



Aztec Downtown Association

Conflict of Interest and Disclosure Policy

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Article I – Purpose

The purpose of this **Conflict-of-Interest Policy** is to protect the interests of the **Aztec Downtown Association**, a tax-exempt, nonprofit organization, when it is contemplating entering into a **transaction or arrangement** that might:

1. Benefit the **private interest** of an officer, director, key employee, or committee member; or
2. Result in a possible **excess benefit transaction** as defined under **Section 4958 of the Internal Revenue Code**.

This policy supplements, but does not replace, any applicable **federal, state, county, or municipal laws** governing conflicts of interest for nonprofit and charitable organizations.

Article II – Definitions

1. Interested Person

Any director, principal officer, employee, or member of a committee exercising powers delegated by the Board of Directors who has a **direct or indirect financial interest** is an “Interested Person.”

2. Financial Interest

A person has a financial interest if they, directly or indirectly, through business, investment, or family:

- Have an ownership or investment interest in any entity with which the Association has a transaction or arrangement.
- Have a compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement; or
- Have a potential ownership, investment interest, or compensation arrangement with any entity or individual with which the Association is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial.

Note: A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person with a financial interest has a conflict only if the Board or relevant committee determines so.

Article III – Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must:

- Disclose the existence of the financial interest; and
- Provide all material facts to the Board or committee with delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict Exists

After disclosure and discussion with the Interested Person, they shall **leave the meeting** while the conflict determination is discussed and voted upon. The remaining disinterested members will decide if a conflict exists.

3. Addressing the Conflict of Interest

- The Interested Person may present information before leaving the meeting.
- The Chairperson may appoint a **disinterested person or committee** to investigate alternatives to the proposed arrangement.
- After due diligence, the Board or committee shall determine whether the Association can obtain a more advantageous arrangement that does not create a conflict.
- If no better alternative exists, the Board or committee shall determine—by a majority vote of disinterested directors—whether the transaction is:
 1. In the Association’s best interest.
 2. For its own benefit; and
 3. Fair and reasonable.
- The Board will then decide whether to proceed.

4. Violations

If the Board or committee believes a member has failed to disclose an actual or possible conflict:

1. The member will be informed of the basis for this belief and given an opportunity to respond.
2. If, after investigation, the Board determines that a failure to disclose occurred, it will take appropriate disciplinary and corrective action, which may include removal in accordance with the **New Mexico Nonprofit Corporation Act** and the Association’s bylaws.

Article IV – Records of Proceedings

Meeting minutes shall include:

- Names of persons who disclosed or were found to have a financial interest, the nature of that interest, actions taken, and the Board's decision.
 - Names of those present for related discussions and votes, the content of discussions (including alternatives considered), and vote results.
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Article V – Compensation

- A voting Board member receiving compensation from the Association for services is **precluded from voting** on matters related to their own compensation.
 - Members of committees overseeing compensation who receive compensation from the Association are likewise precluded from voting on their compensation matters.
 - Such individuals may provide information regarding compensation to assist the Board or committee in its deliberations.
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Article VI – Annual Statements

Each director, principal officer, and committee member with delegated powers shall annually sign a statement affirming that they:

1. Have received a copy of this Conflict-of-Interest-Policy.
 2. Have read and understand it.
 3. Agree to comply with it; and
 4. Understand that the Association is a charitable organization and, to maintain its tax-exempt status, must primarily engage in activities that further its tax-exempt purposes.
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Article VII – Periodic Reviews

To ensure compliance with charitable purposes and protection of tax-exempt status, periodic reviews shall be conducted to determine:

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- Whether compensation arrangements are reasonable, based on competent survey data, and the product of arm's length bargaining; and
- Whether transactions with management organizations, partnerships, or joint ventures:
 1. Align with written policies.
 2. Are properly documented.
 3. Reflect fair market value.
 4. Further charitable purposes; and
 5. Do not result in inurement, impermissible private benefit, or excess benefit transactions.

Article VIII – Use of Outside Experts

The Association may, but is not required to, use outside advisors during periodic reviews. The Board retains ultimate responsibility for ensuring compliance and integrity in its operations.

Adopted by the Board of Directors of the Aztec Downtown Association on [Date]

Signatures:

Joan Monninger
President / Chairperson

Robin Kelly
Secretary