



**Community Development Corporation**

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### **Conflict of Interest Policy for Directors and Employees**

The Directors and Employees of Sabin Community Development Corporation owe a duty of loyalty to the Organization, which requires that in serving the Organization they act, not in their personal interest or the interest of others, but rather solely in the interests of the Organization. Directors and Employees must have an undivided allegiance to the Organization's mission and may not use their position as Directors or Employees, information they have about the Organization, or the Organization's property, in a manner that allows them to secure a pecuniary or other materials benefit for themselves or their relatives. Accordingly, no Director or Employee may use his or her position at the Organization for personal gain or to benefit another at the expense of the Organization, its mission, or its reputation.

A conflict of interest may arise when a person has an existing or potential financial interest or other material interest that impairs, or might appear to impair, his or her independence or objectivity in the discharge of responsibilities and duties to the Organization. This policy is intended to protect the Organization's interests when it is contemplating entering into a contract, transaction, or arrangement that might benefit the private interests of a member of the Organization's Board of Directors or an Employee of the Organization. This policy is also meant to aid Directors and Employees of the Organization in performing the duties imposed upon them by the laws of the State of Oregon and the United States of America with respect to their management responsibilities and fiduciary obligations to the Organization. The Organization is committed to transparency and openness in its operations.

Every Director and Employee must discharge his or her duties in good faith, with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances. This requires using common sense, being diligent and attentive to the Organization's needs, and making thoughtful decisions in the best interest of the Organization. No Director or Employee may take personal advantage of a business opportunity that is offered to the Organization unless the Board of Directors of the Organization first determines not to pursue such opportunity.

Each Director or Employee must protect the confidential information of the Organization and must not use confidential information of the Organization for his or her personal benefit, or use such confidential information or his or her position as a Director or Employee to detriment of

the Organization. Confidential information is information obtained through the Director's or Employees position that has not become public information.

### **Direct or Indirect Financial or Other Material Interest**

1. Contracts, transactions, or arrangements of the Organization in which a Director or Employee has a direct or indirect financial or other material interest shall not be prohibited, but they shall be subject to scrutiny. Any such proposed contract, transaction, or arrangement (collectively, "Arrangement") is to be reviewed to determine that it is in the best interest of the Organization.
2. For the purpose of this Policy, a Director or Employee has a direct or indirect financial or other material interest in a proposed or existing Arrangement if he or she, or one of his or her relatives:
  - a) Has a substantial financial interest directly in the proposed or existing Arrangement; or
  - b) Has a substantial financial interest in any other organization that i ( is a party to the proposed or existing Arrangement; ) or ii ( is in any way involved in the proposed or existing Arrangement, including through the provision of services in connection therewith (an "involved organization"); or
  - c) Holds a position as trustee, director, officer, member, partner, or employee in any such party or involved organization.

### **A Director's or Employees' financial interest will be considered substantial if it involves:**

- a) An ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately owned company with which the Organization has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- b) An ownership or investment interest, which produces a significant amount of income for or constitutes a significant part of the net worth of the Director or Employee, or a relative of the Director or Employee, in any entity with which the Organization has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- c) A compensation arrangement of any kind with any entity or individual with which the Organization has or is negotiating an Arrangement or with any involved organization with respect to the arrangement.

### **Disclosure of Interest and Participation in Meetings**

3. Each Director and each Employee of the Organization shall promptly disclose any direct or indirect financial or other material interest that he or she has reasonably expects to have in any proposed or existing Arrangement with the Organization prior to the start

of any negotiations with respect to such matter. A direct or indirect financial interest required to be disclosed under this Policy shall be disclosed in writing to the Chairperson of the Board. Such disclosure shall include all material facts and supply any reason why the Arrangement might be or not be in the best interest of the Organization. The Chairperson of the Board shall refer the issue to full Board, the Executive Committee, or Board Committee having decision-making authority over the substantive matter in question (the "Board or Committee").

4. The Director or Officer who discloses a direct or indirect financial or other material interest in a proposed or existing Arrangement may make a presentation, he or she shall leave the meeting during the discussion of, and vote on, the Arrangement that results in a conflict of interest. As part of any such presentation, the Director or Employee shall provide to the Board or Committee any reasons why the Arrangement might be or not be in the best interest of the Organization. The Board or Committee shall determine whether the Organization can obtain a more advantageous Arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest, the Board or Committee shall determine by majority vote of the disinterested member of the Board or Committee whether the Arrangement is in the Organization's best interest and whether it is fair and reasonable to the Organization and shall make its decision as to whether to enter into the Arrangement conformity with such determination.

### **Minutes of Meeting**

5. the names of the Directors and Officers who disclosed or otherwise were found to have a direct or indirect financial or other material interest in a proposed or existing Arrangement of the Organization, the nature of the interest, and the extent of the Director's or Employee's participation in the relevant Board or Employee meeting on matters related to the financial or other material interest shall be recorded in the minutes for that meeting. The minutes also shall include a record of any determination as to whether the Arrangement was in the best interest of and fair and reasonable to the Organization, notwithstanding the interest, and the specific reasons supporting the determination, including any alternatives to the proposed or existing Arrangement, the names of the persons who were present for discussions and votes relating to the proposed or existing Arrangement, and a record of any votes taken in connection therewith.

### **Co- Investment Interest**

6. Each Director and each Employee of the Organization also shall disclose whether he or she, or one of his or her relatives, has personal funds invested with an investment manager providing, or expected to provide, investment management services to Organization or in a professionally managed investment fund in which the Organization is invested or is considering investing (a “co-investment interest”). For the purpose of this conflict Policy, a “professionally managed investment fund” shall not include mutual funds or other similar investment vehicles generally available to the investing public on essentially the same terms. Such co-investment interest shall be disclosed in writing to the Chairperson on the Board. Such disclosure shall include all material facts, including, but not limited to, fee arrangements and any preferential treatment received by the Director or Employee, or one of his or her relatives, and not available to other investors necessary to determine whether such co-investment interest may provide a benefit to the Director or Employee, or one of his or her relatives. If the Chairperson of the Board determines that the co-investment interest may provide some advantage to the Director or Employee, or one of his or her relatives, the Chairperson of the Board shall refer the issue to the Organization’s Investment Committee. The Director or Employee who discloses a co-investment interest may make a presentation and respond to questions from the Investment Committee but shall not be present during the discussion of, and vote on, how to address the co-investment interest. The Investment Committee shall determine what, if any, corrective action is required with respect to the co-investment interest, including, but not limited to, terminating the investment relationship or seeking an adjustment in fee structure.

### **Failure to Disclose**

7. If the Board or Employee has reasonable cause to believe that a Director or Employee has failed to disclose a direct or indirect financial or other material interest or co-investment interest subject to this Policy, it shall inform the Director or Employee of the basis for such belief and afford the Director or Employee an opportunity to explain the alleged failure to disclose. If, after hearing the response of such individual and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the Director or Employee has in fact failed to disclose a direct or indirect financial or other material interest or co-investment interest subject to this Policy, it shall take appropriate disciplinary and corrective action.

### **Employees Covered by Policy**

8. This Policy shall apply to the Executive Director, the Asset Manager, and the Financial Officer.

## **Annual Disclosure Statement**

Each Director and Employee has a duty to place the interest of the Organization foremost in any dealing with the Organization and has a continuing responsibility to comply with the requirements of this Policy. Promptly following the adoption of this Policy, and thereafter not later than the first day of July of each year, each Director and Employee shall acknowledge his or her familiarity with this Policy and shall disclose in writing to the Chairperson of the Board any existing financial or other material interests co-investment interests subject to this Policy by completing a Conflict-of-Interest Disclosure Statement shall be referred by him or her to the Board or appropriate Committee. The Conflict-of-Interest Disclosure Statement shall retained in the confidential files of the Chairperson of the Board.

## **Policy Supplement Applicable Laws**

9. This Policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to nonprofit charitable corporations.

The Conflict-of-Interest Policy of the Organization requires any Director or Employee of the Organization to disclose any direct or indirect financial or other material interest or co-investment interest that he or she has reasonably expects to have in any proposed or existing contract, transaction, or arrangement with the Organization, or in any other matter.

Under consideration or to be considered by the Board of Directors, the Executive Committee, or any other Board Committee.

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## **Please initial each statement that applies to you:**

\_\_\_\_\_ I have read and am familiar with the Conflict-of-Interest Policy.

\_\_\_\_\_ I am not aware of any direct or indirect financial or other material interest or co-investment interest that is required to be disclosed under the Conflict-of-Interest Policy.

\_\_\_\_\_ I have described in the attached letter every direct or indirect financial or other material interest or co-investment interest that is required to be disclosed under the Conflict-of-Interest Policy. (please attach a letter providing complete details of any direct or indirect financial or other material interest or co-investment interest subject to policy.)

During the time I am a Director or Employee of the Organization, I agree to report promptly any future situation that might involve or appear to involve me or any of my relatives in any potential conflict of interest with the Organization.

I am completing this disclosure statement based on the definitions below that are taken from the Conflict-of-Interest Policy.

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

**Please return this statement in the enclosed envelope no later than \_\_\_\_\_**

For the purpose of this Policy, a Director or Employee has a direct or indirect financial or other material interest in a proposed or existing contract, transaction, or arrangement (collectively, "Arrangement") if he or she, or one of his or her relatives:

- (a) has a substantial financial interest directly in the proposed or existing Arrangement; or
- (b) has a substantial financial interest in any organization that ( i is a party to be proposed or existing Arrangement; )or (ii is in any way involved in the proposed or existing Arrangement, including through the provision of services in connection therewith) an "involved organization"; or
- (c) holds a position as trustee, director, officer, member, partner, shareholder, or employee in any such party or involved organization.

A Director's Officer's financial interest will be considered substantial if it involves:

- a) an ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately owned company with which the Organization has or is negotiating an arrangement or which is an involved organization with respect to the Arrangement; or
- b) an ownership or investment interest, which produces a significant amount of income for or constitutes a significant part of the net worth of the Director or Employee, or a relative of the Director or Employee, as defined in the policy, in any entity with which the Organization has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- c) a compensation arrangement of any kind with any entity or individual with which the Organization has or is negotiating an Arrangement or with any involved organization with respect to the Arrangement.

Each Director and each Employee of the Organization also is required to disclose whether he or she, or one of his or her relatives, has personal funds invested with an investment manager providing, or expected to provide, investment management services to the Organization or in a professionally managed investment fund in which the Organization is invested or is considering investing (a "co-investment interest"). For the purpose of this

Conflicts Policy, an investment vehicles generally available to the investing public on essentially the same terms.