

CONFLICT OF INTEREST POLICY
OF
TAHOE AREA MOUNTAIN BICYCLING ASSOCIATION

A California Nonprofit Public Benefit Corporation

ARTICLE I. INTRODUCTION AND PURPOSE

Tahoe Area Mountain Bicycling Association (“TAMBA”) strives to avoid conflicts of interest to ensure that it continues to operate in accordance with its tax-exempt purpose. To protect TAMBA’s interest when it is considering entering into a transaction that might benefit the private interest of a director, officer, or other person in a position of authority within TAMBA, the Board of Directors (the “Board”) has adopted this Conflict of Interest Policy (the “Policy”).

ARTICLE II. DEFINITIONS

Section 1. Definition of Interested Person. For purposes of this Policy, an “Interested Person” means a TAMBA director, manager, officer, or member of a committee with powers delegated by the Board.

Section 2. Duty of Loyalty of Interested Persons. All Interested Persons have a fiduciary duty of loyalty to TAMBA that requires the Interested Person to refrain from using his or her position for personal gain to the detriment of TAMBA and to avoid acting on issues in which his or her personal or financial interests could conflict with the interests of TAMBA.

Section 3. Direct and Indirect Conflicts of Interest. A conflict of interest can be either direct or indirect. A direct conflict of interest can arise where an Interested Person has a personal or financial interest in any matter involving TAMBA or has a financial or agency relationship (defined as a relationship where one party authorizes another party to act on its behalf) with an entity involved in a transaction with TAMBA.

An indirect conflict can arise where someone related to an Interested Person by business affiliation or as a “Family Member” (defined as a spouse, parent-in-law, ancestor, brother and sister (whether whole or half blood), child (whether natural or adopted), grandchild, and great-grandchild, and spouses of the above) has dealings with TAMBA.

By way of example, an Interested Person has a financial interest if such person has, directly or indirectly through business, investment, or a Family Member:

- (a) an ownership or investment interest in any entity with which TAMBA has a transaction;
- (b) a compensation arrangement with TAMBA or with any entity or individual with which TAMBA has a transaction; or

(c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which TAMBA is negotiating a transaction.

Compensation includes direct and indirect payment of money as well as substantial gifts or favors.

Section 4. Activities that May Present a Conflict of Interest. The following is a non-exclusive list of the types of activities that may present a conflict of interest and should be disclosed in accordance with Article III.

(a) **Adverse Interest.** Participation by an Interested Person in decisions or negotiations related to a transaction between TAMBA and (i) the Interested Person, (ii) an entity in which the Interested Person or his or her Family Member has a financial interest, or (iii) an entity with which the Interested Person or his or her Family Member has an agency relationship.

(b) **Competing Interests.** Competition by an Interested Person, either directly or indirectly, with TAMBA in (i) the purchase or sale of property or property rights, interests, or services, or (ii) competition directly for the same donor or external resources.

(c) **Use of Resources.** Use of TAMBA's resources (for example, staff, contracts, donor lists, or organization name) for personal purposes of the Interested Person or his or her Family Member.

(d) **Inside Information.** Disclosure or exploitation by an Interested Person of information pertaining to TAMBA's business for the personal profit or advantage of (i) the Interested Person or his or her Family Member or (ii) a person or entity with whom the Interested Person has an agency relationship.

Section 5. Disclosure. The primary obligation of an Interested Person who may be involved in a conflict of interest situation is to bring it to the attention of the person designated in Article III so that the Board can evaluate and address the potential conflict. An Interested Person should not unilaterally make the decision about whether a conflict of interest exists.

ARTICLE III. PROCEDURES TO DISCLOSE AND RESOLVE CONFLICTS

Section 1. Duty to Self-Disclose. An Interested Person must make an appropriate disclosure of all material facts, including the existence of any financial interest, at any time that any actual or potential conflict of interest arises. This disclosure should be made to the Chairperson of the Board.

Section 2. Duty to Disclose Conflicts of Others. If an Interested Person becomes aware of any potential conflict of interest involving another Interested Person, he or she must report it to the Chairperson of the Board at the time he or she learns of the potential conflict.

Section 3. Evaluation of Potential Conflict.

(a) After disclosure of all material facts and any follow-up discussion with the Interested Person who has a potential conflict of interest, the Board must determine whether an actual conflict exists. If the potential conflict is first disclosed during a Board meeting attended by the Interested Person with the potential conflict, then the Interested Person must leave the meeting while the determination of whether a conflict of interest exists is discussed and voted upon. The Board will evaluate the disclosures by the Interested Person and will determine whether the disclosed activities constitute an actual conflict of interest. If the potential conflict is first disclosed outside of the context of a Board meeting, then the determination of whether a conflict of interest exists will be referred to the Board.

(b) Factors the Board may consider when determining whether an actual conflict exists include (i) the role the Interested Person plays in the decision-making authority of the other entity involved in the transaction, (ii) whether the amount of TAMBA's financial interest or investment is de minimis relative to TAMBA's overall financial situation (de minimis for these purposes means less than \$100), and (iii) the degree to which the Interested Person might personally benefit if the transaction is approved.

(c) If the Board determines that an actual conflict of interest exists, then the transaction in question can only be authorized after the Board follows the procedures for addressing the conflict in Section 4 and voting on the transaction in Section 5.

(d) In all circumstances where it is determined that an actual conflict of interest exists, all disclosures by the Interested Person and the outcome of the Board's deliberation about whether a conflict exists must be recorded in the minutes of the meeting in which the deliberation is held.

Section 4. Procedures for Addressing a Conflict of Interest. Prior to voting on a transaction in which an actual conflict of interest is found to exist pursuant to Section 3, the Board will follow the following procedures:

(a) The Interested Person may make a presentation at the Board meeting at which such transaction is being considered, but after the presentation he or she will leave the meeting during the discussion of, and the vote on, the proposed transaction.

(b) If appropriate, the Chairperson of the Board will appoint a disinterested person or committee to investigate alternatives to the proposed transaction.

(c) After exercising due diligence, the Board will determine whether TAMBA could obtain, with reasonable efforts, a more advantageous transaction from a person or entity that would not give rise to a conflict of interest.

(d) If a more advantageous transaction is not reasonably possible, the Board will determine whether the transaction is in TAMBA's best interest and is fair and reasonable. The Board will then vote on whether to enter into the transaction as described in Section 5.

Section 5. Vote Required for Approval of Conflict Transaction. A transaction in which an actual conflict of interest exists must receive prior approval by a vote of a majority of the

directors then in office, without counting the vote of any Interested Person and with knowledge of the material facts concerning the transaction and the Interested Person's interest in the transaction.

Section 6. Violations of the Conflict of Interest Policy.

(a) If the Board has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, it will inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the Interested Person's response and after making further investigation as warranted, the Board determines that the Interested Person has failed to disclose an actual or possible conflict of interest, it will take appropriate disciplinary and corrective action.

ARTICLE IV. RECORDS OF PROCEEDINGS

The minutes of the Board meeting convened to consider a transaction subject to the procedure described in Article III will contain:

(a) The names of the Interested Person who disclosed or was otherwise found to have a financial or other interest giving rise to a possible conflict of interest; the nature of the financial or other interest; any action taken to determine whether a conflict of interest existed; and the Board'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; the content of the discussion, including any alternatives to the proposed transaction; and a record of any votes taken in connection with the proceedings.

ARTICLE V. ANNUAL STATEMENTS

Each Interested Person will annually sign the Conflict of Interest Disclosure Form attached hereto as **Schedule 1**, which forms will be submitted to the Chairperson of the Board.

SCHEDULE 1: CONFLICT OF INTEREST DISCLOSURE FORM

The undersigned, as a director, manager, officer, or member of a committee with powers delegated by the Board, of Tahoe Area Mountain Bicycling Association (“TAMBA”), acknowledges that:

1. he or she has received a copy of TAMBA’s Conflict of Interest Policy (the “Policy”);
2. he or she has read and understands the Policy;
3. he or she has agreed to comply with the Policy;
4. he or she understands TAMBA is a nonprofit public benefit corporation and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and
5. the following ongoing relationships and interests may present a conflict of interest (disclose all current affiliations, plus past affiliations for the prior two years, that may present a conflict of interest, including the following: the undersigned’s employer; all corporations (nonprofit and for-profit) of which the undersigned is a board member or officer; and the names of such of the undersigned’s Family Members, business affiliates, or any other relationships the undersigned has which he or she believes may present a potential conflict of interest):

Name: _____

Title: _____

Signature: _____

Date: _____