

**SUPPLEMENTAL STANDARDS OF CONDUCT  
FOR  
DIRECTORS OF THE PRESIDIO TRUST**

The Presidio Trust Board of Directors (“Directors”) hereby adopt these Supplemental Standards of Conduct (“Supplemental Standards”) to express their commitment to ethical behavior in their dealings on behalf of the Trust. The Supplemental Standards will help Directors avoid actual conflicts of interest and the appearance of conflicts, provide Directors with guidelines for making ethical choices and ensure that there is accountability for those choices.

The Trust’s General Counsel and Designated Agency Ethics Official (DAEO) are available to guide Directors on actual or potential situations which raise ethical issues. Directors are encouraged to avail themselves of these resources.

These Standards supplement applicable federal law and regulations which shall control in the event of any direct conflict. They do not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, the Presidio Trust, or any federal agency, officer, employee, or agent, or any other person.

**I. Duties of Directors**

Presidio Trust Directors owe an individual and collective fiduciary duty of loyalty to the Trust. Because this duty of loyalty is paramount in all matters relating to the Trust, other than by participating in appropriate Board processes, Directors may not seek to influence any Trust decision or activity to favor Family Members, friends, colleagues, or influential persons or organizations. Directors are committed to:

- Serving the best interests of the Trust;
- Advancing the Trust’s mandate as provided in the Presidio Trust Act;
- Acting honestly and with integrity in all transactions and dealings;
- Complying with both the spirit and the letter of applicable law;
- Maintaining the confidentiality of non-public information;
- Avoiding conflicts of interest and the appearance of conflicts of interest;
- Appropriately handling actual or apparent conflicts of interest;
- Being responsible and accountable for all Board actions; and

- Supporting the accountability, ethical conduct and effectiveness of the Presidio Trust.

## **II. Ethics Training and Affirmation of Supplemental Standards**

Within 30 days after appointment to the Board, each new Director shall make him or herself available for initial ethics training by the General Counsel or DAEO on the provisions of chapter 11 of title 18, United States Code, applicable regulations and these Supplemental Standards.

All Directors will receive annual training on the provisions of chapter 11 of title 18, United States Code, applicable regulations and these Supplemental Standards. Subsequently, each Director shall execute an annual affirmation that he or she has refreshed his or her recollection and understanding of these Supplemental Standards.

## **III. Disclosure of Actual or Potential Conflicts of Interest**

To avoid potential conflicts of interest, all new Directors shall submit an Office of Government Ethics (OGE) Form 450, Confidential Financial Disclosure Report, to the DAEO as soon as possible after being appointed to the Board but no later than 30 days after their appointment. Any Director who is currently a federal employee may submit their most recent OGE Form 450 or 278 in lieu of submitting a new form. The DAEO will promptly review the OGE Form 450 or 278 to help the Directors and the Trust avoid conflicts between duties and private financial interests or affiliations.

Proximate to the annual ethics training, the DAEO will provide to Directors a list of individuals and entities with whom the Trust is doing business or considering doing business. Within 30 days of receipt, all Directors shall review this list and disclose in writing any actual or potential conflicts between Trust duties and their private financial interests or affiliations to the DAEO and the General Counsel. For purposes of this section, “affiliations” includes board service, employment or any other status giving rise to a fiduciary duty.

If additional actual or potential conflicts arise during the year, Directors shall disclose them in writing to the DAEO and the General Counsel as soon as those conflicts are known.

## **IV. Conflicts of Interest**

Directors should take all reasonable steps to avoid actual and potential conflicts of interest with the Trust and, should a conflict arise, disclose it immediately to the General Counsel. For purposes of this policy, a conflict of interest is any activity that is inconsistent with the Trust’s best interests, that gives the appearance of impropriety or divided loyalty, or that uses or appears to use the Director’s position to pressure others into actions they would not otherwise take.

The General Counsel shall notify the Board Chair of any actual or potential conflicts of interest concerning a Director. The Director (s) involved shall i) recuse him or herself from participating in all Board discussion, consideration and processes relating to the subject matter which gives rise to the actual or potential conflict of interest and ii) take such additional steps as the Board may require to properly address the actual or potential conflict of interest.

#### A. Prohibited Transactions

Absent a Waiver, the Trust will not knowingly enter into any Substantial Business Transaction with a Director or with any Family Member of a Director.

Absent a Waiver, the Trust also will not knowingly enter into any Substantial Business Transaction with any entity in which a Director or any Family Member of a Director holds a Substantial Financial Interest.

*Family Member.* For purposes of these Supplemental Standards, the term Family Member is defined as any of the following relatives of a Director: spouse, domestic partner, child, parent, sibling, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, or anyone who is currently a member of a Director's household or has been within the preceding years.

*Substantial Business Transaction.* For purposes of these Supplemental Standards, the term Substantial Business Transaction is defined as (1) a lease of or license to use real property for a term of more than seven days; or (2) a contract, sale, or other transaction (or series of transactions in any calendar year) in which funds, goods, or services valued at more than \$10,000 are exchanged; (3) employment by the Trust. Notwithstanding the foregoing, use or rental of a Trust facility or property on terms and conditions which are available to the general public shall not constitute a Substantial Business Transaction.

*Substantial Financial Interest.* For purposes of these Supplemental Standards, the term Substantial Financial Interest is defined as (1) ownership of any investment worth more than twenty-five percent (25%) of the valuation of the entity; (2) a position as a lender, guarantor or co-guarantor on a loan to the entity or individual with a principal value of one hundred thousand dollars (\$100,000) or more; or (3) having knowingly received compensation or other income from the entity in the amount of twenty-five thousand dollars (\$25,000) or more in the preceding twelve-month period or reasonably expecting to receive such compensation or other income in the coming twelve-month period.

*Waiver.* Prohibited transactions under this section may be waived by affirmative, majority vote of the Directors whose investments or relationships are not the basis for the prohibition, with the other Directors not participating in or being present during the discussion and the vote on the issue. Such a waiver must include findings that (1) the proposed transaction is in the Trust's best interests and for the Trust's benefit; (2) the proposed transaction is fair and reasonable to

the Trust; and (3) the Trust cannot obtain the equivalent transaction with another person or entity with reasonable effort under the circumstances.

Should the DAEO learn that the Trust has inadvertently entered into a transaction prohibited by this policy, that transaction will be delayed to the extent possible until it is considered for a waiver by the Board. Should such a waiver not be granted by the Board, the transaction shall be terminated and/or unwound to the extent possible and in such manner as the majority of the Directors who are not the basis for the prohibition shall direct.

## **B.      Soliciting Trust Employees or People or Organizations Doing Business with the Trust**

Directors may not knowingly solicit entities doing business with the Trust for contributions to any organizations or for any activity that will affect the Director's or a Family Member's financial interest.

## **V.      Waivers**

### **A.      18 U.S.C. § 208: Acts Affecting a Personal Financial Interest**

The main criminal conflict of interest statute, 18 U.S.C. § 208, prohibits a Director from participating personally and substantially in a particular Government matter that will affect the Director's own financial interests, as well as the financial interests of:

- A spouse or minor child;
- A general partner;
- An organization in which the Director serves as an officer, director, trustee, general partner or employee; and
- A person with whom the Director is negotiating for or has an arrangement concerning prospective employment.

Certain conflicts of interest under 18 U.S.C. § 208 may be waived on a case-by-case basis under 18 U.S.C. § 208(b)(1). The President of the United States has delegated this authority to the Chair of the Trust's Board of Directors. Where the Chair seeks a waiver of these provisions, such a waiver may be granted by the Vice Chair. All such waivers must be disclosed at the next board meeting and may be overturned upon disapproval of a majority of the Directors.

### **B.      Other Waivers**

Except with respect to Article V.A. above and the remainder of the criminal provisions of chapter 11 of title 18, United States Code, the Chair of the Trust's Board of Directors may waive other provisions of these Supplemental Standards, in advance of any violation, upon determining that a waiver is in the best interests of the Trust. Where the Chair seeks a waiver of these provisions, such a waiver may be granted by the Vice Chair. All such waivers must be disclosed at the next board meeting and may be overturned upon disapproval of a majority of

the Directors. In his or her sole discretion, the Chair or Vice Chair may seek an advisory vote from the full Board concerning a potential waiver before determining whether to grant it.

## **VI. Standards of Ethical Conduct**

Directors must adhere to the following ethics requirements that apply to federal employees, as may be subsequently amended, which are incorporated into this policy. The standards at 5 CFR Part 2635, Subpart C - Gifts Between Employees, shall be interpreted as if all Trust employees receive less pay than any Director.

<u>Citation</u>	<u>Subject</u>
5 CFR §§ 2635.201 through 2635.304	Gifts from outside sources and gifts between employees
5 CFR § 2635.502	Personal and business relationships
5 CFR §§ 2635.702 through 2635.705	Use of public office, non-public information, government property and official time
5 CFR § 2635.805	Expert witness
5 CFR § 2635.807	Teaching, speaking, and writing
5 CFR § 2635.808	Fundraising

## **VII. Political Activity**

Directors are prohibited, when they are on duty, from: (a) soliciting, accepting, or receiving political contributions; or (b) displaying political buttons or wearing political clothing such as campaign ties or t-shirts.

*On Duty.* A Director is “on duty” whenever he or she is representing the Trust in an official capacity or participating in Trust business or activities.

Directors are also prohibited from doing any of the following at any time, regardless of whether they are on duty:

- Permitting their titles or affiliation with the Trust to be used by a political candidate in connection with political fundraising.
- Soliciting or discouraging political activity by anyone known by the Director to have business before the Trust or to be an employee of the Trust.

- Using their official authority or influence to affect a local, state or national election.
- Engaging in political fundraising on the grounds of the Presidio.
- Taking any public position on pending ballot propositions that directly affect the Presidio Trust, except when presenting or discussing an official position of the Trust. Directors are not prohibited from communicating public information that may bear on any such ballot proposition.
- Knowingly soliciting or receiving political contributions from employees of the Trust. Directors are not prohibited from allowing their names—without identifying Trust affiliation-- to appear on political solicitations mailed to broad lists of individuals that happen to include Trust employees.

## **VIII. Investigation and Enforcement**

Allegations of a violation of this policy or other applicable ethical requirements should be directed to the Trust's Designated Agency Official (DAEO) who should initiate an inquiry based on a reasonable suspicion that facts constituting a violation exist.

In his or her sole discretion, the DAEO may forego or terminate an inquiry based on factors such as the violation was inadvertent, caused no harm to any individual or to the Trust, is not part of a pattern of negligent violation of this policy, or will likely be corrected in the future through counseling the affected Director.

The DAEO is authorized to retain and supervise outside counsel and consultants to assist in the inquiry. The DAEO is authorized to use all legal and proper means to obtain information related to the alleged violation. Inquiries shall be conducted confidentially and under applicable privileges.

Inquiries shall be performed and completed as quickly as possible. In his or her sole discretion, the DAEO may forego or terminate an inquiry and recommend to the Directors who are not subjects of the inquiry that the matter be referred to the appropriate authorities. The DAEO may also forego or terminate an inquiry when such inquiry would interfere with or duplicate a similar inquiry undertaken by another government agency.

At the conclusion of the inquiry, the DAEO shall submit a report (including a recommended course of action) to all Directors. Directors who were subjects of the inquiry may receive redacted copies of the report as necessary to comply with applicable law. The report will be made public only upon affirmative, majority vote of the Directors who were not subjects of the inquiry.

The report shall be considered at the next meeting of the Board following submission of the report. At that meeting, the Directors who are not subjects of the inquiry may, by majority vote, receive a presentation from the Director(s) who were subjects of the inquiry and/or their designated representatives. The Director(s) who were subjects of the inquiry may not be present for discussion of the matter. The Directors who were not the subject of the inquiry will decide by majority vote in each case what action, if any, they deem appropriate to address the situation, protect the Trust's reputation, remedy the ill effects of the alleged activity, and otherwise remediate the effects of any appearance of impropriety.