

ARTICLE X

CONFLICT OF INTEREST

Section (1) **PURPOSE.**

The purpose of this Bylaw is to protect the interest of the Foundation and its tax-exempt status when it is contemplating entering into a transaction or arrangement that might benefit -- directly or indirectly -- the private interest of an officer, trustee, committee member or employee. This policy is intended to supplement but not replace any applicable state or federal laws or regulations governing conflicts of interest applicable to not-for-profit and charitable corporations.

Section (2) **DEFINITIONS.**

A. **Interested Person.** An interested person is any trustee, officer, member of a committee with Board delegated powers or staff member of the Foundation who in relation to a transaction either directly or indirectly through a Related Person, as defined below, has:

1. A financial interest, as defined below,
2. A fiduciary relationship,
3. Or other interest or relationship, such that an ordinarily prudent person would reasonably expect that interest or relationship to exert an influence on the interested person's judgment if the interested person were called on to vote on the transaction.

B. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment or a Related Person:

1. An ownership, partnership, or investment interest in any entity with which the Foundation has a transaction or arrangement, or
2. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement,
3. A potential ownership, partnership, or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement, or
4. Any other professional or business or fiduciary or financial relationship with any entity or individual with which the Foundation has a transaction or arrangement.

C. **Compensation.** Compensation includes direct and indirect remuneration or benefits as well as gifts or favors that are substantial in nature, including payment for service as a Board member or staff.

D. **Confidentiality.** Interested persons have access to information regarding the business of the Foundation - Donors, grant seekers, grantees, transactions, and other information - that is confidential and proprietary to the Foundation and may not be distributed or used other than to serve the purpose and interest of the Foundation.

E. **Conflict of Interest.** An interested person has a direct, indirect, or apparent conflict of interest if he or she so declares or if the appropriate Board or committee decides that a conflict of interest exists.

F. **Excess Benefit Transaction.** An excess benefit transaction is a transaction in which an economic benefit (such as compensation, payment for goods or services, the use of Foundation assets, etc.) is provided by the Foundation, directly or indirectly, to or for the use of any private individual, and the value of the economic benefit provided by the Foundation exceeds the economic benefit of goods or services received in exchange.

G. **Related Person.** A person is related to an interested person if a family, business, or personal relationship exists such that an ordinarily prudent person would reasonably expect the related person to be able to exert an influence on the interested person's judgment regarding the interests of the Foundation. Related persons include, but are not limited to:

1. **Family.** A person's spouse, domestic partner, parent, parent of a spouse or domestic partner, sibling, sibling of a spouse or domestic partner, child or grandchild, child or grandchild of a spouse or domestic partner, or spouse or domestic partner of a child or grandchild.

2. **Friends and Associates.** Friends and associates includes anyone residing in the person's residence or anyone with whom the full disclosure of the relationship could give rise to reasonable doubt as to whether or not the proposed transaction is the result of arm's length bargaining or to the reasonable impression that the interested party may have been influenced by the relationship when making a decision for the Foundation.

H. **Recusal.** The interested person who has declared a conflict of interest or for whom a conflict of interest has been determined to exist shall neither directly nor indirectly participate in deliberations or voting on an issue or transaction in which they have an interest. The interested person shall not attempt to influence the deliberations of the staff, committee, or Board of Trustees. The interested person shall not promote or lobby for an interest that is in conflict with the interests of the Foundation. The interested person shall not attend that portion of meetings pertaining to the conflicted matter. The interested person shall not disclose any confidential information nor any information regarding the Foundation's deliberations concerning a transaction or arrangement to any Related Person or entity.

I. **Qualified Person.** A qualified person means any trustee, officer, or member of a committee with governing Board delegated powers, who is not an interested person with respect to a transaction or arrangement under consideration.

Section (3) **PROCEDURES.**

A. Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose annually to the Secretary of the Foundation the existence and nature of his or her financial, fiduciary, or other interests. In addition, the interested person may be asked to disclose, as needed, to the Chairperson and members of pertinent committees with Board delegated powers that are considering a proposed transaction or arrangement:

1. All facts known to the interested person respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction, as is required for adequate disclosure, and
2. Such additional information or documents relating to the transaction that the qualified persons that are considering the proposed transaction or arrangement may request from the interested person as is required for adequate disclosure.

If a concern arises that a potential conflict has not been disclosed, the person who has reason to believe that an undisclosed conflict of interest may exist should raise the question of whether or not a conflict of interest exists either in committee or with the President, the Chairperson of the Board of Trustees, or the Chairperson of the committee prior to discussion and voting on the transaction or arrangement.

B. Determining Whether a Conflict of Interest Exists. Unless the interested person acknowledges the existence of a conflict of interest, after disclosure or identification of the financial or related interest and all material facts, and after any discussion with the interested person, as is required for adequate disclosure, he or she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. A majority of the qualified persons present shall decide if a conflict of interest exists. If it is determined that a conflict of interest exists, the interested person will recuse themselves and additional actions shall be taken as provided for herein.