



COLUMBIA ASSOCIATION, INC. CONFLICTS OF INTEREST POLICY FOR SENIOR MANAGEMENT AND THE BOARD OF DIRECTORS

Introduction

Columbia Association, Inc. ("CA") demands the highest possible ethical conduct from individuals serving as Board members and as officers and/or members of Senior Management. In this regard, CA acknowledges the importance of having this comprehensive policy for identifying and effectively handling actual or potential conflicts of interest.

Individuals covered as Senior Management under this Conflicts of Interest policy are:

- President/CEO
- [Officers](#)
- Department Directors
- [Assistant Department Directors](#)
- General Counsel
- Legal Assistant
- Human Resources Director
- Chief Information Officer
- Office of Internal Audit members
- Treasurer
- Controller
- Purchasing Division members
- [Construction Contracts Administrator](#)
- [Assistant Construction Contracts Administrator](#)
~~Division and Assistant Division Directors~~

This Policy also governs the conduct of CA's Board of Directors. For purposes of this Policy, references to Senior Management below are intended to include Board members.

The purpose of this Policy is to set forth procedures for monitoring, reporting, reviewing and addressing conflicts of interest and related party transactions. Full compliance with this Policy is mandatory.

The adoption of this policy is an important measure to assure that Board members and Senior Management act in accordance with their fiduciary duties under Maryland law, that rules applicable to tax-exempt organizations are not violated and that sanctions for "excess benefit transactions" under Section 4958 of the Internal Revenue Code are avoided.

1. General Policy

All persons covered by this Policy shall exercise good faith in all transactions relating to their duties to CA and shall not use their positions in any manner that is contrary to the best interests of CA or

to promote their own business interests or those of family, friends or business partners. Reasonable efforts must be made by Senior Management to avoid conflicts of interest, and where conflicts may arise, to disclose them properly. Disclosures should be made in advance, before any action is taken. Conflict identification and analysis can be difficult, so Senior Management is expected to err on the side of caution and disclose all instances where a conflict or the appearance of a conflict might be present.

CA's Principal Ethics Officer (**PEO**), who is currently CA's General Counsel, shall be responsible for implementing these provisions and advising persons as to their application. Any questions or issues should be directed to the PEO and/or the Chair of the Board of Directors for resolution.

Senior Management and Board members are required to submit to the PEO at least once per year (and updated as appropriate) the **Confidential Financial Disclosure Report** ("**Report**") form attached to this Policy. [The PEO shall review and maintain a file of all Reports. The Report completed by the PEO shall be reviewed by the President/CEO.](#)

2. Compliance

Those covered by this document are also expected to comply with CA's **Code of Ethics and Business Conduct**, CA's **Policy for Reporting Violations of the Code of Ethics and Business Conduct** and in the case of Board members, CA's **Special Requirements for Members of the Board of Directors**, as well as both the letter and spirit of all applicable governmental laws, rules, and regulations.

If a Senior Management Member fails to comply with these policies or any other relevant CA policies or applicable laws, that person will be subject to disciplinary measures up to and including immediate discharge. Board members may be reprimanded or, with the approval of the applicable Village Community Association, removed from the CA Board.

3. Financial Conflicts of Interest Definition

A financial conflict of interest exists when any CA Senior Management or Board member has a financial interest or has a family or social relationship with someone who has a financial interest in a contract or a business dealing with CA.

A financial interest exists when a Senior Management or Board member:

- has an investment in, or
- is a director, trustee, officer, employee, or agent of, or
- has an ability to control or otherwise direct the actions of an outside entity that is contracting or dealing with CA. That entity may be private, public or governmental, regardless of form. This does not include any of the 10 Columbia Village Community Associations or Inner Arbor Trust, Inc.

Any position or connection, whether paid or unpaid, that might reasonably be expected to interfere with your objectivity, job performance, judgment or diligence in protecting and promoting the interests of CA creates a conflict to the extent that you might place your own interests or those of another above the interests of CA.

While it is not possible to describe or anticipate all of the circumstances that might comprise a conflict, it is likely to arise whenever a CA Senior Management or Board member is directly or indirectly involved in any of the following:

- a compensation or other financial arrangement with a person or entity involved in a specific transaction with CA or with which CA is negotiating or contemplating negotiating a transaction
- a compensation or other arrangement or affiliation with an entity or individual selling goods or services to or purchasing goods or services from CA;
- a compensation or other arrangement or affiliation with an entity that competes with CA
- the ability to use one's position, or confidential information or the assets of CA, to one's or an affiliated party's personal advantage or for an improper or illegal purpose
- the acquisition of any property or other rights in which CA has an interest or that one knows or has reason to believe at the time of acquisition that CA is likely to have an interest
- an opportunity related to the activities of CA and available to CA (unless the Board of Directors has made an informed decision that CA will not pursue that opportunity)
- a debt to CA, other than for amounts due for ordinary travel and expense advances.

However, mere service without compensation as a director or officer of a non-profit 501(c)(3) charitable corporation or volunteer service as a member of a governmental task force or committee does not constitute a financial interest engendering a conflict of interest.

4. Procedure Regarding Disclosure, Review, and Handling of Conflicts of Interest

An individual subject to this policy shall:

- promptly and fully disclose all known and potential conflicts of interest to the PEO and the Board of Directors, who will then consider the matter and any relevant facts;
- remove oneself from any discussions or deliberations on the matter by the Board; and
- refrain from influencing, participating in or acting on any matter in which a conflict or the appearance of a conflict is determined to exist by the Board of Directors

In the context of approval of a contract, the Board of Directors shall determine, after receiving a disclosure, whether a conflict of interest exists or can reasonably be construed to exist. If a conflict of interest is known or deemed to exist after disclosure, the Board of Directors shall not approve the contract unless it is determined that:

- entering into the contract is in the best interests of CA and consistent with our mission;
- the contract is fair and reasonable to CA;
- the contract would not result in creating an appearance of impropriety that might impair confidence in, or the reputation of, CA; and
- a more advantageous contract cannot be obtained under the circumstances.

Additionally, the Board of Directors shall take any action required or prudent to avoid imposition of an excise tax under Internal Revenue Code Section 4958 in connection with considering the contract.

A determination by the Board of Directors regarding a conflict of interest shall be made by majority vote in accordance with the voting procedure stated in the Bylaws of CA.

Meetings of the Board of Directors regarding conflicts of interest shall be held in closed session in accordance with the provisions of the Maryland Homeowners Association Act, all other applicable laws and CA's Charter and Bylaws. Information, documents and records obtained by the Board of Directors shall be withheld from public disclosure in accordance with the Maryland Homeowners Association Act and all applicable laws. The PEO shall participate as an advisor in meetings of the Board of Directors under this Policy, unless the PEO is the subject of the meeting. The Board of Directors may also retain outside counsel to attend such meetings.

5. Record Keeping

The Board of Directors considering a known or potential conflict of interest shall maintain detailed minutes and records regarding the matter. Such minutes shall reflect the name of the individual involved and any disclosure made, the vote on whether a conflict of interest is present, the names of the persons participating in any discussions and deliberations with regard to approving or rejecting any contract involving that individual, the substance of discussions and deliberations, adherence with procedures, the abstention from voting and participation by the specified individual, and that a quorum was present. The PEO, President/CEO or Board Chair considering a complaint alleging a violation of the policy and/or a request for an advisory opinion regarding interpretation of the provisions of the policy and its application also shall maintain detailed records regarding the matter.

6. Corrective Action

In the event a member of Senior Management other than the President/CEO fails to act in accordance with the conflict of interest policy, the PEO may recommend corrective action to the President/CEO. The Board of Directors may take corrective action if the individual involved is the President/CEO or a member of the Board. In the event that a formal reprimand or other action is proposed, the recommendation must be presented with supporting documentation. The individual involved shall be given an opportunity to be heard prior to the final decision on the matter.

7. Special Circumstances; Amendments and Waivers of the Policy

Any waivers of this Policy may be made only by CA's President/CEO or the Board of Directors. A waiver may be granted only when special circumstances warrant granting a waiver, and then only in conjunction with any appropriate monitoring of the particular situation. The waiver must be in a writing stating the rationale for the waiver and will be promptly disclosed as required by law. Any amendments to this Policy may be made only by a majority vote of the Board of Directors.

Approved by the CA Board of Directors February 22, 2007

Revised and Approved by the Board of Directors July 7, 2011, [December 12, 2013](#), [May 8, 2014](#), [January 26, 2017](#), _____, 2020

~~**Revised and Approved by the Board of Directors December 12, 2013**~~

~~**Revised and Approved by the Board of Directors May 8, 2014**~~

~~**Revised and Approved by the CA Board of Directors January 26, 2017**~~

ACKNOWLEDGEMENT OF RECEIPT

**COLUMBIA ASSOCIATION, INC. CONFLICTS OF INTEREST POLICY
FOR SENIOR MANAGEMENT AND BOARD OF DIRECTORS**

I, _____, acknowledge and confirm that I have received a copy of the Columbia Association Conflicts of Interest Policy for Senior Management and the Board of Directors, as revised and approved by the CA Board of Directors on _____, ~~2020~~January 26, 2017, and have read and understand those standards. I agree that I will conduct myself in accordance with those standards.

Witness

Signature

Title/Position

Date

Columbia Association Conflicts of Interest Financial Disclosure Report

Reporting Period FY ; May 1, to April 30,

Name	Position/Title	Date
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New Entrant Annual If new entrant, date joined CA or acquired position listed: _____

I certify that the statements on this form and all attachments are complete and correct to the best of my knowledge.

Signature: _____

Persons Required to Report.

- Members of Board of Directors
- President/CEO
- Officers
- Department Directors
- Assistant Department Directors
- General Counsel/Principal Ethics Officer
- Legal Assistant
- Human Resources Director
- Chief Information Officer
- Members of Purchasing Department
- Members of Office of Internal Audit
- Treasurer
- Controller
- Construction Contracts Administrator
- Assistant Construction Contracts Administrator
- ~~Division and Assistant Division Directors~~

Reporting period. The reporting period is defined as the 52-week period prior to the filing of this report, which shall be made within 30 days of assuming a position listed above and thereafter by June 30 each year. Any significant changes should be reported as they occur. Reports should be filed with the Office of the General Counsel.

Attachments. You may attach supplementary pages where sufficient space is not provided.

Type of Reporting. In identifying financial interests and activities below, **YOU ARE NOT REQUIRED TO DISCLOSE AMOUNTS OR VALUES.** Distinguish entries for family members by putting an "S" for spouse or "C" for dependent child after the name of the entity.

Confidentiality. The primary use of the information on this form is to determine compliance with CA's ***Conflicts of Interest Policy***. Additional disclosures of this information may be made to law enforcement agencies if CA becomes aware of a violation or potential violation of law or regulation; to a court or party in a court proceeding in order to comply with a judge-issued subpoena; to a source when necessary to obtain information relevant to a conflict of interest investigation or decision; in a judicial or administrative proceeding if the information is relevant to the subject matter; or 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 anyone not authorized by law.

Part I: Assets & Income

Report for yourself, your spouse and dependent children:

- Sources of earned income such as salaries, fees, commissions or honoraria that generated over \$200 gross annual income for yourself or \$1,000 gross annual income for your spouse or dependent children during the reporting period.
- 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 gross income during the reporting period.
- Any financial interest/ activity 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.

Source (Name & Address of Employer, Business, etc.)	Type (Salary, Dividend, Interest, Rent, etc.)	Still Held? (Y/N)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

None

Part II: Liabilities

Liabilities over \$10,000 owed by you, your spouse and dependent children at any time during the reporting period.

Exclude:

- personal residence mortgage (unless residence is rented out)
- auto/household furniture/appliance loans or revolving charge accounts,
- Money owed to family members, loans on retirement accounts

Creditor Name & Address	Type (Rental property mortgage, promissory note, etc.)
_____	_____
_____	_____
_____	_____

None

Part III: Outside Positions

Report any positions outside CA, whether or not compensated, held during the reporting period. Positions include an employee, officer, director, trustee, partner, proprietor, representative or consultant for a business, nonprofit or educational institution.

Exclude:

- Positions with religious, social, fraternal or political entities
- Positions of a strictly honorary nature
- Member of the Board of Directors of one of the 10 Columbia Community Associations

Organization Name & Address	Type	Position	Still Held? (Y/N)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

None

Part IV: Agreements & Arrangements

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

Organization/Parties	Terms
_____	_____
_____	_____

None

Part V: Relatives Employed by Columbia Association

List any relatives currently employed by Columbia Association.

<u>Name of Relative</u>	<u>Relationship</u>	<u>Employment Position</u>	<u>Employment Location</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

None