CONFLICT OF INTEREST POLICY

The legal definition of conflict of interest covers relatively few situations. The law defines an interested Director as "a Director who provides non-Director services to the nonprofit and is paid for the services rendered." Close relatives of a Director who provide such services make that person an "Interested Director".

With the above exception, most conflicts fall into a gray area where ethics and public perception are more relevant than statutes or precedents. Conflicts of interest arise whenever the personal or professional interests of a Board member are potentially at odds with the best interests of the nonprofit. Such conflicts are common: A Board member performs professional services for an organization, or proposes that a relative or friend be considered for a staff position. Such transactions are perfectly acceptable if they benefit the organization and if the board made the decisions in an objective and informed manner. Even if they do not meet these standards, such transactions are usually not illegal. They are, however, vulnerable to legal challenges and public misunderstanding. Loss of public confidence and a damaged reputation are the most likely results of a poorly managed conflict of interest.

Because public confidence is important to Agua Hedionda Lagoon Foundation ("AHLF") the Board of Directors will adhere to the following procedures.

The procedures for addressing a conflict of interest shall be:

1. An interested Board member may make a presentation at the governing Board or Committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
2. The chairperson of the governing Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the governing Board or Committee shall determine whether the Corporation can obtain with reasonable efforts and effect, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing Board or Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
The procedures for addressing a violation of the Conflict of Interest Policy shall be:

1. If the governing Board or Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member’s response and after making further investigation as warranted by the circumstances, the governing Board or Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and/or corrective action.

It is the responsibility of the Board to:

1. Only hire or contract with the Board member or the Board member’s close relative if he or she is the best qualified individual available, and willing to provide the goods or services needed at the best price.
2. Record the potential conflict of interest and the use of the procedures and criteria of this policy in the Board meeting Minutes.
3. The Board meeting Minutes shall contain:
   a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, 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 or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
CONFLICT OF INTEREST DISCLOSURE FORM
To Be Completed Annually By All Board Members

At this time, I am a Board member, committee member, or an employee of the following organizations:
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________

Except as described below, I am not now, nor at any time during the past year have I been:

1. A participant, directly or indirectly, in any arrangement, agreement, investment, or other activity with any vendor, supplier, or other party doing business with AHLF which has resulted or could result in personal benefit to me.

2. A recipient, directly or indirectly, of any salary payments, loans or gifts of any kind, any free service or discounts, or other fees from or on behalf of any person or organization engaged in any transaction with AHLF.

Any exceptions to 1 or 2 above are stated below with a full description of the transactions and of the interest, whether direct or indirect, which I have (or have had during the past year) in the persons or organizations having transactions with AHLF.
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________

I have read and understand this policy and agree to comply with its terms.

Signature: __________________________ Printed: __________________________ Date: __________________________