



## CONFLICT OF INTEREST POLICY

The Washington RC&D Council  
1606 Perry St., Suite E, Yakima, WA. 98902  
(509) 454-5746  
[www.washingtonrcd.org](http://www.washingtonrcd.org)

Executive Director: Ryan Anderson  
e-mail: [resources@washingtonrcd.org](mailto:resources@washingtonrcd.org)

2017

*Mission: To provide leadership on issues of regional significance by facilitating the planning, coordination, and implementation of initiatives which promote a sustainable rural lifestyle for current and future generations.*

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## Article I. Purpose

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The Washington Resource Conservation & Development Council (hereby referred to as RC&D) is an IRS 501(c)(3) non-profit organization, dedicated to facilitating local conservation efforts through partnerships with local agencies, governments, municipalities, conservation districts, local businesses, and individuals. The RC&D expects all of its directors to abide by high ethical standards of performance and act in the best interests of the RC&D, and the citizens and sponsor they represent.

The RC&D will conduct its business honestly and ethically in all aspects of its operations. The RC&D will constantly improve the quality of service, products, and operations and will create a reputation for honesty, transparency, fairness, respect, responsibility, integrity, trust, and sound business judgment. No illegal or unethical conduct on the part of officers, trustees, or employees is in the organization's best interest. The RC&D will not compromise its principles for short-term advantage. The ethical performance of the RC&D is the sum of the ethics of the staff of the RC&D and those who are directors of the council. All are expected to adhere to the highest standards of personal integrity.

Effective participation in the RC&D, and its committees, requires that directors be independent, impartial, responsible, and representative of the interests of the entire RC&D area. To achieve these requirements, this conflict of interest policy is set forth to provide guidelines for the conduct for directors and committee members involved in the RC&D.

Officers, trustees, committees, and employees must never permit their personal interests to conflict, or *appear to conflict*, with the interests of the organization. Associates must be particularly careful to avoid representing the RC&D in any transaction with others with whom there is any outside business affiliation or relationship. Associates shall avoid using their organizational contacts to advance their private business or personal interests at the expense of the organization, its clients, or affiliates.

The RC&D acknowledges that conflicts of loyalty sometimes arise that do not involve financial gain. We encourage (but do not require) that relationships and affiliations that might result in a future conflict of loyalty be disclosed, such as serving on other nonprofit boards or for-profit boards. We know that relationships and affiliations have potential for both conflicts of loyalty and collaborative benefits, and open discussion of such situations allows for informed and thoughtful choices.

During all transaction within and outside the board room, each member must follow the three duties of the Director:

- **The Duty of Obedience**

A director must not act outside the scope of corporate powers. The governing board of the RC&D must comply with state and federal law, and conform to the RC&D's charter, articles of incorporation, bylaws, and policies. A director must be faithful to the RC&D's mission. He or she cannot act in a way that is

inconsistent with the RC&D's goals. The directors are trusted by the public to manage donated funds (federal, state, or private) to fulfill the RC&D's mission.

- **The Duty of Loyalty**

Officers and directors must act in good faith and must not allow their personal interests to prevail over the interests of the RC&D. A director must never use information gained through his/her position for personal gain; and must always act in the best interest of the RC&D. Members of the RC&D must remember that once they are in the board room, they must act in the interest of the RC&D, not their sponsors, not themselves. They must leave their personal and professional interests at the door and make decisions in the best interest of the RC&D and its mission.

- **The Duty of Due Care**

Directors and officers are required to be diligent and prudent in managing the organization's affairs. The individuals charged with governing must handle the organizational duties and make decisions exercising reasonable care. Reasonable care is what an "ordinarily prudent" person would use under similar circumstances.

The primary purpose of the conflict of interest policy is to protect the 501(c)(3) tax-exempt status of the RC&D when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the RC&D 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 conflict of interest applicable to nonprofit and charitable organizations.

## **Article II. Definitions**

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### **1. Interested Person**

Any director, principal officer, 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.

### **2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the RC&D has a transaction or arrangement,
- b. A compensation arrangement with the RC&D or with any entity or individual with which the RC&D 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 RC&D 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. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **Article III. Procedures**

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1. **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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
2. **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 governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. **Procedures for Addressing the Conflict of Interest**
  - a. An interested person may make a presentation at the governing 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 chair of the governing 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 governing board or committee shall determine whether the RC&D 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.
  - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the RC&D'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.
4. **Abstention from Discussion and Voting**

When a board member has an actual or potential conflict of interest, they should not participate in the discussions or vote on matters affecting

transactions between the organization and the other group. This policy should also be adopted by staff.

#### **5. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **Article IV. Records of Proceedings**

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The minutes of the governing 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 governing board's or 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.

### **Article V. Compensation**

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1. A voting member of the governing board who receives compensation, directly or indirectly, from the RC&D for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the RC&D for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the RC&D, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

### **Article VI. Annual Statements**

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Each director of the RC&D shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the RC&D is charitable and to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Article VII. Periodic Reviews**

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To ensure the RC&D operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm’s length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the RC&D’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

**Article VIII. Use of Outside Experts**

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When conducting the periodic reviews as provided for in Article VII, the RC&D may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**Article IX. Sponsor Representation**

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When a decision is made that could potentially benefit or otherwise involve a sponsor of the RC&D, the representing board director should recuse themselves from the voting process to avoid an *appearance* of a Conflict of Interest. It is the responsibility of that director to ensure that the recusal is reflected in the minutes. The board can additionally decide whether that director may need to be excused from discussions involving that transaction.

The above Conflict of Interest Policy was approved by the RC&D Council on February 16, 2016.

Signed:

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Frank Hendrix, President

\_\_\_\_\_  
Date

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Treasurer / Secretary

\_\_\_\_\_  
Date

## Appendix A. RC&D Conflict of Interest Form

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The Washington RC&D Council requires each Director to read the Conflict of Interest Policy and sign this agreement once *every year*. Any questions about content within the Conflict of Interest Policy or this Agreement Form should be directed to the Board Chair.

By signing this page you are agreeing to the following:

- 1) I have received a copy of the Washington RC&D Council Conflicts of Interest Policy.
- 2) I have read and understood this policy.
- 3) I agree to comply with the policy.
- 4) I understand that the Washington RC&D Council is a 501(c)(3) charitable non-profit and I agree I must never conduct activities that could threaten its federal tax exemption.
- 5) I have read and understand the three duties of a Director of the Washington RC&D Council:
  - Duty of Obedience
  - Duty of Loyalty
  - Duty of Due Care

Director Name (print): \_\_\_\_\_

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

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

Sponsor: \_\_\_\_\_