



ARTICLE XI.  
CONFLICTS OF INTEREST

**Section 1. Purposes.**

The purpose of the conflicts of interest policy is to protect the Corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or Director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

**Section 2. Definitions.**

- (a) Interested Person. Any Director, Officer, or member of a Committee with Board of Director delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.
  
- (b) Financial Interest. A person has a financial interest if the person has, directly, or indirectly, through business, investment, or family:
  - (1) An ownership or investment interest in any entity with which the Corporation has a transaction,
  - (2) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
  - (3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct or indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Section

3(b), a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **Section 3. Procedures**

- (a) Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and disclose all material facts to the Directors and members of Committees considering the proposed transaction or arrangement.
- (b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, s/he shall leave the Board or Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall decide if a conflict of interest exists.
- (c) Procedures for Addressing the Conflict of Interest.
  - (1) An interested person may make a presentation at the Board or Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - (2) The chairperson of the Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - (3) After exercising due diligence, the Board or Committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - (4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine by a majority vote of the disinterested Board or Committee members whether the transaction or arrangement is in the Corporation's best interest, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- (d) Violations of the Conflicts of Interest Policy.
  - (1) If the Board or Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
  - (2) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or Committee determines the

member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.