

BOARD CONFLICT OF INTEREST POLICY

The purpose of a conflict-of-interest policy is to protect an organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, 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 conflicts of interest.

Definitions

1. Interested Person. An Interested Person is 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.
2. Financial Interest. A person has a Financial Interest if the individual has, directly or indirectly, any actual or potential ownership, investment, or compensation arrangement with VAREP or with any entity that conducts transactions with VAREP.

Note: A Financial Interest is not necessarily a conflict of interest in all cases. Under Article III, Section 2 of IRS Form 1023, a person with a Financial Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

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 the committees with governing board-delegated powers considering the proposed transaction or arrangement. In an effort to aid such disclosure, each member (board, committee, or staff) shall complete a conflict-of-interest questionnaire as circumstances warrant, but no less frequently than annually.
2. Determining whether a conflict of interest exists. The board shall review each member questionnaire and any other disclosures regarding the Financial Interests of its members. After disclosure of the Financial Interest, the Interested Person shall leave the board meeting while the remaining board members discuss and vote on whether a conflict of interest exists.

3. Procedures for addressing the conflict of interest. After exercising due diligence, the governing board or committee shall determine whether the organization can obtain with reasonable effort a more advantageous transaction or arrangement from a person or entity that would not produce a conflict of interest. The Interested Person shall not be present in the room during the determination.

If an alternative transaction or arrangement is not possible, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interests of the organization, for its own benefit, and fair and reasonable. Based on these determinations, the board or committee shall make its decision on whether to enter into the transaction or arrangement.

4. Disciplinary action. If the committee has reason to believe an individual has failed to disclose actual or potential conflicts of interest, it will inform the member and allow him/her to explain the alleged failure to disclose. If the committee still has reason to believe a conflict of interest exists after the alleged conflict is explained, it will take corrective action including removing person from the Board.