

CONFLICT OF INTEREST POLICY
OF
THE FOUNDATION FOR PLEASANT VALLEY RECREATION AND PARKS
A California Nonprofit Public Benefit Corporation

ARTICLE 1

Introduction and Purpose

Section 1.1 **Foundation for Pleasant Valley Recreation and Parks** (the “Corporation”) requires its directors, officers, employees and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Board of Directors (the “Board”) of the corporation, recognizing that it is entrusted with resources devoted to charitable purposes, has adopted this Conflict of Interest Policy (the “Policy”). The purpose of this policy is to protect the corporation’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or other person in a position of authority within the corporation. The corporation strives to avoid conflicts of interest to ensure that it continues to operate in accordance with its tax-exempt purpose. This policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

In addition, notwithstanding any provision in this Policy to the contrary, to the extent that any members of the Corporation Board are concurrently members of the Board of Directors or employees of the Pleasant Valley Recreation & Park District, any applicable conflict of interest provisions contained in Section 1090 et seq. of the California Government Code shall apply to this Policy. However, since members of the Corporation Board are non-compensated for their services, any members of the Corporation Board who are concurrently members of the Board of Directors or employees of the Pleasant Valley Recreation & Park District shall not be deemed interested in any contracts entered into by the Foundation pursuant to Government Code Section 1091.5(a)(8).

ARTICLE 2

Definitions

Section 2.1 Duty of Loyalty of Interested Persons

Conflicts of interest can place personal interests at odds with the fiduciary “duty of loyalty” owed to the corporation. The duty of loyalty requires that a director, manager, principal, officer, or member of a committee with governing board-delegated powers (each, an “Interested Person”), refrain from using his or her position for personal gain, and avoid acting on issues in which his or her personal or financial interests could conflict with the interests of the corporation.

Section 2.2 Direct and Indirect Conflicts of Interest

Conflicts of interest arise from personal relationships or from a financial interest. Conflicts can arise either directly or indirectly. A direct conflict can arise where an Interested Person has a

personal or financial interest in any matter involving the corporation or has a financial or agency relationship (i.e., is a director, officer, manager, partner, associate, trustee or has a similar agency relationship) with an entity involved in a transaction or other business with the corporation.

An indirect conflict can arise where someone related to an Interested Person by business affiliation, or a “Family Member” (spouse, domestic partner, parents-in-law, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren) of the Interested Person has dealings with the corporation. By way of example, an Interested Person has a financial interest if such person has, directly or indirectly, through business, investment or a family member:

- (a) an ownership or investment interest in any entity with which the corporation has a transaction or arrangement;
- (b) a compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement; or
- (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Section 2.3. Potential and Actual Conflicts of Interest

Acts that mix the personal or financial interests of an Interested Person with the interests of the corporation are indicative of a conflict of interest. Not every potential conflict is an actual conflict, however. An Interested Person who has a financial interest in a matter involving the corporation may have a conflict of interest requiring application of the mitigating procedures described in this policy only if the appropriate party designated in [Article 3] decides that such a potential conflict of interest is actual or material. However, acts that even have the appearance of a conflict of interest can be damaging to the reputation of the corporation. Consequently, the corporation seeks to avoid potential and actual conflicts of interest, as well as the appearance of conflicts.

Section 2.4 Activities that May Present a Conflict of Interest

The following is a non-exclusive list of the types of activities that may present a conflict of interest and should be disclosed in accordance with Article 3.

- (a) **Adverse Interest.** Participation by an Interested Person in decisions or negotiations related to a contract, transaction or other matter between the corporation and: (i) the Interested Person; (ii) an entity in which the Interested Person or a family member of such person has financial interest; or (iii) an entity with which the Interested Person has an agency relationship.
- (b) **Competing Interests.** Competition by an Interested Person, either directly or indirectly, with the corporation in the purchase or sale of property or property rights, interests, or services, or, in

some instances, competition directly for the same donor or external resources.

(c) **Use of Resources.** Use of the corporation's resources (for example, staff, contracts, donor lists, or name) for personal purposes of the Interested Person or a family member of such person.

(d) **Inside Information.** Disclosure or exploitation by an Interested Person of information pertaining to the corporation's business for the personal profit or advantage of such person or a family member of such person or a person/entity with whom the Interested Person has an agency relationship.

Section 2.5 Disclosure

The primary obligation of any person subject to this policy who may be involved in a conflict of interest situation is to bring it to the attention of those designated under the disclosure procedures in Article 3 so that the potential conflict can be evaluated and addressed. An Interested Person should not make the decision about whether a conflict of interest exists unilaterally.

ARTICLE 3

Procedures to Disclose and Resolve Conflicts

Section 3.1 Duty to Self-Disclose

(a) An Interested Person shall make an appropriate disclosure of all material facts, including the existence of any financial interest, at any time that any actual or potential conflict of interest arises.

(b) In addition, Interested Persons shall, in accordance with Article 4 make an annual disclosure of on-going relationships and interests that may present a conflict of interest.

Section 3.2 Evaluation of Potential Conflict

(a) After disclosure of all material facts and any follow-up discussion with the Interested Person with a potential conflict of interest, a determination must be made about whether a material financial interest, self dealing transaction or other kind of actual conflict exists. If the potential conflict is first disclosed during a Board or Committee meeting at which the Interested Person with the potential conflict is in attendance, the Interested Person shall leave the meeting while the determination of whether a conflict of interest exists is either discussed and voted upon or referred to Committee for further consideration. In either event, the decision-making body will evaluate the disclosures by the Interested Person, and will determine on a case-by-case basis whether the disclosed activities constitute an actual conflict of interest. If the disclosure is made outside of the context of a meeting, then the determination of whether a conflict exists will be referred to **Board** for decision and action.

(b) In all other circumstances where it is determined that an actual conflict of interest exists, the decision-making body will recommend an appropriate course of action to protect the interests of the corporation. All disclosures and the outcome of the deliberation about whether a conflict of interest exists will be recorded in the minutes of the appropriate deliberative meeting.

Section 3.3 “Self Dealing” Transactions of Directors

Section 5233 of the California Corporations Code requires that certain procedures be followed in order for the Board to approve any specific transaction that involves “self dealing” on the part of a director. Section 5233 defines self dealing as a transaction in which a director has a material financial interest (an “interested director”). Section 5233 requires that self dealing transactions be approved by a specific vote that differs from that required for other Board actions.

Section 3.4 Interlocking Directorships

Section 5234 of the California Corporations Code permits transactions between corporations having common directors so long as all material facts regarding the transaction and the relevant directorships are known to the respective boards of directors, and the matters are approved in good faith by a vote sufficient without counting the vote of the common director(s). Such transactions are not self dealing transactions subject to Section 4.

Section 3.5 Violations of the Conflict of Interest Policy

(a) If the Board has reasonable cause to believe that 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.

(b) If, after hearing the Interested Person’s response and after making further investigation as warranted by the circumstances, the Board determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 3.6 Determining Whether a Conflict of Interest Exists

(a) After disclosure of a potential conflict or by allegation of same by a third party, and after disclosure of all material facts, a Covered Person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) The Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the Board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement or if such an arrangement is not acceptable to the Corporation.

(d) If a more advantageous transaction or arrangement is not reasonably possible under the circumstances, the Board or committee shall determine by a majority vote (excluding any interested Covered Persons) whether the transaction or arrangement is in the Corporation’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with this determination it shall make its decision as to whether it is fair and reasonable. In conformity with this determination it shall make its decision as to whether the Corporation should enter into the transaction or arrangement.

ARTICLE 4

Annual Statements

Section 4.1 Annual Statements

Each person subject to this policy shall annually sign a statement on the conflict of interest disclosure form (“Conflict of Interest Disclosure Form,” attached as **Schedule 1**) or such other form as the Board adopts, which at a minimum affirms that such person:

- (a) has received a copy of the Policy;
- (b) has read and understands the Policy;
- (c) has agreed to comply with the Policy; and
- (d) understands the Corporation is charitable 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.

In addition, Interested Persons shall make an annual disclosure of on-going relationships and interests that may present a conflict of interest. Disclosures should address current affiliations, as well as past affiliations for the prior two years. Conflict of interest disclosure forms will be submitted to the **Executive Committee** annually, and when appropriate, at or prior to action on relevant business transactions.

**CONFLICT OF INTEREST POLICY
SCHEDULE 1: CONFLICT OF INTEREST DISCLOSURE FORM**

The undersigned, as a board member, director, manager, principal, officer, or member of a committee with governing board-delegated powers, of (the “Corporation”), acknowledges that:

1. He or she has received a copy of the Corporation’s Conflict of Interest Policy (the “Policy”);
2. He or she has read and understands the Policy;
3. He or she has agreed to comply with the Policy;
4. He or she understands the Corporation is charitable 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; and
5. The following on-going relationships and interests may present a conflict of interest: *(disclosures should address current affiliations, as well as past affiliations for the prior two years, and should include all of the following: the undersigned’s employer, all corporations (nonprofit and for-profit) of which the undersigned is a board member or officer, and the names of such of the undersigned’s Family Members or business affiliates or any other relationships the undersigned has which the undersigned believes may present a potential conflict)*

Name: _____

Title: _____

Signature: _____

Date: _____