The Economic Club of Chicago’s Conflict of Interest Policy

Updated: 8/19/2016
Effective: 7/1/2014
Reviewed By: Donna Zarcone, Finance Committee, Executive Committee, BOD

It is the policy of The Economic Club of Chicago (the “Club”) that the following individuals (each being an “Interested Club Person”) have a duty to be free from the influence of any conflict of interest when they act on behalf of the Club. Interested Club Persons shall consist of the following:

- Members of the Club’s Board of Directors (each a “Board member”),
- Members of the Club’s Executive and Finance Committees (each a “Committee member”),
- The Club’s Officers (as designated by the By-Laws (“Officers”)), and
- The Club’s Key Employees.

Furthermore, each Interested Club Person owes a duty of good faith to the Club and has an obligation to exercise appropriate judgment so as to insure that he or she acts on behalf of the Club with honesty, full disclosure and, at all times, with the best interests of the Club in mind. If there are circumstances that may create, or give the impression of creating, a conflict of interest for an Interested Club Person, those circumstances must be reported promptly to the Chairman to bring before the Executive Committee and a review process as to such circumstances will be undertaken. The person with the conflict will not participate in the review process and will be required to abstain from any vote on, or consideration of, any matter related to the subject of the conflict of interest.

In order to insure that all Interested Club Persons are notified and periodically reminded of this Policy and thus to also insure that such persons understand and agree to accept their fiduciary duties with respect to good faith and fair dealing with the Club, a Governing Body Questionnaire will be submitted to each of them for signature annually. Results of the annual Governing Body Questionnaires will be compiled by the President of the Club and the results will be presented to the Chairman for review. Any conflict or potential conflict (see the Required Procedures section below) will be reported and reviewed by Executive Committee, Finance Committee, and, if appropriate or required, to the full Board.

CONFLICT OF INTEREST

1. Definition

A conflict of interest may exist whenever an Interested Club Person is faced with a decision involving at least two competing interests: the Club’s interest and the private interest of such Interested Club Person, including interests of Family Members, and interests of organizations with
which an Interested Club Person or Family Member has a significant position. Examples of situations that may create a conflict of interest include the following:

a) Instances where the Interested Club Person has a direct or indirect material financial interest in a supplier of goods or services to the Club;

b) Instances where the Interested Club Person has received or expects to receive any material compensation, gift or loan from any supplier of goods or services to the Club; and

c) Instances where the Interested Club Person has a direct or indirect financial interest in or involvement with any transaction or arrangement to which the Club is a direct or indirect party or beneficiary, except for his or her involvement in the solicitation or granting of contributions to the Club; such solicitation or donation activities are recognized to be part of the Interested Club Person’s duties in connection with the respective roles they each serve.

2. Required Procedures

If a conflict of interest in a proposed transaction or arrangement is known to exist, or could reasonably be expected to arise, the Interested Club Person shall disclose to the Chairman his or her interest in the transaction or arrangement and all material facts with respect to it. If it is the Chairman that has a conflict, or potential conflict, of interest he or she shall disclose such conflict to the Executive Committee.

The Chairman shall review the information disclosed by an Interested Club Person and the transaction or arrangement to which it relates and, if the conflict (or potential conflict) is deemed by the Chairman to be insignificant, the Chairman (without further review by the Executive Committee) shall ascertain that appropriate consideration has been given to the facts and also of alternatives, if any are reasonably available, to conduct or structure the Transaction or Arrangement with parties other than the Interested Club Person or other competing interest. The Chairman, upon completion of such review, shall determine whether (i) the transaction or arrangement being reviewed is in the best interests of the Club and for its benefit; (ii) the transaction or arrangement is fair and reasonable to the Club; and (iii) whether to proceed to enter into or continue such transaction or arrangement.

If the Chairman deems the conflict or potential conflict to be significant (or it is the Chairman who has the conflict or potential conflict), the Chairman shall report the information to the Executive Committee where a full review will be conducted and a determination made similar to the process described above.

To provide oversight to its review process, the Executive Committee will report its findings and conclusions on significant conflicts to the full Board at least annually. The Interested Club Person with the conflict of interest shall abstain (whether at a Committee level or at the full Board level) from voting upon, or any consideration of, the approval of the transaction or arrangement, or from voting upon, or any consideration of, the decision to permit the continuation of any condition giving rise to a conflict of interest.

The minutes of the Executive Committee will reflect a statement regarding any conflicts of interest that have been raised and their resolution. The fact that a conflict of interest, actual or implied,
exists, arises, or could reasonably be expected to arise is not, in and of itself, sufficient to prohibit the Club from entering into the proposed transaction or arrangement. Nonetheless, and as the above practice describes, each Interested Club Person has a fiduciary duty and obligation to fully disclose his or her interest in a transaction or arrangement in conformity with this Policy and to abstain from voting on action with respect to it.

RELATIONSHIP DISCLOSURE

The Club is required to disclose any Interested Club Person that had a family relationship or business relationship with any other Interested Club person during the Club’s current tax year. Utilizing Schedule O of Form 990, the Club must identify the applicable person and describe their relationship.

1. Family Relationship

The family of an Interested Club Person includes his or her spouse, ancestors, brothers and sisters, children, grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

2. Business Relationship

Business relationships between two persons include any of the following:

a) One Interested Club Person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, or greater-than-35% owner, even if that organization is tax-exempt.

b) One Interested Club Person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of $10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, or greater-than-35% owner. Such transactions do not include charitable contributions to tax-exempt organizations.

c) The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity (but not in the same tax-exempt organization).

Finally, note that a business relationships does not include a relationship between an attorney and client, a medical professional (including psychologist) and patient, or a priest/clergy and penitent/communicant.