



## ANAHEIM TRANSPORTATION NETWORK 2019

### 2020 CONFLICT OF INTEREST POLICY

1. **Purpose.** The purpose of the conflict of interest policy ("Policy") is to protect this tax-exempt organization, the Anaheim Transportation Network, a nonprofit public benefit corporation ("ATN" or "organization"), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the corporation and "Key Employees" of the organization, otherwise known as an "Interested Person(s)" (as defined below). This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations or organizations receiving federal assistance.

2. **Policy Statement.** Each Interested Person should avoid conflicts of interest that would interfere with their ability to discharge their fiduciary responsibilities to ATN. The ATN encourages Interested Persons to follow ethical standards, to be in compliance with all laws and to avoid any conflict of interest. In addition to conflict of interest, ATN prohibits all ATN Directors and Officers from using their titles or affiliation to publicize personal or company activities, programs, or events (especially those conducted for private profit) unless first approved by ATN.

3. **Interested Person Defined.** Any Director, Principal Officer (Chair, Vice Chair, Secretary, Treasurer and/or Executive Director), Key Employee (as defined below) or member of a committee with governing board delegated powers is an "Interested Person." A "Key Employee" means an employee whose total annual compensation (including benefits), in the aggregate, received from the ATN and its affiliates is more than \$150,000 and who (a) has responsibilities or influence over the ATN similar to that of Principal Officers, Directors, or trustees; or (b) manages a program that represents 10% or more of the activities, assets, income, or expenses of the ATN; or (c) has or shares authority to control 10% or more of the ATN's capital expenditures, operating budget, or compensation for employees.

4. **Conflict of Interest Defined.** The term "conflict of interest" includes, but is not limited to, circumstances where an Interested Person has, directly or indirectly, through business, investment or Family Members (which shall be defined as spouse, domestic partner, ancestor, sibling, lineal descendent, as well as any spouse or domestic partner of any ancestor, sibling, or lineal descendent):

- a. Ownership or investment interests in any entity with which the ATN conducts business or has a business relationship;
- b. Received a substantial benefit from a third party resulting from that party's past, present, or future business relationship with the ATN;
- c. Received any substantial financial benefit from a pending decision of ATN;



Anaheim Transportation Network



- d. Served as an officer, director or committee member of any competing organization, i.e., any nonprofit or business enterprise whose purposes, products, and/or services compete or are similar to those provided by the ATN, or whose interests may or do overlap with the interests of the ATN;
- e. A compensation arrangement with the ATN or with any entity or individual with which the ATN conducts business or has a business relationship; or
- f. Actual or potential ownership or investment interest in, or compensation arrangement with, an entity or individual with which the ATN is negotiating a transaction or arrangement.

If laws and regulations of the Federal Transit Administration (“FTA”) impose more restrictive conflict of interest obligations on Interested Persons (or other similarly situated parties) in connection with a federally funded transaction, then an Interested Person shall comply with those provisions which are more restrictive. The FTA’s conflict of interest provisions, as of the date of this Policy’s adoption, are attached hereto for reference.

Unless otherwise prohibited by law, a conflict of interest does not exist if a transaction or arrangement is part of a program relating to the ATN’s social welfare purpose , if the transaction or arrangement (a) is approved or authorized by the ATN in good faith and without unjustified favoritism, and (b) results in a benefit to one or more Interested Persons, or their families, because they are in the class of persons intended to benefit from the social welfare program of the ATN.

All determinations of whether a conflict of interest precludes participation by an Interested Person shall be made by the ATN’s Board of Directors pursuant to Sections 6 7 below. Such determination shall be made based on whether the transaction is made in such a way as to reduce the likelihood that an Interested Person’s influence can be exercised impartially in the best interests of the ATN.

5. **Gifts.** All Directors, Principal Officers, and Key Employees shall not solicit or accept gifts, including gratuities, favors, or anything of monetary value, from any entity or individual with which the ATN currently has or potentially could have personal or business relationships with.

6. **Disclosure of the Existence of a Conflict.** In connection with any actual or potential conflict of interest, an Interested Person must disclose the existence of the conflict of interest and be given the opportunity to disclose all material facts to all parties with governing powers considering the actual or proposed business arrangement or transaction, including the Board of Directors and relevant committee members.



7. **Procedures and Effect of the Existence of a Conflict of Interest.** After disclosure of the conflict of interest and all material facts, and after any discussion with the Interested Person, the Interested Person(s) shall leave the Board of Directors and/or committee members while the determination of a conflict of interest is discussed and voted upon. The disinterested Board of Directors or committee members shall vote on whether a conflict of interest exists, and whether the Principal Officer or Director has made sufficient disclosures on the surrounding conflict of interest. Thereafter, the remaining Board of Directors and/or relevant committee members shall determine whether the Interested Person may nevertheless participate in the deliberations and vote on the proposed transaction.

As part of determining whether an Interest Person has a conflict of interest and/or whether the ATN should enter a transaction in which an Interested Person has a conflict of interest, the Board of Directors and/or relevant committee members shall determine whether ATN can obtain or enter into, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors and/or committee members shall determine, by a majority vote of disinterested Directors, whether the transaction or arrangement is in the ATN's best interest and whether such transaction or arrangement is fair and reasonable. In conformity with the above determination, the Board of Directors and/or committee members shall make their decision as to whether to enter into the transaction or arrangement.

In the unlikely event that there are multiple Interested Persons and the Board of Directors would otherwise be deprived of sufficient non-conflicted Directors to constitute a quorum, then the Secretary of the Board of Directors shall select, at random (i.e., by blind draw), the minimum number of Interested Persons to allow the Board to act.

8. **Violations.**

a. The violation of this Policy by ATN employees will subject the violator to any disciplinary proceedings or action deemed appropriate by the disinterested Board of Directors. The employee may correct a violation in any manner provided for under the Political Reform Act, and its implementing regulations.

b. The violation of this Policy by any ATN Directors, Principal Officers, or Key Employees will require correction of the violation in any manner provided for under the Political Reform Act, and its implementing regulations.

c. Contractors or subcontractors that violate this Policy as it relates to an active FTA-funded procurement may be prohibited from bidding on the procurement, or may be subject to other action as deemed appropriate by the Board of Directors.





d. Agents of the ATN that violate this Policy as it relates to FTA-funded procurements may be prohibited from participation on behalf of the ATN on federally funded projects, or subject to other action as deemed appropriate by the Board of Directors.

9. **Compensation.** A voting member of the Board of Directors, or of any committee whose jurisdiction includes compensation matters, and who receives compensation, directly or indirectly, from the ATN is precluded from discussing and voting on matters pertaining to that member's compensation or the compensation of that certain member's Family Member. However, such a person is not prohibited from providing information to the Board of Directors and/or any relevant committee regarding the compensation of similarly situated persons.

10. **Record of Proceedings.** The minutes of the Board of Directors and/or all committees with governing board delegated powers shall contain:

a. The names of each person who disclosed or were otherwise found to have conflicts of interest, the nature of such conflict of interest, any action taken to determine whether such conflict of interest was present, and the Board of Director's or relevant committee's decision as to whether a conflict of interest existed.

b. The names of each person who was present for discussions and votes related to the proposed transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and, if applicable, a record of votes taken in connection with the discussions.

11. **Annual Statements.** Each Director, Principal Officer, Key Employee and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person: (a) has received a copy of this Policy; (b) has read and understands the Policy; (c) has agreed to comply with this Policy; and (d) understands that the ATN is a social welfare organization and in order to maintain its federal tax exemption must primarily engage in activities which accomplish one or more of its tax exempt purposes.

12. **Interpretation of Policy.** The Board of Directors has the authority to review a particular transaction or circumstance to determine whether it constitutes a conflict of interest pursuant to this Policy.

13. **Periodic Reviews.** To ensure the ATN operates in a manner consistent with its social welfare purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. Each periodic review shall, at a minimum, include the following subjects:



- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
  
- b. Whether partnerships, joint ventures, and arrangements with management organizations (a) conform to the ATN's written policies, (b) are properly recorded, (c) reflect reasonable investment or payments for goods and services, (d) further social welfare purposes, and (e) result in inurement, impermissible private benefit or an excess benefit transaction.