

Harbor District, Inc.
Conflict of Interest Policy

A. Purpose. The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization 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.

B. Definitions

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, or a conflict of loyalty, 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 Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization 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 may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

3. Conflict of Loyalty. Conflicts may also arise that do not involve financial gain. Officers and directors may have interests, affiliations, or loyalties, such as membership on other non- or for-profit boards, such that their loyalties are divided between the interest of the Organization and another interest. A conflict exists if the involvement or relationship of the officer or director is such that it reduces the likelihood that the officer or director can act in the best interest of the Organization.

C. Procedures

1. Duty to Disclose. In connection with any actual or possible conflict of interest or loyalty, an interested person must disclose the existence of the financial interest or conflicting loyalty 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 chairperson 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 Organization 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.

Acknowledgement and Disclosure

I, _____, a member in good standing of the Harbor District, Inc. Board of Directors, have read and understand this Conflict of Interest policy and hereby agree to comply with the policy.

I believe that it is my duty to disclose the following affiliations and/or financial interests which do currently, or may in the future represent a conflict of interest or a conflict of loyalty:

Entity	Type of Relationship (e.g. owner, member, employee, director)

I will notify the Board of Directors of any changes in my affiliations or dualities of loyalty that may arise over the course of the year.

Signed: _____

Date: _____