

**Friends of Corvallis Police, Inc.**  
**Conflict of Interest Policy**

**Article I Purpose**

The purpose of this conflict of interest policy is to protect the interest of Friends of Corvallis Police when FOCP is contemplating entering into a transaction or arrangement that might benefit the private interest of an FOCP officer or director or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Article II Definitions**

Interested Person Any director, 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.

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 Friends of Corvallis Police has a transaction arrangement.
- b. A compensation arrangement with Friends of Corvallis Police or with any entity or individual with which FOCP has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Friends of Corvallis Police 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**

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.

**Article III Procedures, Continued**

2. Determining Whether a Conflict of Interest Exists After the disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person will leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted on. The remaining board or committee members will 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, the interested person will leave the meeting during the discussion of, and vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee will, 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 will determine whether Friends of Corvallis Police can obtain with reasonable effort a more advantageous transaction or arrangement from a person or entity that would not give rise to 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 will determine by majority vote of the disinterested directors whether the transaction or arrangement is in the best interest of the Friends of Corvallis Police, for its own benefit, and whether it is fair and reasonable. In conformity with this determination it will make its decision whether to enter into the transaction or arrangement.

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 will inform the member of the basis of 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 will take appropriate disciplinary and corrective action.

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

The minutes of the governing board and all committees with board delegated powers will include:

1. The names of the person(s) who disclosed or otherwise were found to have financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action 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 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**

1. A voting member of the governing board who receives compensation, directly or indirectly, from Friends of Corvallis Police 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 Friends of Corvallis Police 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 Friends of Corvallis Police, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

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

Each director, principal officer, and member of a committee with governing board delegated powers will annually sign a statement that affirms the person:

- a. Received a copy of the conflicts of interest policy,
- b. Read and understands the policy,
- c. Agrees to comply with the policy, and
- d. Understands Friends of Corvallis Police is charitable and, to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**Article VII Periodic Reviews**

To ensure Friends of Corvallis Police operates consistently with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, it will conduct periodic reviews. The reviews will, at minimum, include:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to Friends of Corvallis Police 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**

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