

## **CONFLICT OF INTEREST STATEMENT**

Main Street Fairmont (MSF) board members, committee members, staff and volunteers must adhere to certain standards of conduct which include avoiding conflicts of interest. Aside from the possible legal ramifications, even the appearance of a conflict of interest can irreparably damage an organization's credibility.

It is not automatically an unacceptable conflict of interest for a board, committee, or staff member of Main Street Fairmont to derive personal or professional benefit from a Main Street activity. Many MSF participants, such as downtown business and property owners stand to gain some benefit from their service to the revitalization organization. Such indirect benefit is entirely proper.

- An unacceptable conflict of interest may arise if a board, committee, or staff member:
  - Has a personal or business "interest" that is in conflict with the best interest of the Main Street program.
- A participant is usually considered to have an "interest" in an activity if he/she or an immediate family member:
  - Has a substantial financial interest in the activity;
  - Has a substantial financial interest in any organization involved in the activity; or
  - Holds a position as a trustee, director, general manager, or principal officer in an organization involved in the activity.
- Uses "inside information" for personal benefit or to the detriment of the Main Street program. "Inside information" is information that has not been made public and was obtained through the participant's work with the Main Street program. One way to avoid conflicts of interest involving inside information is to disclose all such information to the public.
- Uses his or her position with the Main Street organization to the detriment of the revitalization program.
- Uses his or position with the Main Street program for a personal or business benefit that is in conflict with the best interest of the Main Street program.

**In all cases where a potential conflict of interest may exist, the participant with that conflict should disclose all relevant information to the board and committee chairs and to the staff. If there is some question about it being a conflict, it is always better to make a full disclosure.**

## **MANAGING CONFLICTS OF INTEREST**

When a potential conflict of interest is disclosed, the board chair and the committee chair may agree on a solution or may decide to refer the issue to the entire board of directors. Any activity in which a board, committee, or staff member has a potential conflict of interest must be

carefully reviewed to determine whether the activity is in the best interest of the revitalization program.

Either the board chair or the full board should consult with a local attorney whenever a potential conflict arises. Generally, however, if there has been disclosure, the benefit to the participant is not detrimental to the Main Street program nor has there been any use of inside information. Consequently, there should not be an unacceptable conflict of interest.

If there is an unacceptable conflict of interest, the board of directors may wish to make certain recommendations, such as requiring that a board, committee, or staff member with an unacceptable conflict of interest in a particular activity:

- Not be counted for the purposes of a quorum when meeting to decide whether to pursue the activity;
- Does not actively participate in the decision about the activity, except to answer questions or state his or her views;
- Does not vote on the matter; in fact, he or she should be required to leave the room before the final deliberation and vote; or
- In some cases, actually resigns a board or committee position while the conflict exists.

The documents disclosing all conflicts of interest and the subsequent recommendations should be included in the meeting record or minutes. It is impossible to list all the possible conflicts of interest that might occur in a typical Main Street program. Nevertheless, here are a few common examples:

- A property or business owner competes for financial incentives offered or approved by the Main Street program while serving on the committee or board that develops, awards, or monitors the incentives.
- A contractor makes a bid to perform services offered by or through the Main Street program While serving on the committee or board that develops or awards the bid.
- Media representatives participate in a committee or board decision to purchase or recommend the purchase of advertising.
- Main Street staff manages, leases and/or sells downtown property in an individual capacity and for private compensation. This does not preclude Main Street staff from assisting property owners and realtors by showing or providing information about downtown properties. It is usually acceptable to be involved in preliminary discussions about activities that have not yet focused on specific terms, unless the participant is not putting the best interests of the Main Street program first.

## **FUNDING SOURCES AND CONFLICT OF INTEREST**

Most Main Street programs rely on multiple sources of funding. Often, these sources have their own standards and remedies for conflicts of interest. If the Main Street organization is the recipient of any state-granted funds or of a Community Block Grant Award from the U.S. Department of Housing and Urban Development, then additional rules regarding conflict of



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interest apply. It is critical that the organization be aware of these rules—and be prepared to conform to them—before applying for or receiving funds from these sources. Noncompliance with any rule or regulation affecting government funds can result in cancellation of the grant and potential repayment of the monies.

### **CONCLUSION**

Avoiding conflicts of interest is the best policy for the Main Street Fairmont Board of Directors. However, when potential conflicts of interest arise, the organization—its leaders, volunteers, and staff—must be prepared and willing to address the issue and apply the appropriate remedy. Education and a written policy are the best safeguards against embarrassing and/or damaging charges of conflict of interest.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_