

# CMC Conflict of Interest Policy

[Adopted April 19, 2008]

## 1. Purpose.

(a) Purpose: The purpose of this policy is to protect the integrity of the CMC by:

(1) Defining and forbidding certain conflicts of interest that if left unchecked tend to compromise the ability of CMC Officials and Employees to perform their duties without improper financial influence.

(2) Defining and discouraging certain actions that may create an appearance of impropriety that undermines public trust in the accountability and loyalty of CMC Officials and Employees.

(3) Protecting the integrity of the CMC by providing standards of conduct and guidelines for CMC Officials and Employees to follow when their private interests conflict with their CMC duties.

(4) Fostering public trust by defining standards of honest non-profit operation and prohibiting the use of a CMC position for private gain.

(b) Legislative Intent: It is the intent of the State Board to:

(1) Prohibit CMC Officials and Employees from acting on any matter in which he or she may have a Conflict of Interest.

(2) Establish aspirational guidelines to encourage CMC Officials and Employees to avoid any appearance of impropriety.

(3) Require adherence to any provision of state or federal law that imposes a higher standard of conduct than this policy.

## 2. Conflicts of Interest Prohibited.

(a) Conflicts Prohibited: No CMC Official or Employee shall make or participate in the making of any Official Action in which he or she knows or should have known that he or she would have a Conflict of Interest.

(b) Disclosure Required: Each CMC Official or Employee shall disclose any Conflict of Interest and disqualify him or herself from participating in the relevant action as provide below as described in "Disclosure and Recusal Procedure."

**3. Use of CMC Office or Confidential Information for Financial Gain.**

(a) Use Of Position For Gain Prohibited: No CMC Official, or Employee shall use his or her CMC office or position for financial gain. This does not apply to Employees compensated at their approved salary level.

(b) Use Of Confidential Information For Financial Gain Prohibited: No CMC Official or Employee, shall use or disclose confidential information obtained as a result of holding his or her CMC office or position, to obtain financial gain, whether for personal gain; gain for his or her relative; gain of any property or entity in which the official or employee has a substantial interest; or gain for any person or for any entity with whom the CMC official or employee is negotiating for or has any arrangement concerning prospective employment.

**4. Duty to Maintain the Confidentiality of Privileged Information.**

(a) Duty Of A CMC Official or Employee: No CMC Official or Employee shall disclose privileged or confidential information without a public majority vote granting the permission of the State Board, State Council, or Group Council or similar body that holds the privilege.

(b) Duty Of A CMC Employee: No CMC Employee shall disclose privileged or confidential information, obtained as a result of holding his or her office or position, unless the Employee has first received approval by the Executive Director.

**5. Employment of Relatives.**

(a) No CMC Official or Employee shall appoint, hire, or advocate the appointment or hiring by the CMC any person who is his or her relative. In the event that a CMC Official or Employee is concerned that the Official or Employee's decision to appoint, hire or advocate the appointment or hiring by the CMC a person who is the Official's or Employee's relative may cause an appearance of violating this section, the Official or Employee may request that the Executive Director make such decision on the Employee's behalf. Group Council chairs with powers of appointment, may request the Group Council Vice Chair (or equivalent) to make such an appointment or hiring decision on their behalf.

(b) The CMC may enter into Transactions with companies, corporations or other business organizations that employ a relative of a CMC Official or Employee, provided that:

(1) The Official or Employee does not participate in the decision making that leads to hiring the company, corporation, or other business organization that employs his or her relative; or

(2) The business organization is a publicly-traded corporation that provides its services or products to the CMC on nondiscriminatory terms justified by the market facts and circumstances of each Transaction; or

(3) The company, corporation, or business organization has been doing business with the CMC for at least one year prior to the date the CMC Official's or Employee's relative became employed by the company, corporation or other business organization, and the CMC Official's or Employee's relative is not directly employed upon matters involving the CMC and does not have his or her compensation tied in any manner to the success of the company, corporation, or other business organization, or its ability to obtain business or earn compensation from the CMC.

## **6. Appearances of Impropriety Discouraged.**

(a) These guidelines are intended to establish ethical goals and principles to help CMC Officials and Employees, to determine if their actions may cause an appearance of impropriety that will undermine the public's trust in CMC operations.

(b) A CMC Official or Employee who determines that his or her actions may cause an appearance of impropriety should consider, but is not required to, disclose and recuse as prescribed by "Disclosure and Recusal Procedure," in the following circumstances:

(1) If the person is an employee of a state or federal government entity with a substantial interest in any Transaction with the CMC;

(2) If the person has a close friend with a substantial interest in any Transaction with the CMC, and the Official, or Employee believes that the friendship would prevent such person from acting impartially with regard to the particular Transaction;

(3) If the person has an interest in any Transaction with the CMC that is personal or private in nature that would cause a reasonable person in the community to question the objectivity of the CMC Official or Employee;

## **7. Disclosure and Recusal Procedure.**

(a) Disclosure And Recusal: No CMC Official or Employee with a Conflict of Interest shall fail to give written notice of the interest to the CMC Board, Council or Committee which the person is a member and the Executive Director as soon as reasonably possible after the interest has arisen. However, no written notice is required if such person discloses the Conflict of Interest on the record of a public meeting of the CMC Board, Council or Committee of which the person is a member. The interested Official or Employee shall thereafter:

- (1) Refrain from voting upon or otherwise acting in an official capacity in such Transaction;
- (2) Physically absent himself or herself from the room in which a matter related to such Transaction is being considered; and
- (3) Not discuss any matter related to such Transaction with any other member of the Board, Council or Committee of which the person is a member.

(b) Recusal By The Council, Board, or Committee: The State Board, State Council, Group Council and any CMC Committee may order recusal of one of its members if that member has an obligation to do so under this code of conduct and has failed to do so. Such an order is valid if reached after majority vote of the members of the body, not including the member whose recusal is sought.

## **8. Definitions.**

"Conflict of interest" shall mean any situation in which a CMC Official or Employee:

- (a) Has a Substantial Interest in any Transaction with the CMC;
- (b) Has a relative with a Substantial Interest in any Transaction with the CMC;
- (c) Has a substantial interest as an affiliate of a firm with a Substantial Interest in any Transaction with the CMC;
- (d) Has a Substantial Interest as an affiliate of a firm appearing on behalf of or employed by a person with a substantial interest in any Transaction with the CMC;
- (e) Is an officer of an organization that has taken an official position on any Transaction with the CMC;
- (f) Is on the board of directors of an organization that is substantially affected by a Transaction with the CMC; or
- (g) Is affiliated with a law, accounting, planning, or other professional firm that has Substantial Interest in any Transaction with the CMC.

"Employment" means providing personal services as an employee or an independent contractor, with compensation.

"Official Action" means any legislative, administrative, or quasi-judicial act of a CMC Official or Employee including, without limitation, participation in, or influence of, the decision-making process leading up to a vote or final determination.

"Employee" means any person holding any paid position of employment with the CMC, but shall not include consultants or contractors who have independent control over their work product.

"CMC Official" or "Official" means a State Board member, State Council member, Group Council member, or appointee to a CMC committee.

"Relative" means any person related to a public official or an employee by blood, marriage or adoption, through the second degree of consanguinity, including, without limitation, the following: spouse, parents, parents-in-law, children, children-in-law, brothers and sisters, brothers and sisters-in-law, grandparents, grandchildren, aunts, uncles, cousins, nephews, and nieces. A separation between spouses shall not be deemed to terminate relationships described above which exist only because of marriage.

"Substantial Interest" means a situation, including, without limitation, a financial stake in the outcome of a decision in which, considering all of the circumstances, would tend to influence the decision of a reasonable person faced with making the same decision.

"Transaction" means a contract of any kind; any sale or lease of any interest in land, material, supplies, or services. A Transaction does not include any decision which is legislative in nature that affects the entire membership of a class or a significant segment of the community in the same manner as the affected Official or Employee.