

# CAPPA

## Conflict of Interests Policy

September 25, 2009

### Article I: Purpose

This Conflict of Interests Policy governs the activities of the Executive Committee and volunteers of CAPPA. The purpose of the Conflict of Interests policy is to protect CAPPA's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or committee member of CAPPA 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 CAPPA. Questions about the policy should be directed to the current President. It is the duty of all Executive Committee members and volunteers to be aware of this policy and to identify and disclose possible conflicts of interest and situations that may result in the appearance of a conflict.

### Article II: Definitions

#### 1. Interested Person

Any Executive Committee member 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 CAPPA has a transaction or arrangement.
- b. A compensation arrangement with CAPPA or with any entity or individual with which CAPPA has a transaction or arrangement.
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CAPPA 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 Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Executive Committee 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 Executive Committee.

#### 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, the interested person shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. Determination of a conflict of interest may be made via email, telephone conference call, etc. when the decision must be made between Executive Committee meetings, but the interested party shall not be copied on or involved in any discussion once he/she has presented the facts. The remaining members of the Executive Committee shall decide if a conflict of interest exists.

#### 3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation to the Executive Committee (either in a meeting or via email, telephone conference, etc.), 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 President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- c. After exercising due diligence, the Executive Committee shall determine whether CAPPa can obtain within 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 Executive Committee shall determine by a majority vote of its members excluding the interested party whether the transaction or arrangement is in CAPPa'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 Executive 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Executive Committee 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 Executive Committee shall contain:

1. 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 Executive Committee's decision as to whether a conflict of interest in fact existed.
2. 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: Annual Statements**

Each member of the Executive Committee shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands that CAPPa is a non-profit organization 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 VI: Periodic Reviews**

To ensure that CAPPa operates in a manner consistent with its non-profit purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether benefits afforded members of the Executive Committee and other committees of CAPPa are reasonable and based on competent survey information.
2. Whether partnerships, joint ventures and arrangements with management organizations conform to CAPPa's written policies, are properly recorded, reflect reasonable investment or payment for goods and services, further non-profit purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

### **Article VII: Use of Outside Experts**

When conducting the periodic reviews as provided in Article VI, CAPPa may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Executive Committee of its responsibility for ensuring periodic reviews are conducted.