

The Community Media Center of Marin Policy Concerning Potential Conflicts of Interest

Article I: Purpose

The purpose of this conflict of interest policy is to protect CMCM's interest and tax exempt status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or might result in a possible excess benefit transaction.

Article II: Definitions

Interested Person – Any director, principal officer, or member of a committee with governing powers delegated by CMCM's Board of Directors, who has a direct or indirect financial interest, 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 CMCM has a transaction or arrangement,
- (B) A compensation arrangement with any entity or individual with whom CMCM has a transaction or arrangement, or
- (C) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CMCM 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. A person who has a financial interest has a conflict of interest only if the Board of Directors decides that a conflict exists in accordance with the procedures set out in Article III.

Article III: Procedures

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 Board of Directors and/or members of committees with Board delegated governing powers considering the proposed transaction or arrangement.

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 or she shall leave the 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.

Procedures for Addressing the Conflict of Interest –

- (A) An interested person may make a presentation at the Board or committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict.
- (B) The Chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or investment.
- (C) After exercising due diligence, the Board or committee shall determine whether CMCM 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 Board or committee shall determine by a majority vote of the disinterested directors or committee members whether the transaction or arrangement is in CMCM’s best interest, for its own benefit, and whether it is fair and reasonable. The Board or committee shall make its decision as to whether to enter into the transaction or arrangement in conformity with this determination.

Violations of the Conflict of Interest Policy – If the Board of Directors 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.

If, after the hearing the member’s and after making such further investigation as is warranted by the circumstances, the 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

The minutes of the Board of Directors and all committees with delegated governing powers shall contain:

- (A) 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 Board or committee’s decision 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 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

A voting member of the Board or any committee who receives compensation, directly or indirectly, from CMCM for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the Board or committee is precluded from providing information to the Board or committee regarding compensation.

Article VI: Annual Statements

Each director, officer, and member of a committee with delegated governing powers shall annually sign a statement which affirms that such person:

- (A) Has received a copy of CMCM's Conflict of Interest Policy,
- (B) Has read and understands that policy,
- (C) Has agreed to comply with the policy, and
- (D) Understands that CMCM is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax exempt purposes.

Article VII: Periodic Reviews

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

- (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 CMCM'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

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