



Conflict of Interest Policy

Article I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or governor of the Chapter 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 conflict of interest applicable to nonprofit organizations.

Article II

Definitions

1. Interested Person

Any officer, governor, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Chapter has a transaction or arrangement,
- b. A compensation arrangement with the Chapter or with any entity or individual with which the Chapter has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Chapter is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board of Governors decides that a conflict of interest exists.

Article III

Procedures

1. 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 be given the opportunity to disclose all material facts to the Board of Governors considering the proposed transaction or arrangement. The individual signing the statement must attest that they are not already aware of any conflicts at the time of signature.

2. 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, he/she shall leave the Board of Governors meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Governors members shall decide if a conflict of interest exists based on a quorum of total Board of Governor members present.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Board of Governors 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.
 - b. The Board of Governors shall, if appropriate, appoint a disinterested person or committee to investigate
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alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board of Governors shall determine whether the Chapter 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.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Governors shall determine by a majority vote of the disinterested Governors whether the transaction or arrangement is in the Chapter's best interest, for its own benefit, 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.

4. Violations of the Conflicts of Interest Policy

a. If the Board of Governors 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.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Governors determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the Board of Governors shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Governors' decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

a. A voting member of the Board of Governors who receives compensation, directly or indirectly, from the Chapter for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of the Board of Governors whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Chapter for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the Board of Governors whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Chapter, either individually or collectively, is prohibited from providing information to the Board of Governors regarding compensation.

d. Individuals who receive compensation from the Chapter, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any Board committee whose jurisdiction includes compensation matters.

Article VI

Annual Statements

Each officer and governor shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy,

d. Has no knowledge of any existing conflicts, and

e. Understands the Chapter is not-for-profit and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure the Chapter operates in a manner that does not jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits, if any, are reasonable, based on competent survey information, and are the result of arm's length bargaining.
- b. Whether arrangements with management organizations conform to the Chapter's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Chapter's purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Chapter may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Governors of its responsibility for ensuring periodic reviews are conducted.
