

**NEW YORK STATE ASSOCIATION OF
PERSONNEL AND CIVIL SERVICE OFFICERS**

CONFLICT OF INTEREST POLICY

Article I

Purpose

The Association has adopted this policy to ensure that its officers and key members act in the Association's best interest. The Association shall comply with this policy when considering whether to enter into a transaction that may benefit the private interest of or provide an excess benefit to an officer or key member of the Association. Such transactions are governed by the Internal Revenue Code and U.S. Department of Treasury regulations. This policy is intended to supplement any state and federal laws governing conflict of interests applicable to unincorporated associations.

Article II

Definitions

1. "***Affiliate***" means any entity controlled by, in control of, or under common control with the Association.
2. "***Conflict of Interest***" arises if an officer or a key member or any relative thereof, has an existing or potential business, financial or personal interest or holds an elected or appointed position that could impair or might reasonably appear to impair the exercise of independent, unbiased judgment in the discharge of his or her responsibilities to the Association.
3. "***Financial Interest***" means 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 Association has a transaction or arrangement,
 - b. a compensation arrangement with the Association or with any entity or individual with which the Association 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 Association is negotiating a transaction or arrangement.

For purposes of this definition, compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

4. "***Key Member***" means any person who is in a position to exercise substantial influence over the affairs of the Association, including but not limited to officers and executive committee members.

5. “**Related Party**” means:
 - a. any officer or key member of either the Association or an Affiliate;
 - b. any Relative of a person listed above; or
 - c. any entity in which any of these individuals has a 35% or greater beneficial interest or, in the case of a partnership or professional Association, a direct or indirect ownership interest in excess of 5%.
6. “**Related Party Transaction**” means any transaction or agreement in which a Related Party has a Financial Interest and in which the Association or an Affiliate is a party.
7. “**Relative**” means any spouse, domestic partner, ancestor, brother or sister (whole and ½), child (natural and adopted), grandchild and great grandchild.

Article III Procedures

1. **Duty to Disclose**

In connection with any actual or possible Conflict of Interest, a Related Party must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the executive committee or authorized committee thereof.
2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the Financial Interest and all material facts, and after any discussion with the Related Party, he/she shall leave the executive committee or committee meeting while the determination of a Conflict of Interest is discussed and voted upon. A quorum for such purposes must be established without considering the presence of the Related Party. The remaining committee members shall decide if a Conflict of Interest exists.
3. **Procedures for Addressing the Conflict of Interest**
 - a. A Related Party may make a presentation to the executive committee or authorized committee thereof, 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. A quorum for such purposes must be established without considering the presence of the Related Party.
 - b. A Related Party may not make any attempt to influence the deliberation or voting on the matter giving rise to a conflict.
 - c. The chairperson of the executive committee or authorized committee thereof shall, if appropriate, appoint a member or committee to investigate alternatives to the proposed transaction or arrangement.
 - d. After exercising due diligence, the executive committee or authorized committee thereof shall determine whether the Association 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.

- e. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the executive committee or authorized committee thereof shall determine by a majority vote of the committee members, excluding the Related Party, whether the transaction or arrangement is in the Association's best interest, for its own benefit, and is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Related Party Transactions

The Association shall not enter into a Related Party Transaction unless the transaction is determined by the executive committee or authorized committee thereof to be fair, reasonable and in the Association's best interest. The determination shall be made following the procedures of Section 3 above.

5. Violations of the Conflicts of Interest Policy

- a. If the members of the executive committee or authorized committee thereof have reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, they shall inform the member of the basis for 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, it is determined that the member has failed to disclose an actual or possible Conflict of Interest, the executive committee or authorized committee thereof shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the executive committee and all committees with board delegated powers shall contain:

1. 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 executive committees or committee's decision as to whether a Conflict of Interest in fact existed.
2. 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
Affirmation

Each officer and key member shall, prior to taking office or assuming their appointed role, affirm that such person:

1. Has read and understands the policy,
2. Has agreed to comply with the policy, and
3. Understands the Association, in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VI
Periodic Reviews

To ensure the Association does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information.
2. Whether partnerships, joint ventures, and arrangements with management and service companies conform to the Association'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.