

B1 – PROPOSED BYLAW AMENDMENTS ADDRESSING FIDUCIARY DUTIES AND AVOIDING CONFLICTS OF INTEREST

Explanation: Current Bylaws do not include provisions addressing fiduciary duties or potential conflicts of interest. The Board recommends the following new section should be added to the Club Bylaws.

ADD New Section 5 to Article III of the Bylaws, regarding Management, to read as follows:

SECTION 5 FIDUCIARY DUTIES AND AVOIDING CONFLICTS OF INTEREST

The Club encourages the active involvement of its Officers, Board members, and members of any committees created by the Board (“Covered Members”) in performing their duties on behalf on the Club. The purpose of this provision is to protect the interests of the Club when it is considering an action, or contemplating entering into a transaction or arrangement, that might benefit or harm the private interest of a Covered Member. The policy included in this provision is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

5.1 Covered Members are expected to conduct themselves in all Club matters with respect for their fiduciary duties of care, loyalty, and obedience to the Club¹. A conflict of interest may arise when an individual’s personal interests – including family, financial, or another interest – impairs or could be seen to impair the independence or objectivity of the Covered Member in fulfilling their fiduciary duties, making decisions, or discharging their duties on behalf of the Board or Club.

5.2 Covered Members shall carefully consider any potential conflict of their personal interests with the interests of the Club and refrain from any action which might be perceived as an actual or apparent conflict of interest.

5.3 When the Board, or any committee, is to decide upon an issue about which a Member has an unavoidable conflict of interest, that Member shall disclose the general nature of their conflict and physically absent herself or himself without comment from not only the vote, but also from the deliberation, unless directly requested by the President or relevant committee chair to provide factual information or answer factual questions that may assist the Board or Committee in making a sound decision. In no case shall that Member vote on such matter or attempt to exert personal influence in

¹ See descriptions of fiduciary duties provided in the most current version of the “Quick Guide” for Nonprofit Board Service in Washington State, prepared by the Washington Secretary of State’s Office and the Office of the Attorney General, using the following link: <https://www.sos.wa.gov/assets/charities/2015-quick-guide-for-board-service.pdf>

connection therewith.

5.4 Disclosure of any conflict of interest and abstention from participation and voting on a matter based upon such conflict shall be recorded in the minutes of the meeting(s) at which the issue is discussed and decided.

5.5 Each Covered Member has the affirmative responsibility to report to the President (in the case of concerns related to Board or committee members) or to the Vice President (in the case of concerns related to the President) any and all knowledge of any action or conduct that is, was, or may appear to a reasonable person to be: i) in breach of any fiduciary duty(ies) owed to the Club; and/or ii) a conflict of interest.

5.6 After disclosure of the potential conflict of interest, the interested person shall leave the board or committee meeting while the matter is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

5.7 The Board or affected committee may meet in closed session to consider such report and shall have authority to determine how to address the matter, including without limitation: excluding the Member with a conflict or breach of duty from voting or participating in deliberations regarding a particular matter; corrective action deemed appropriate under the circumstances presented; rescinding, reconsidering, or ratifying any matter where a member with a conflict participated in a vote; finding that no material conflict of interest exists; finding that the matter was fair to the Club; or such other action provided by law.

5.8 The Board may adopt Rules to provide examples, define terms, or otherwise implement this policy.