

1 **COLUMBIA ASSOCIATION, INC.**

2
3 **CONFLICTS OF INTEREST POLICY**
4 **~~FOR DIRECTORS, OFFICERS AND SENIOR LEADERSHIP TEAM~~**
5

6 **Introduction**
7

8 Columbia Association, Inc. (“CA”) demands the highest possible ethical conduct from
9 individuals serving ~~on its Board of Directors (each, a “Board Member” and collectively, the~~
10 ~~“Board Members”)~~ or as officers or members of the Senior Leadership Team (each, a “Senior
11 *Management Member*” and collectively, the “*Senior Management Members*”). The purpose of
12 this Conflicts of Interest Policy ~~for Directors, Officers and Senior Leadership Team~~ (this “*Policy*”)
13 is to set forth procedures for monitoring, reporting, review and oversight of, and review, approval
14 or ratification of any action taken in connection with, conflicts of interest and related party
15 transactions. Full compliance with this Policy is mandatory.
16

17 **1. Construction and Implementation**
18

19 The provisions of this Policy are intended to be broadly construed in accordance with the
20 purpose of this Policy. ~~With respect to Board Members, the CA Board of Directors shall be the~~
21 ~~body responsible for implementing these provisions and advising persons as to their application.~~
22 With respect to Senior Management Members, CA’s principal ethics officer (the “*PEO*”), who is
23 currently CA’s General Counsel, shall be the person responsible for implementing these
24 provisions and advising persons as to their application.
25 ¹²

26
27 **2. Compliance**
28

29 ~~Board Members and~~ Senior Management Members are expected to comply with this
30 Policy, CA’s *Code of Business Conduct and Ethics*, CA’s *Policy for Reporting Violations of the*
31 *Code of Business Conduct and Ethics*, and CA’s *Financial Disclosure Requirements*, as well as
32 both the letter and spirit of all applicable governmental laws, rules, and regulations.
33

34 If a Senior Management Member fails to comply with this Policy, CA’s *Code of Business*
35 *Conduct and Ethics*, CA’s *Policy for Reporting Violations of the Code of Business Conduct and*
36 *Ethics*, any other relevant CA policies or with any applicable laws, such person will be subject to
37 disciplinary measures, up to and including immediate discharge. ~~If a Board Member fails to~~
38 ~~comply with any of the foregoing codes, policies or applicable law, the Board Member will be~~
39 ~~subject to reprimand or removal consistent with CA’s Charter and Bylaws.~~
40

¹ ~~NOTE TO DRAFT: Deleted text moved to unified Code of Ethics.~~

² ~~NOTE TO DRAFT: Deleted text incorporated into corresponding provisions of unified Code of Ethics.~~

1 **3. Conflicts of Interest**
2

3 Section 3 of CA’s *Code of Business Conduct and Ethics* provides that: “A conflict of
4 interest exists when a person’s private activities, agreements, business investments or interests or
5 other situations, whether paid or unpaid, could reasonably be expected to interfere with the
6 person’s objectivity, job performance, judgment or diligence in protecting and promoting the
7 interests of CA to the extent that such person would place his or her personal interests, or those of
8 another, above the interests of CA.” In addition to the provisions of Section 3 of CA’s *Code of*
9 *Business Conduct and Ethics*, all ~~Board Members and~~ Senior Management Members must
10 comply with this Policy. Specifically, all Interested Persons (as defined below – i.e., ~~any Board~~
11 ~~Member and~~ any Senior Management Member) must use reasonable efforts to avoid Conflicts of
12 Interest (as defined below), but where such Conflicts of Interest arise, disclose them in accordance
13 with the procedures described in Section 3(c) below. Disclosures should be made in advance,
14 before any action is taken on the matter that is the subject of a Conflict of Interest (as defined
15 below). Conflict identification and analysis can be difficult and, therefore, Interested Persons are
16 expected to err on the side of caution and disclose all instances where a Conflict of Interest or the
17 appearance of same might be present. In this regard, CA acknowledges the importance of having a
18 comprehensive policy for identifying and effectively handling potential Conflicts of Interest that
19 may arise between CA and Interested Persons. The adoption of this Policy is an important measure
20 to assure that ~~Board Members and~~ Senior Management Members act in accordance with their
21 fiduciary duties under Maryland law, that rules applicable to tax-exempt organizations are not
22 violated, and that ~~Board Members and~~ Senior Management Members avoid sanctions for “excess
23 benefit transactions” under Section 4958 of the Internal Revenue Code. For the same reason,
24 ~~Board Members and~~ Senior Management Members are required to submit to the PEO at least once
25 per year (and updated as appropriate) a questionnaire substantially in the form of CA’s
26 *Confidential Financial Disclosure Report* attached as Exhibit A to this Policy. The PEO shall
27 provide copies of all completed Confidential Financial Disclosure Reports to the Chair of the
28 Audit Committee.
29

30 (a) Conflict of Interest Defined. A “*Conflict of Interest*” exists in the case of (i) any
31 proposed contract or business dealings between CA and (A) an Interested Person or (B) a party
32 with which an Interested Person has a direct or indirect family or social³ relationship, and (ii) any
33 other contract or business dealing of CA in which an Interested Person has a Financial Interest.
34 The term “*Interested Person*” shall mean ~~any Board Member and~~ any Senior Management
35 Member. For purposes of this Policy, a person is deemed to have a “*Financial Interest*” in a
36 contract or business dealing if he or she is a director, trustee, officer, employee or agent of, or has
37 a financial interest in, or an ability to control or otherwise direct the actions of, the Entity
38 contracting or dealing with CA (other than the ten Columbia Village Community Associations and
39 Friends of Columbia, Inc.). The term “*Entity*” includes any entity whether private, public or
40 governmental and regardless of form. While it is not possible to describe or anticipate all the
41 circumstances that might involve a Conflict of Interest, a Conflict of Interest is likely to arise
42 whenever an Interested Person has (directly or indirectly): (1) a compensation arrangement or

³ ~~NOTE TO DRAFT: “Business or employment” relationship conflicts are covered by of the definition of “financial interest.”~~

1 other interest in a transaction with CA; (2) a compensation arrangement or other interest in or
2 affiliation with any entity or individual that: (x) sells goods or services to, or purchases goods or
3 services from, CA, (y) competes with CA, or (z) CA has, or is negotiating, or contemplating
4 negotiating, any other transaction or arrangement with; (3) the ability to use his or her position, or
5 confidential information or the assets of CA, to his or her (or an affiliated party's) personal
6 advantage or for an improper or illegal purpose; (4) acquired any property or other rights in which
7 CA has, or the Interested Person knows or has reason to believe at the time of acquisition that CA
8 is likely to have, an interest; (5) an opportunity related to the activities of CA that is available to
9 CA or to the Interested Person, unless the Board of Directors has made an informed decision that
10 CA will not pursue that opportunity; or (6) been indebted to CA, other than for amounts due for
11 ordinary travel and expense advances. Notwithstanding the foregoing, mere service without
12 compensation as a director or officer of a non-profit 501(c)(3) charitable corporation or volunteer
13 service as a member of a governmental task force or committee does not constitute a Financial
14 Interest engendering a Conflict of Interest for purposes of this Policy.⁴

15 (b) General Policy. All Interested Persons shall exercise good faith in all transactions
16 relating to their duties to CA and shall not use their positions in any manner that is contrary to the
17 best interests of CA or to promote their own business interests or those of family, friends or
18 business partners.⁵ Any doubts on the part of any Interested Person as to the existence of, or proper
19 conduct in light of, any perceived Conflict of Interest should be directed to the PEO and the Chair
20 of the Board of Directors for resolution.

21
22 (c) Procedure Regarding Disclosure, Review, and Approval of Conflicts of Interest.

23
24 (i) Each Interested Person shall (A) promptly and fully disclose all known and
25 potential Conflicts of Interest to the PEO and the Board of Directors who
26 will consider the contract, transaction or arrangement to which a known or
27 potential Conflict of Interest relates (a "**Contract**"), including any relevant
28 facts known to such Interested Person regarding said existing or potential
29 Conflict of Interest, (B) refrain from influencing, participating in, or acting
30 on, the decision on any matter in which a Conflict of Interest, or the
31 appearance of a Conflict of Interest, is present with respect to such
32 Interested Person, and (C) remove himself or herself from any meeting or
33 deliberations on said matter.

34
35 (ii) In the context of approval of a Contract, the Board of Directors shall
36 determine, after receiving a disclosure, whether a Conflict of Interest exists
37 or can reasonably be construed to exist. If a Conflict of Interest is known or
38 deemed to exist after disclosure, the Board of Directors shall not approve
39 the Contract with the Interested Person unless it is determined that (A)
40 entering into such Contract is in the best interests of CA and consistent with
41 the mission and resources of CA, (B) the Contract is fair and reasonable to
42 CA, (C) the Contract would not result in creating an appearance of

⁴ ~~NOTE TO DRAFT: Deleted text addressed in introductory paragraph to Section 3 of this Policy.~~

⁵ ~~NOTE TO DRAFT: Deleted text addressed in Section 3(d) of this Policy.~~

1 impropriety that might impair the confidence in, or the reputation of, CA,
2 and (D) a more advantageous Contract cannot be obtained under the
3 circumstances. Additionally, the Board of Directors shall take any action
4 required or prudent to avoid imposition of an excise tax under Internal
5 Revenue Code Section 4958 in connection with considering such Contract.
6 A determination by the Board of Directors regarding a Conflict of Interest
7 shall be made by majority vote in accordance with the voting procedure
8 stated in the Bylaws of CA.
9

10 (iii) Meetings of the Board of Directors pursuant to this Policy shall be held in
11 closed session in accordance with the provisions of the Maryland
12 Homeowners Association Act, all other applicable laws and CA's Charter
13 and Bylaws. Information, documents and records obtained by the Board of
14 Directors shall be withheld from public disclosure in accordance with the
15 Maryland Homeowners Association Act and all applicable laws. The PEO
16 shall participate as an advisor in meetings of the Board of Directors under
17 this Policy, unless the PEO is the subject of such meeting. The Board of
18 Directors may also retain outside counsel to attend such meetings.
19

20 ⁶ (d) Record Keeping. The Board of Directors considering a known or potential Conflict
21 of Interest matter shall maintain detailed minutes and records regarding the matter. Such minutes
22 shall reflect the name of the Interested Person and any disclosure made, the vote on whether a
23 Conflict of Interest is present, the names of the persons participating in any discussions and
24 deliberations with regard to approving or rejecting a Contract involving the Interested Person, the
25 substance of such discussions and deliberations, adherence with the procedures described above,
26 the abstention from voting and participation by the Interested Person, and that a quorum was
27 present. The PEO or President considering a complaint alleging a violation of this Policy and/or a
28 request for an advisory opinion regarding interpretation of the provisions of this Policy and its
29 application also shall maintain detailed records regarding the matter.
30

31 (e) Corrective Action. In the event an Interested Person fails to act in accordance with
32 this Policy, the PEO may recommend corrective action to the President ~~in the case of a Senior~~
33 ~~Management Member or the Board of Directors may recommend action to the members of the~~
34 ~~Incorporated Associations (as described in CA's Charter) in the case of a Board Member;~~
35 ~~provided, however, that the Board of Directors may issue a formal reprimand in the case of a~~
36 ~~Board Member without consultation with the Incorporated Associations.~~ The Board of Directors
37 may take corrective action if the Interested Person is the President. In the event that a formal
38 reprimand, or in an extreme case, the removal of such Interested Person from his or her position(s),
39 is proposed, such recommendation must be presented with supporting documentation. The
40 Interested Person involved shall be given an opportunity to be heard prior to the final decision on
41 the matter.
42

43 ~~(f) Additional Conflicts Provisions for Board Members. Board Members may not:~~

⁶ ~~NOTE TO DRAFT: Deleted text moved to Section 3(d) of this Policy.~~

1
2 (i) ~~Within one (1) year following termination of their term on the Board of~~
3 ~~Directors assist or represent another party for compensation in a case,~~
4 ~~contract or other specific matter involving CA if that matter is one in which~~
5 ~~the member participated while affiliated with CA.⁷~~
6

7 (ii) ~~While serving on the Board and within one (1) year following termination~~
8 ~~of their term on the Board of Directors be employed by or enter into any~~
9 ~~contract for compensation in excess of \$2,500 with CA either personally or~~
10 ~~in a manner from which they would so benefit directly.~~
11

12 (iii) ~~Simultaneously serve on the Board of Directors and as a sworn partisan~~
13 ~~public officer.~~
14

15 (iv) ~~Allow any family member to receive any remuneration for any work~~
16 ~~performed for CA with the exception of dependent children employed on a~~
17 ~~part time or seasonal basis.~~
18

19 (g) ~~Board Compensation. Any action by the Board of Directors to provide for or~~
20 ~~increase the compensation for Board Members for expenses incurred for attendance at meetings of~~
21 ~~the Board of Directors or for other expenses associated with the performance of the duties of a~~
22 ~~Board Member shall not become effective until two (2) years after the date of the public meeting at~~
23 ~~which such action was approved. Board Members are entitled, however, to receive without such~~
24 ~~passage of time such indirect benefits as attendance at relevant conferences and meetings, travel in~~
25 ~~CA's *Sister City Program* to accompany youth participants, and other such benefits as are~~
26 ~~reasonably related to the conduct of CA's affairs and activities as shall be approved in a public~~
27 ~~meeting in accordance with federal and state laws and regulations.⁸⁻⁹~~
28

29 **4. Special Circumstances; Amendments and Waivers of the Policy**

30
31 CA's President or the Board of Directors may waive application of the policies set forth in
32 this Policy only when special circumstances warrant granting a waiver, and then only in
33 conjunction with any appropriate monitoring of the particular situation. Any waivers of this Policy
34 may be made only by CA's President or the Board of Directors, must be in a writing stating the
35 rationale for the waiver and will be promptly disclosed as required by law. Any amendments to
36 this Policy may be made only by a majority vote of the Board of Directors.
37
38
39

40 **Approved by the CA Board of Directors on February 22, 2007**
41 **Revised and Approved by the CA Board of Directors on July 7, 2011**

⁷ ~~NOTE TO DRAFT: Duplicative of unified Code of Ethics.~~

⁸ ~~NOTE TO DRAFT: Deleted text moved to unified Code of Ethics.~~

⁹ ~~NOTE TO DRAFT: Deleted text moved to unified Code of Ethics.~~

1 **Revised and Approved by the CA Board of Directors on December 12, 2013**
2 **Revised and Approved by the CA Board of Directors on May 8, 2014**
3 **Revised and Approved by the CA Board of Directors on [_____], ~~2015~~2016**

ACKNOWLEDGEMENT OF RECEIPT

COLUMBIA ASSOCIATION, INC.

**CONFLICTS OF INTEREST POLICY
~~FOR DIRECTORS, OFFICERS AND SENIOR LEADERSHIP TEAM~~**

I, _____, acknowledge and confirm that I have received a copy of the Columbia Association, Inc. Conflicts of Interest Policy for Directors, Officers and Senior Leadership Team, as revised and approved by the CA Board of Directors on [_____ __,] ~~2015,2016~~, and have read and understand those standards. I agree that I will conduct myself in accordance with those standards.

Witness

Signature

Title/Position

Date

EXHIBIT A

Form of Confidential Financial Disclosure Report

(See Attached)

**INSTRUCTIONS FOR
COLUMBIA ASSOCIATION
CONFIDENTIAL FINANCIAL
DISCLOSURE REPORT**

A. Why You Must File

This report is a safeguard for you as well as the Columbia Association (“CA”). It provides a mechanism for determining actual or potential conflicts between your CA responsibilities and your private interests and activities. This allows you and CA to fashion appropriate protections against such conflicts and to ensure compliance with CA’s ethics policies.

B. Who Must File

The following persons must file this report:

- Members of CA’s Board of Directors
- President
- General Counsel/Principal Ethics Officer
- Director of Human Resources
- Senior Leadership Team Members
- Division Directors
- Assistant Division Directors
- Members of Purchasing Division
- Members of Office of Internal Audit
- Treasurer

C. When To File

New entrant reports: Due within 30 days of assuming a position listed in section B above.

Annual reports: Due not later than June 30th each year.

D. Reporting Periods

The reporting period covers the preceding twelve months from the date of filing.

E. Where To File

With the Office of the General Counsel.

F. Definitions

Dependent Child - means your son, daughter, stepson, or stepdaughter if such person is either:

- (1) unmarried, under age 21, and living in your household; or
- (2) a “dependent” of yours for Federal income tax purposes.

Honoraria - means payments (direct or indirect) of money or anything of value to you or your spouse for an appearance, speech or article, excluding necessary travel expenses.

G. General Instructions

1. Provide sufficient information about outside interests and activities so that the applicable ethics official under CA’s ethics policies can make an informed judgment as to compliance with those policies.

2. This form consists of four parts, which require identification of certain specific financial interests and activities. **NO DISCLOSURE OF AMOUNTS OR VALUES IS REQUESTED OR REQUIRED.** Complete each part and sign the report. If you have no information to report in any part or do not meet the threshold values for reporting, check the “None” box for that part.

3. Include information applicable to yourself, your spouse, and dependent children. This is required because their financial interests are attributed to you under ethics rules in determining conflicts of interest. Information about your spouse is not required in the case of divorce, permanent separation, or temporary separation with the intention of terminating the marriage or permanently separating.

4. You may distinguish any entry for a family member by preceding it with S for spouse, C for dependent child, or J for jointly held.

Part I: Assets and Income

Investment Income:

1. Report all investments or partnership interests in any **non-public** entity held by **you, your spouse, and dependent children**, with a value greater than \$1,000 at the end of the reporting period or which produced more than \$200 in income during the reporting period.
2. Report any financial interest that would give rise to a potential conflict of interest such as investments in or business transactions with entities that you are aware do business with CA or entities that compete directly with CA.

Salary and Earned Income:

1. **For yourself:** report all sources of salary and earned income greater than \$200 during the reporting period.
2. **For your spouse and dependent children:** report all sources of salary and earned income greater than \$1,000 during the reporting period.

Notes:

1. Investment income includes profit shares, rents, royalties, and interest.

2. Earned income includes fees, salaries, commissions, and honoraria.
3. For each entity, report its name, location, and description of activity.

Do Not Report:

1. Your personal residence, unless you rent it out;
2. Social Security or disability benefits or retirement investment accounts; and
3. Money owed to you, your spouse, or dependent child by a spouse, parent, sibling or child.

Part II: Liabilities

Report:

1. Liabilities over \$10,000 owed to any person or non-publicly traded entity at any time during the reporting period.

Do Not Report:

1. Mortgages on your personal residence unless you rent it out;
2. Personal liabilities owed to a spouse, or the parent, sibling, or child of you, your spouse, or dependent child;
3. Loans for personal automobiles, household furnishings, or appliances;
4. Revolving charge accounts; and
5. Loans taken on personal retirement accounts such as 401(k)s.

Part III: Outside Positions

Report:

1. All positions held at any time during the reporting period (including positions no longer held), whether or not paid.

Positions include an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any of the following:

1. A corporation, company, firm, partnership, trust, or other business enterprise;
2. A non-profit organization; and
3. An educational or other institution.

Do Not Report:

1. Positions held in any religious, social, fraternal, or political entity; and
2. Positions solely of an honorary nature.

Part IV: Agreements and Arrangements

Report Agreements or Arrangements for:

1. Current or future employment; and
2. Continuation of payment by a former employer (including severance payments).

Confidentiality

The primary use of the information on this form is to determine compliance with the conflict of interest provisions of CA's ethics policies. Additional disclosures of the information on this report may be made: (1) to a Federal, State or local law enforcement agency if CA becomes aware of a violation or potential violation of law or regulation; (2) to a court or party in a court proceeding in order to comply with a judge-issued subpoena; (3) to a source when necessary to obtain information relevant to a conflict of interest investigation or decision; (4) in a judicial or administrative proceeding, if the information is relevant to the subject matter or (5) as required by the Maryland Homeowners Association Act, Annotated Code of Maryland, Real Property Article, Section 11B – 101, et seq. This confidential report will not otherwise be disclosed to any requesting person unless authorized by law.

Penalties

Falsification of information or failure to file or report information required to be reported may subject you to disciplinary action by CA.

If you need assistance in completing this form, contact the General Counsel/Principal Ethics Officer at 410-715-3115.

**COLUMBIA ASSOCIATION CONFIDENTIAL FINANCIAL
DISCLOSURE REPORT**

<i>(Last, first, middle initial)</i>	Position/Title	Reporting Status: New entrant Annual
Work Phone	If New Entrant, Date Joined CA	
<i>I certify that the statements I have made on this form and all attached statements are true, complete and correct to the best of my knowledge.</i>	Signature	Date

Part I: Assets and Income

None

Identify for you, your spouse, and dependent children: 1) non-public investments with a fair market value greater than \$1,000 at the end of the reporting period or producing investment income over \$200; and 2) sources of earned income such as salaries, fees, commissions or honoraria, which generated over \$200 in income for you or \$1,000 in income for your spouse or dependent child during the reporting period (see instructions).

Income Sources (<i>Identify employer or business.</i>)		(X) if no longer held	Nature of Income (<i>Rent, interest, salary, etc.</i>)
Examples	Bob Jones Construction, Pretty City, MD		Profit Share
	Dee, Jones & Smith, Hometown, MD	X	Salary
	(S) Doe Medical Clinic, Beachburg, MD		Salary
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

Last, first, middle initial)

Phone

Part II: Liabilities

None

Liabilities over \$10,000 owed at any time during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans for autos, household furniture or appliances; revolving charge accounts; liabilities owed to certain family members; and loans on retirement accounts.
(see instructions)

Creditors (<i>Name and address</i>)		Type of Liability (<i>Mortgage on rental property, promissory note, etc.</i>)
Example	Bob Jones, Pretty City, MD	Promissory note
1		
2		
3		
4		
5		
6		

Part III: Outside Positions

None

Report any positions, whether or not compensated, held during the reporting period. Positions include an employee, officer, director, trustee, partner, proprietor, representative, or consultant for a business, non-profit, or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

Organization (<i>Name and address</i>)		Type of Organization	Position	(X) If no longer held
Example	Dee, Jones & Smith, Hometown, MD	Realtor	Agent	X
1				
2				
4				
5				
6				

Part IV: Agreements and Arrangements

None

Report agreements or arrangements for current or future employment, and continuation of payment by a former employer (including severance payments).

<i>Last, first, middle initial</i>	Phone
------------------------------------	-------

Terms of Any Agreement or Arrangement		Parties
Example	Separation agreement	Dee, Jones & Smith, Hometown, MD
1		
2		
3		
4		
5		
6		

Use a blank page, if necessary, to continue the list in any part.

