

Moore County Hospital District

Policy: CONFLICTS OF INTEREST

Policy Number: _____

DEPARTMENTS AFFECTED:	EFFECTIVE DATE:
PROPONENT:	REVISION DATE(S):
APPROVED BY:	REVIEW DATE(S):
INITIALS:	PAGE 1 OF 4

PURPOSE

The purpose of the conflicts of interest policy is to protect the interests of Moore County Hospital District (“District”) when it is contemplating entering into a transaction or arrangement that might benefit or be in competition with the private interest of an Officer or Director (also referred to as “local public official”) of the District. This policy is intended to supplement but not replace any state laws governing conflicts of interest which may be applicable.

DEFINITIONS

1. **Business Entity**: a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.
2. **Director**: a member of the Board of Directors of District.
3. **Family Member**: a person related to another person within the first degree of consanguinity or affinity, as described by Subchapter B, Chapter 573, Government Code.
4. **Family Relationship**: a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.
5. **Gift**: a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a gift. The term does not include a benefit offered on account of kinship or personal, professional, or business relationship independent of the official status of the recipient.
6. **Officer**: any officer, whether elected, appointed, paid, or unpaid, of the District who exercises responsibilities beyond those that are advisory in nature.
7. **Substantial Interest in Business Entity**: a person has a substantial interest in a Business Entity if:

- A. the person owns 10% or more of the voting stock or shares of the Business Entity or owns either 10% or more or \$15,000 or more of the fair market value of the Business Entity; or
 - B. funds received by the person from the business entity exceed 10% of the person's gross income for the previous year.
8. **Substantial Interest in Real Property**: a person has a "substantial interest in real property" if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.
9. **Vendor**: a person who contracts or seeks to contract for the sale or purchase of property, goods or services with the District or such a person's agent.

PROCEDURES

1. **Affidavit of Conflict of Interest**. If a Director or Officer has a substantial interest in a Business Entity or in real property, the Director or Officer shall file with the Board Secretary, before a vote or decision by the Board on any matter involving the Business Entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:
- A. in the case of a Substantial Interest in a Business Entity, the action on the matter will have a special economic effect on the Business Entity that is distinguishable from the effect on the public; or
 - B. in the case of a Substantial Interest in Real Property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
2. **Family Members**. A Director or Officer is considered to have a substantial interest if a family member has a Substantial Interest in a Business Entity or real property.
3. **Voting if a Majority of the Board Has a Conflict**. If a Director or Officer is required to file and does file an affidavit, the Director or Officer is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the Board of Directors is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.
4. **Separate Vote**. The Board of Directors shall take a separate vote on any budget item specifically dedicated to a contract with a Business Entity in which a member of the board has a substantial interest. A Director or Officer with a Substantial Interest in the Business Entity may not participate in that separate vote unless the Director or Officer has complied with this policy and Texas law; and the matter in which the Director or Officer is concerned has been resolved.

5. **Annual Acknowledgment.** Each Director and Officer shall annually sign a statement which affirms that such person:
 - A. has received a copy of this policy,
 - B. has read and understands this policy, and
 - C. has agreed to comply with this policy, and
 - D. has disclosed any existing or potential conflicts of interest.

6. **Conflicts Disclosure Statement.** Each Director and Officer shall file a conflicts disclosure statement with respect to a Vendor if:
 - A. the Vendor has contracted with the District or the District is considering doing business with the Vendor; and
 - B. (1) the Vendor has an employment or other business relationship with the Director or Officer (or his/her family member) that results in the Director or Officer (or his/her family member) receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the Director or Officer becomes aware that a contract has been executed between the District and the Vendor or the District is considering doing business with the Vendor or

(2) the Vendor has given to the Director or Officer (or his/her family member) one or more Gifts, other than gifts of food accepted as a guest, that have an aggregate value of more than \$100 in the 12-month period preceding the date the Director or Officer becomes aware that a contract has been executed between the District and the vendor or the District is considering doing business with the vendor; or

(3) the Vendor has a Family Relationship with the Director or Officer.

The conflicts disclosure statement must be filed with the Board Secretary by 5:00 p.m. on the 7th business day after the date on which the Director or Officer becomes aware of the facts that require the filing of the statement.

7. **Disclosure Requirements for Vendors.** A Vendor must file a completed conflict of interest questionnaire with the Board Secretary not later than the 7th business day after the date the Vendor begins contract discussions or negotiations with the District or submits to the District an application, response to a request for proposals or bids, correspondence or another writing related to a potential agreement with the District. The questionnaire must disclose the Vendor's affiliations or business relationships that might cause a conflict of interest with the District. For ongoing relationships, an updated questionnaire must be filed

by September 1 of each year and by the 7th business day after the date of an event that would make any statement in the questionnaire incomplete or inaccurate.

Reference: TEXAS LOCAL GOVERNMENT CODE, Chapters 171 and 176.