Conflict of Interest Policy

I. Purpose

Union members place tremendous trust in their leaders. Elected officers owe not just fiduciary obligations to union members; they owe members the highest level of ethical behavior in the exercise of all leadership decisions and financial dealings on members’ behalf. Members have a right to proper stewardship over union funds and transparency in the expenditure of union dues.

The purpose of this policy is to ensure that decisions about policy and operations are made solely in the interests of the general membership and are not influenced by any private profit or other personal benefits to individuals affiliated with the union. In addition to actual conflicts of interest, board members should avoid actions that could be perceived or interpreted as a conflict of interest.

II. Definitions

For this policy, the following definitions apply:

A. “Arrangement” means any official action by the Executive Board of the San Jose/Evergreen Federation of Teachers in which it exercises its constitutional powers or powers under its bylaws, including but not limited to the appointment by the board of a person to any position or committee of the union, and the removal of a person by the board from any position or committee of the union.

B. “Compensation” means direct and indirect remuneration as well as gifts or favors that are substantial in nature

C. “Covered transaction” means each proposed transaction, agreement or other arrangement, including compensation, in which: (i) one or more related parties would have a financial interest, personal relationship, or familiar interest and the San Jose/Evergreen Federation of Teachers would be a participant (a related party transaction); or (ii) there could be an actual or perceived conflict of interest for some other reason, including any transaction, agreement or other arrangement in which the interests of a related party could be seen as competing with the interests of the San Jose/Evergreen Federation of Teachers.

D. “Key person” means any person, other than a board member or officer, whether or not an employee of the San Jose/Evergreen Federation of Teachers who has responsibilities, or exercises powers or influence over the San Jose/Evergreen Federation of Teachers as a whole similar to the responsibilities, powers, or influence of board members; or manages a substantial portion of the activities, assets, income or expenses for the San Jose/Evergreen Federation of Teachers.

E. “Personal relationship” means an ongoing romantic or intimate personal relationship that can include, but is not limited to, dating, living together or being a partner or significant other. This
definition applies regardless of gender, gender identification, or sexual orientation of the individuals in the relationship. This restriction does not extend to friends, acquaintances or former colleagues who are not otherwise encompassed in the scope of “personal relationships.”

F. “Related party” means any board member, officer, employee, independent contractor or key person of the San Jose/Evergreen Federation of Teachers; any relative of any such individual or person with a personal relationship with any such individual; and any entity in which any such individual, relative or person with a personal relationship has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

G. “Related party transaction” means any transaction, agreement or other arrangement, including compensation, in which: one or more related parties would have a financial interest or personal relationship and the San Jose/Evergreen Federation of Teachers would be a participant; except that a transaction shall not be a related party transaction if: (i) the transaction or the related party’s financial interest in the transaction is de minimis; or (ii) the transaction would not be customarily reviewed by the board of organizations similar to San Jose/Evergreen Federation of Teachers in the ordinary course of business and is available to others on the same or similar terms.

H. “Relative” or “familial relationship” means parent, spouse, spousal equivalent, daughter, son, grandparent, grandchild, brother, sister, aunt, uncle, niece, nephew, first or second cousin, corresponding in-law, “step” relation, foster parent, foster child, and any member of the employee’s household. Domestic partner relatives are covered to the same extent as spousal relatives.

III. Procedures

A. Duty to Disclose. In connection with any actual or possible conflict of interest, a board member, officer, committee member, employee or independent contractor must immediately disclose in writing the existence and nature of their financial interest, personal relationship, or familial relationship to the board and any committee considering the proposed transaction or arrangement.

B. Determination of a Conflict Of Interest. Upon disclosure, the related party must leave the board or committee meeting in which the covered transaction is discussed. Related parties are not allowed to participate actively or aggressively as advocates on behalf of the covered transaction either formally at board or committee meetings or informally through private contact, communication, and discussion. The remaining board or committee members shall decide if a conflict of interest exists.

C. Procedures to Address a Conflict of Interest The following procedure shall be taken:
a. The President shall, if appropriate, appoint a disinterested person or committee of disinterested board members to investigate alternatives to the covered transaction.

b. The Executive Board, or person or committee appointed by the President, shall exercise due diligence by using comparable market data among other objective tests, if available, to determine whether the union can obtain a more advantageous arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

c. The Executive Board, or person or committee appointed by the President, must determine whether the covered transaction is material to the financial, reputational or other interests of the union. If a committee is the body which determines that the covered transaction is material, then it must promptly notify the Executive Board of this determination and may condition its approval, if any, of the covered transaction upon the further review, input or approval of the Executive Board.

d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Executive Board shall determine by a majority vote of the disinterested board members whether the related party transaction or arrangement is in the union’s best interest and for its own benefit and whether the transaction is fair and reasonable to the union and shall make its decision as to whether to enter into the covered transaction.

IV. Violation of Conflict of Interest Policy

A. If the Executive Board has reasonable cause to believe that a member of the board, committee, officer, employee or independent contractor of the union has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis of such belief and afford the person an opportunity to explain the alleged failure to disclose.

B. If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the Executive Board should determine that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action as is needed in the circumstances, up to removal from office or termination of employment.

V. Required Contemporaneous Record of Conflict of Interest Proceedings

The minutes of the board and all committees shall contain the following information:
A. The names of the person(s) who disclosed or otherwise were found to have a financial interest, personal relationship, or familiar relationship in connection with an actual or possible conflict of interest;

B. The nature of the financial interest, personal relationship, or familiar relationship;

C. The actions taken to determine whether a conflict of interest was present;

D. The board’s or committee’s decision as to whether a conflict of interest in fact existed;

E. The content of the discussions, including any alternative transactions to the covered transaction and comparable market data;

F. The names of the persons who were present for discussions and a record of their vote relating to the covered transaction.

IV. Acknowledgement of this Policy

Prior to the initial term, appointment or hiring of any board member, officer, employee or independent contractor, such individual must complete, sign and submit to the Executive Board a written acknowledgement which affirms that such person: (i) has received a copy of this Policy; and (ii) has read and understands the Policy; and (iii) has agreed to comply with the Policy.