forth all business and other affiliations which relate in any way to the business and other affiliations of the Corporation.

5.2 With respect to any particular matter then pending before the Corporation, each Director and Officer shall disclose to the Conflicts Committee any matter that could reasonably be considered to make the Director or Officer an “Interested Director” or “Interested Officer,” as defined above.

5.3 With respect to any particular matter then pending before the Corporation, each Director and Officer shall disclose to the Conflicts Committee any relationship or other factor that could reasonably be considered to cause the Director or Officer to be considered to be an “Interested Person,” as defined above.

5.4 For purposes of this section, Officers of the Corporation need not disclose compensation and other benefits paid to the Officer by the Corporation pursuant to Board resolution.

### **6. Disclosure by Supporting Organization**

Members of or participants in Supporting Organization councils must disclose conflicts of interest or other financial interests in matters within the scope of the Supporting Organization in the manner required by the Bylaws of the Supporting Organization.

### **7. Procedures in Connection with Proposed Transactions and Arrangements**

7.1 Scope. This section applies to any proposed transaction, contract, or arrangement in which a Director, Officer, or Interested Person has a material financial interest.

7.2 Duty to Disclose. In connection with any actual or possible conflicts of interest, an Interested Director or Interested Officer must disclose the existence and nature of his or her material financial interest to the Conflicts Committee prior to the consideration of the proposed transaction, contract, or arrangement by the Board or any Committee of the Board.

7.3 Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest, the disinterested members of the Conflicts Committee shall determine whether a conflict of interest exists. Neither the Board nor any Committee of the Board shall vote upon any proposed transaction, contract, or arrangement in connection with which an actual or possible conflict of interest has been disclosed by an Interested Director until such time as the Conflicts Committee has addressed the actual or possible conflict of interest. For matters pending before the full Board of Directors, a referral to the Conflicts Committee will not be required where the Interested Director

fully discloses to the Board his or her financial interest and abstains from participation in the Board's consideration of the proposed transaction, contract, or arrangement.

#### 7.4 Procedures for Addressing a Conflict of Interest

7.4.1 Where a matter has been referred to the Conflicts Committee and the Conflicts Committee has concluded that a conflict of interest exists, the chairman of the Board or Committee of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction, contract, or arrangement.

7.4.2 After exercising due diligence, the Board or Committee shall determine whether the Corporation can obtain a more advantageous transaction, contract, or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

7.4.3 If a more advantageous transaction, contract, or other arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or Committee shall determine by a majority vote of the disinterested Directors whether the transaction, contract, or arrangement is in the Corporation's best interest and for its own benefit and whether it is fair and reasonable to the Corporation, and shall make its decision as to whether to enter into the transaction, contract, or arrangement in conformity with such determination.

### 8. Violations of the Conflicts of Interest Policy

8.1 If the Conflicts Committee has reasonable cause to believe that a Director or Officer has failed to disclose an actual or possible conflict of interest, it shall inform the Director or Officer of the basis for such belief and afford the Director or Officer an opportunity to explain the alleged failure to disclose.

8.2 If, after hearing the response of the Director or Officer and making such further investigation as may be warranted in the circumstances, the Conflicts Committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall recommend to the Board of Directors appropriate disciplinary and corrective action.

8.3 The violation of this conflicts of interest policy is a serious matter and may constitute "cause" for removal or termination of a Director or Officer, or the termination of any contractual relationship the Corporation may have with an Interested Person or other party.

### 9. Records of Proceedings

9.1 The minutes of the Conflicts Committee shall contain:

(a) The names of Directors and Officers found to have a material 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 decision of the Conflicts Committee 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 actual or potential conflict of interest; the content of the discussion; and a record of any votes taken in connection therewith.

9.2 In connection with a conflict of interest, the minutes of the Board or other Committee of the Board shall contain 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 therewith.

#### **10. Compensation Committees**

A member of any Committee of the Board the jurisdiction of which includes compensation matters and who receives compensation from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

#### **11. Annual Statements**

Each Director and Officer shall annually sign a statement which affirms that such person:

- (a) Has received a copy of the conflicts of interest policy;
- (b) Has read and understands the policy;
- (c) Has agreed to comply with the policy; and
- (d) Understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **12. Periodic Reviews**

The Conflicts Committee shall periodically consider whether and how this Conflicts of Interest Policy should be revised or amended to better meet its objectives. In connection with any periodic review conducted by the Corporation to ensure that it operates in a manner consistent with its charitable purposes, the Conflicts Committee shall report on the matters referred to it and their resolution.