

# Conflict of Interest Policy

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**Revision Date:** January 9, 2009

**Revision Date:** August 19, 2016

**Revision Date:** September 20, 2024

## Purpose

The purpose of this Conflict of Interest Policy (the “**Policy**”) is to protect the interests of the Rocky Mountain Section American Water Works Association (the “**Section**”) when it is considering taking an action or entering into a transaction that might benefit the private interests of a member of the RMSAWWA Governing Board (“**Governing Board**”) including Trustees, AWWA Director, Officer, key person<sup>1</sup>, or employee, or otherwise violate state and federal laws governing conflicts of interest applicable to nonprofit, charitable organizations.

All Governing Board members, committee or subcommittee chairs/co-chairs employees and key persons of the Section have an obligation to maintain ethical behavior during the course of their affiliation and/or actions with the Section.

## What is a Conflict of Interest?

A potential conflict of interest arises when a Governing Board member, committee or subcommittee chair/co-chair, employee or key person, or that person’s relative<sup>2</sup> or business (a) stands to gain a financial benefit from an action the Section takes or a transaction into which the Section enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of that person in discharging their duties to the Section.

Such conflicts may involve financial benefits, enhancement of position, or other benefits to the individual. Disclosure of such conflicts prior to the process of choice is essential. Disclosure itself, however, is inadequate if other means are used to inappropriately influence decision-making.

## What are some examples of potential conflicts of interest?

Potential conflicts of interest include but are not limited to situations in which a Governing Board member or key person or that person’s relative or business:

- makes a decision or acts in their personal interest rather than in the best interests of the Section;

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<sup>1</sup> **Key person** means a person, other than a Governing Board member, whether or not an employee of the Section, who:

- a) has responsibilities, or exercises powers or influence over the Section as a whole similar to the responsibilities, powers, or influence of Governing Board members;
- b) manages the Section, or a segment of the Section that represents a substantial portion of the activities, assets, income, or expenses of the Section; or
- c) alone or with others controls or determines a substantial portion of the Section’s capital expenditures or operating budget.

<sup>2</sup> **Relative** means a person’s spouse or domestic partner, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and great-grandchildren.

- has an ownership or investment interest in any third party that the Section deals with or is considering dealing with;
- serves on the board of, participates in the management of, or is otherwise employed by or volunteers with any third party that the Section deals with or is considering dealing with;
- receives or may receive compensation or other benefits in connection with a transaction into which the Section enters;
- receives or may receive personal gifts or loans from third parties dealing with the Section;
- serves on the board of directors of another nonprofit organization that is competing with the Section for a grant, contract, or other financial resource;
- has a close personal or business relationship with a participant in a transaction being considered by the Section;
- would like to pursue a transaction being considered by the Section for their personal benefit.

**A potential conflict is not necessarily a conflict of interest.** A person has a conflict of interest only if the Governing Board decides, pursuant to this policy, that a conflict of interest exists. In situations where you are uncertain, act on the side of caution and disclose the potential conflict as set forth below.

Governing Board members, committee and subcommittee chairs/co-chairs, chairs, employees and key persons must indicate in writing all affiliations with other bodies that have a relationship with the Section, particularly if these affiliations provide a personal benefit.

#### **Disclosing Potential Conflicts of Interest**

1. You must disclose to the best of your knowledge all potential conflicts of interest as soon as you become aware of them and always before any actions involving the potential conflict are taken. Submit a signed, written statement disclosing all the material facts to the Executive Director for forwarding to the Governing Board.
2. You must also file an annual disclosure statement in the form attached to this policy. In 2025 and going forward, **if you are a new proposed Governing Board member**, you must file this statement prior to your initial election. Submit the form to the Executive Director for the Section's files. For Governing Board members elected in 2024 a signature after election is permitted and must be received by RMSAWWA before September 30, 2024.

In the case of presentations in Section trainings and/or meetings, or those sponsored by the Section, potential bias from either real or potential personal benefit should be disclosed.

#### **Determining Whether a Conflict of Interest Exists**

1. After there has been disclosure of a potential conflict and after gathering any relevant information from the concerned trustee, director, officer, chair, employee or key person, the board shall determine whether there is a conflict of interest. The person whose potential conflict is under evaluation shall not be present for deliberation or vote on the matter and must not attempt to influence improperly the determination of whether a conflict of interest exists.
2. In determining whether a conflict of interest exists, the Governing Board shall consider whether the potential conflict of interest would cause a transaction entered into by the Section to raise questions of bias, inappropriate use of the Section's assets, or any other impropriety.

3. A conflict always exists in the case of a **related party transaction** – a transaction, agreement or other arrangement in which a **related party**<sup>3</sup> has a financial interest and in which the Section or any affiliate of the Section is a participant.<sup>4</sup>

#### **Procedures for Addressing a Conflict of Interest**

1. When a matter involving a conflict of interest comes before the Governing Board, the Governing Board may seek information from the Trustee, Director, Officer or key person with the conflict prior to beginning deliberation and reaching a decision on the matter. **However, a conflicted person shall not be present during the discussion or vote on the matter and must not attempt to influence improperly the deliberation or vote.**
2. Additional Procedures for Addressing Related Party Transactions
  - a. The Section may not enter into a related party transaction unless, after good faith disclosure of the material facts by the Trustee, Director, Officer or key person, the Governing Board determines that the transaction is fair, reasonable and in the Section best interest at the time of such determination.
  - b. If the related party has a substantial financial interest, the Governing Board shall hold an Executive Session for the following:
    - i. prior to entering into the transaction, consider alternative transactions to the extent available;
    - ii. approve or deny the transaction by a vote of not less than a majority (half plus one) of the Governing Board members; and
    - iii. by or before the close of the business day on which approval is given, document in writing the basis for approval or denial, including consideration of any alternative transactions and provide a copy of this summary to the Executive Director.

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<sup>3</sup> A **related party** is:

1. a Director, Officer or key person of the Section or any affiliate of the Section, or
2. a relative of any individual described in (1), or
3. an entity in which any individual described in (1) or (2) has an ownership or beneficial interest of 35% or more, or in the case of a partnership or professional Section, a direct or indirect ownership interest in excess of 5%.

<sup>4</sup> A transaction is not a related party transaction if:

1. the transaction, or the related party's financial interest in the transaction, is *de minimis*;
2. the transaction would not customarily be reviewed by the Governing Board or the boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms;
3. the transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that the Section intends to benefit as part of the accomplishment of its mission (and that benefit is available to all similarly situated members of the same class on the same terms).

**Confidentiality**

The Section shall maintain the confidentiality of any disclosures made in connection with this Policy. Disclosures will only be provided to persons who require it for the Section's operations.

Each Governing Board member, employee, and volunteer shall exercise care not to use, publish, or disclose confidential information acquired in connection with disclosures of actual, potential, or perceived Conflicts of Interest during or subsequent to their employment, participation as a volunteer, or participation on the Governing Board.

**Minutes and Documentation**

The minutes of any Governing Board meeting at which a matter involving a Conflict of Interest or potential Conflict of Interest was discussed or voted upon shall include:

1. the name of the interested party and the nature of the interest;
2. the decision as to whether the interest presented a Conflict of Interest;
3. any alternatives to a proposed contract or transaction considered by the Governing Board; and
4. if the transaction was approved, the basis for the approval.

Sanctions from the Governing Board for failure to adhere to the Conflict of Interest Policy may include, but are not limited to:

1. Prohibition from representing the Section.
2. Expulsion from the Section.

## STATEMENT REGARDING CONFLICT OF INTEREST POLICY

This form must be signed by all RMSAWWA Governing Board members, committee chairs/co-chairs, subcommittee chairs, employees and key persons as defined in this policy on an annual basis. Submit completed forms to the RMSAWWA Executive Director.

By signing below, I affirm that:

1. I have received and read a copy of the Conflict of Interest Policy.
2. I agree to comply with the policy;
3. I have no actual or potential conflicts as defined by the policy or if I have, I have previously disclosed them as required by the policy or am disclosing them below.

Should a potential conflict of interest on my part arise, I will promptly notify, in writing, the RMSAWWA Executive Director.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Conflict of Interest Disclosure Statement	
Name of Organization Related to the Conflict of Interest	Nature of the Conflict of Interest

This information will be retained in the Section records.