

# TOWN AND COUNTRY COMMUNITY CORPORATION

ADMINISTRATIVE RESOLUTION NO: 6

## Pertaining to Conflicts of Interest

WHEREAS, Town and Country Community Corporation (“Association”) is a community association organized and operating pursuant to the Virginia Property Owners’ Association Act (“Act”) and the Association’s Governing Documents; and

WHEREAS, Article Four, Section 1 of the Association’s By-laws states that the “affairs of the corporation shall be managed by its board of directors;” and

WHEREAS, loss of public confidence and a damaged reputation may result from the failure to identify and report potential conflicts of interest; and

WHEREAS, the Association wishes to address the potential for conflicts of interest which may arise when the personal or professional interests of members are potentially at odds with the best interests of the nonprofit organization;

NOW THEREFORE BE IT HEREBY RESOLVED THAT the Association duly adopts the following Administrative Resolution Pertaining to Conflicts of Interest.

### **Article I – Purpose**

The purpose of this conflict of interest policy is to protect the Association’s interests and reputation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to common interest communities.

### **Article II – Key Definitions**

#### **1. Interested Person**

Any director, principal officer, or member of a committee who has a direct or indirect financial interest, as defined below, is an interested person.

#### **2. Financial Interest**

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

- a. An ownership or investment interest in any entity with which the Association has a transaction or arrangement;
- b. A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement; or
- c. A potential ownership or investment interest in, 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. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate committee decides that a conflict of interest exists.

## **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 interest and be given the opportunity to disclose all material facts to the directors and members of the body (*i.e.*, Board or committees) considering the proposed transaction or arrangement.

### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the interest and all material facts, and after any discussion with the interested person, he or she shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members shall decide if a conflict of interest exists.

### **3. Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the 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.
- b. The Board President or Committee Chairperson shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the body shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the body shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association'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.

### **4. Violations of the Conflicts of Interest Policy**

- a. If the body 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the body determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate

disciplinary and corrective action.

#### **Article IV - Records of Proceedings**

The minutes of all meetings shall contain:

1. The names of the persons who disclosed or otherwise were found to have an 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 body's decision as to whether a conflict of interest in fact existed.
2. 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.

#### **Article V - Annual Statements**

Each director, principal officer, and member of a committee shall annually sign a statement which affirms such person has:

1. Received a copy of the conflicts of interest policy;
2. Read and understands the policy; and
3. Agreed to comply with the policy.

#### **Article VI – Effective Date**

The rules and regulations set forth in this Resolution are effective as of the 7th day of February, 2022, and supersede any previously adopted rules and regulations related to the subject matter of this Resolution.

TOWN AND COUNTRY COMMUNITY CORPORATION

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Resolution Action Record

Resolution No. 6

Pertaining to: Conflicts of Interest

Duly adopted at a meeting of the Board of Directors held Feb. 6, 2022.

Motion by Brenda Ajlmy Seconded by: Manny Addai

VOTE:

	YES	NO	ABSTAIN	ABSENT
<u>[Signature]</u> Director	X	_____	_____	_____
<u>[Signature]</u> Director	✓	_____	_____	_____
<u>Brenda Ajlmy</u> Director	✓	_____	_____	_____
_____ Director	_____	_____	_____	_____
_____ Director	_____	_____	_____	_____

ATTEST:

Secretary: Brenda Ajlmy Date: Feb. 7, 2022

Resolution effective Feb. 7, 2022.