



# ALASKA RAILROAD CORPORATION

## BOARD RULE NO. 6

Adopted May 16, 1985

**Subject:** Implementing Conflicts of Interest Section and Defining the Term "Remote Interest"

**Purpose:** Procedure allowing a member of the Board or an Executive Officer of ARRC to participate in a financial decision in which a member of that person's immediate family has a direct or indirect interest.



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## RULE NO. 6

### IMPLEMENTING CONFLICTS OF INTEREST SECTION AND DEFINING THE TERM "REMOTE INTEREST"

#### A. Purpose

Pursuant to AS 42.40.230, the Board of Directors of the Alaska Railroad Corporation (the "Board") adopts the following rule relating to conflict of interest.

#### B. Procedure

1. A Board member or Executive Officer of the Corporation may not participate in a decision of the Corporation in which that person or member of that person's immediate family has a direct or indirect financial interest unless the financial interest is a remote financial interest as defined in this rule and participation is approved under the procedure established here.
2. The words "participate in a decision" as used in AS 42.40.230 are defined to include all discussions, deliberations, preliminary negotiations, and votes.
3. The words "immediate family" as used in AS 42.40.230 are defined to mean spouse, dependent, parent, parent-in-law, child, son-in-law, daughter-in-law, sibling, uncle, aunt, niece or nephew.
4. A Board member or Executive Officer may participate in a decision if that person or member of that persons' immediate family has only a remote interest and the following procedure is followed:
  - a. the fact and extent of the interest is disclosed to the Board in a public meeting and is noted in the minutes of the Board before any participation by the member in the decision.
  - b. the Board, by vote in a public meeting, authorizes or approves the participation; and
  - c. a Board member whose participation is under consideration may not vote on the issue of his own participation.

5. "Remote Interest" is defined as follows:
  - a. that of a non-compensated official of a non-profit corporation;
  - b. that of an employee or agent of a contracting party, including a lessee of the Corporation or a competing enterprise where the compensation of the employee or agent consists entirely of fixed wages or salary and the contract is awarded by bid or by other competitive process;
  - c. that of a landlord or tenant of a contracting party;
  - d. that of a holder of less than 1% of the shares of the entity that is a contracting party, a competing enterprise, or a financial institution;
  - e. that of an owner of a savings and loan or bank savings or share account or credit union deposit account if the interest represented by the account is less than 2% of the total deposits held by the institution; or
  - f. other interests that in good faith are defined as remote by subsequent amendment to this rule.
6. In addition to the above process whereby a Board member or Executive Officer may be authorized to participate in decisions, a Board member or Executive Officer is not considered to be financially interested in a decision and may therefore participate when the decision to be made could not affect the individual in a manner different from its effect on the public.
7. The Board may recommend to the Governor the removal of a Board member, or may remove an Executive Officer who intentionally violates this emergency rule.