

Northwest Vermont Communications Union District Conflict of Interest Policy

Adopted as of August 19, 2020

Article I. Purpose

The purpose of the conflict of interest policy is to protect the interests of the Northwest Vermont Communication Union District (NWCUD) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an employee, contractor, officer or Board member of the NWCUD 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 governmental, nonprofit and charitable organizations.

Accepting a position as a public official carries with it the acceptance of trust that the official will work to further the public interest. Maintaining public trust is critical to the continued operation of the NWCUD. To preserve this public trust, there are five principles to which employees, contractors, officers and Board members should adhere:

1. Represent and work towards the public interest and not towards private/personal interests.
2. Accept and maintain the public trust (i.e. must preserve and enhance the public's confidence in their public officials).
3. Exercise leadership, particularly in the form of consistently demonstrating behavior that reflects the public trust.
4. Recognize the proper role of all government bodies and the relationships between the various government bodies.
5. Demonstrate respect for others and for other positions.

Article II. Definitions

1. Interested Person: Any employee, contractor, Board member, officer, or member of a committee with powers delegated by Governing Board (the "Board") of the NWCUD, who has a direct or indirect financial interest, 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 NWCUD has a transaction or arrangement,

b. A compensation arrangement with the NWCUD or with any entity or individual with which the NWCUD 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 NWCUD 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. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board or appropriate committee decides that a conflict of interest exists.

Article III. 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 Board and members of committees with 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, the Board or committee 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 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 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 Board or committee shall determine whether the NWCUD 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 whether the transaction or arrangement is in the NWCUD's best interest, for its own benefit, and whether it 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. Violations of the Conflicts of Interest Policy.

a. If the Board or committee 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.

b. If, after hearing the member's response and after making further investigation as 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

1. The minutes of the Board and all committees with Board delegated 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's 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

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

2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NWCUD for services is precluded from voting on matters pertaining to that member's compensation.

3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NWCUD, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI. Annual Statements

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

1. Has received a copy of the conflict of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the NWCUD is a government entity and must follow all applicable state and federal laws.

Article VII. Periodic Reviews

To ensure the NWCUD operates in a manner consistent with its purposes and does not engage in activities that could jeopardize its public trust, 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, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the NWCUD's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, and further NWCUD purposes.

When conducting periodic reviews, the NWCUD may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.