

# TIA Code of Conduct Policy

Not-for-profit organizations are creatures of law and are subject to specific constraints and criteria. In like manner, officers, directors and "agents" of not-for-profit organizations are subject to laws, individually and collectively, and must conduct themselves in accord with sometimes-unfamiliar requirements.

To promote understanding of some frequently overlooked requirements for serving on not-for-profit Boards, board members will review and confirm their ability to comply with these rules, seeking additional information as may be needed for understanding, and sign the Code of Conduct form below.

## ISSUES:

### ANTITRUST

The Sherman Act, the Robinson-Patman Act, the Clayton Act and the FTC Act are among the major federal antitrust laws prohibiting all contracts, combinations or conspiracies to restrain trade. Not-for-profit organizations which improperly deny or expel members, set standards, sponsor certification programs, endorse products or services or otherwise advantage or disadvantage individuals or organizations may find themselves in violation of these antitrust laws. Even discussion of collective action, pricing or other issues that could lessen or increase competitive advantage can subject the association to litigation and fines up to \$10 million and those involved, up to \$350,000.

Organization officers and directors must maintain control of meetings, at least to the degree that participants do not engage in conversation and/or activities, which violate these laws.

### CONFLICTS OF INTEREST

State laws define "conflict of interest" in different ways. However, all of these laws essentially prohibit individuals using their positions in not-for-profit organizations to advantage themselves of anyone other than "the membership." In other words, it must be the collective purpose of the organization, the officers and the directors to serve the "common good" of all or the majority of members—none must seek to advantage themselves or any minority at the expense of the majority.

Should a Board member or any agent (committee member, staff, etc.) find him/her self in a conflict of interest, they must announce/acknowledge his/her conflict and withdraw him/her self from discussion of or the voting on such issues.

Even the appearance of conflict of interest can be very divisive and problematic for an organization and for those people who hold positions of trust. When in question or doubt, individuals should remove themselves from circumstances, which may have the appearance of conflict of interest.

Board members and staff who individually accept gifts, gratuities, "free" trips or other items of value from individuals or organizations seeking business from the organization are conflicted. Board members and staff who themselves receive value, business, etc. from the organization

are conflicted.





Board members and staff who hold personal beliefs, values or commitments that are contrary to the purposes of an organization are conflicted and should at least declare their conflict.

In some states and circumstances these issues are characterized as "misuse of office."

## INFORMED, REASONED DECISIONS

Though not-for-profit Boards are not held to the same standard as for-profit Boards, all officers and directors are expected/required to make informed and reasoned decisions. Making hasty, sloppy or uninformed decisions is, at best, grounds for criticism and may be the basis of litigation.

Before making decisions, officers, directors and staff are expected to be:

-  thoroughly informed
-  free of undue haste
-  actively involved in debate and deliberations
-  aware of all related legal documents and implications

They are also expected to maintain documentation, at least meeting notes (until minutes are approved) and require involvement of in-house experts (accountants, lawyers, staff, etc.) whenever such perspective is required to make "informed and reasoned decisions."

## SUPERVISION

Officers and directors employing staff are not expected to micromanage the affairs of the organization. However, Board members cannot completely delegate or avoid responsibility for conducting the business of the organization.

Officers and directors must not only govern not-for-profit organizations, they must require access to and maintain a working knowledge of the affairs, policies and assets of those organizations.

There is an increasing body of case law defining and affirming the necessity for members of Boards of Directors, staff and other agents to be well engaged and prudent in supervising the affairs of not-for-profit organizations.

## CONFIDENTIALITY

In order for not-for-profit Boards to function effectively, there must be certain understandings. Most basic among these understandings is trust of and respect for the members of the Board. If Board members do not respect and trust each other, they will be reduced to dealing with insignificant issues or not dealing with issues at all. Developing consensus and exercising leadership on a not-for-profit Board of Directors requires trust.

Remember, Boards are responsible for governing all not-for-profit organizations. Presidents, Chairmen of Boards, staff and all other individuals are only "agents" of the Boards. It is the

collective wisdom of the Board, which is intended to govern the organization, not individuals.

A major aspect of developing trust among Board members is confidentiality and candor. Board members need to know that fellow Board members will make their positions known and that such positions will remain within the established circle. Confidentiality and candor are so critical to the functioning of not-for-profit Boards that related policies should be developed which remove from the Board those members who fail to be cordial and/or maintain confidences.

At the same time, healthy organizations should not regularly require Board members to engage in discussions that must be kept from the members and/or other interested parties. Discussion of member applicants, staff compensation, etc. should be held confidential, but individuals presiding over Board, committee and other meetings should take great care to avoid regular discussion of "confidential" issues. If it is the Board's responsibility to act in behalf of the members, there should be few issues or comments that should be kept from members.

Remember, there are many issues and many comments that have no place or standing in Board and other not-for-profit meetings.

### **HOW TO IMPLEMENT:**

It is suggested that all not-for-profit Boards of Directors develop understandings or a "code of conduct" to establish specific agreements between Board members as to how they will conduct themselves in governing and supervising the organization.

See the attached " TIA Board Member Code of Conduct" which every board member will sign when joining the board.

**TIA BOARD  
2007-2008 MEMBER CODE OF CONDUCT**

**As a member of the Board of Directors, I will:**

- Attend board meetings, actively participate in decision making, and listen carefully to my fellow Board members
- Carefully consider and respect the opinions of my fellow Board members
- Respect and support all majority decisions of the Board
- Recognize that all authority is vested in the Board
- Keep well informed of the mission, finances, governance, and developments relevant to issues that may come before the Board
- Bring to the attention of the Board any issues I believe will have a significant effect on our organization or those we serve
- Refer complaints directly to the proper level on the chain of command
- Recognize my job is to ensure that the organization is well-managed, not necessarily to manage the organization
- Represent and understand the needs of all those whom this organization serves and not a particular geographic area or interest group
- Consider myself a "trustee" of the organization and do my best to ensure that it is well maintained, financially secure, and always operating in accord with our stated objectives and in the best interests of those we serve
- Always work to learn how to do my job better and participate in regular assessments to improve the overall performance of the board
- Work to develop new leadership and recruit potential new committee and board members
- Acknowledge conflicts of interest between my personal life and my position on the Board, and abstain from voting or attempting to influence issues in which I am conflicted
- Serve on at least one committee or task force each year

**As a member of the Board of Directors, I will not:**

- Criticize fellow Board members or their opinions, in or out of the Boardroom
- Use the organization or my position for my personal advantage or that of my friends, relatives or associates
- Discuss the confidential proceedings of the Board outside the Boardroom
- Discuss elsewhere what I am unwilling to discuss in Board meetings
- Promise how I will vote on any issue before hearing the discussion and becoming fully informed
- Interfere with the duties of staff or undermine the authority of our chief staff executive to perform his/her duties
- Speak for or in behalf of the organization unless specifically authorized to do so.

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Signature

\_\_\_\_\_  
Date

**(Approved September 2006: To be maintained in Organization Files.)**