

CHULA League
Conflict of Interest Policy
November 15, 2005

Article 1, Purpose

The purpose of this conflict of interest policy is to protect the interest of CHULA League (CHULA) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of CHULA 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 non-profit and charitable organizations.

Article 2, Definitions

1. Interested person - Any director, principal officer, or member of a committee with powers delegated by a governing board, 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 CHULA has a transaction or arrangement,
 - b. A compensation arrangement with CHULA or with any entity or individual with which CHULA has a transaction arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CHULA is negotiating a transaction or arrangement.
3. Compensation - Includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
4. A Financial Interest is not necessarily a conflict of interest. Under Article 3, section 2, 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.
5. A conflict of interest exists when there is a divergence between the private interests of a person and the person's obligations to CHULA, such that an impartial observer might reasonably question whether actions or decisions taken by the person relating to that situation would be influenced by consideration of the person's private interest.

Article 3, 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 directors and members of committees with powers delegated by a governing board considering the proposed transaction or arrangement.
2. Determination of conflict of interest - After disclosure of the financial interest and all material facts, and after any discussion with the interested person, that person shall leave the governing 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. A simple majority of remaining members shall be sufficient to decide the existence of conflict of interest.
3. Procedures for addressing conflict of interest -
 - a. If the governing board or committee decides a conflict of interest does exist, the chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - b. After exercising due diligence, the governing board or committee shall determine whether CHULA 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.
 - c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in CHULA's best interests, 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 Conflict of Interest Policy -
 - a. If a governing 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 of such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the member's response and making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an

actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action.

Article 4 - Records of Proceedings

1. The minutes of the governing board and all committees with powers delegated by a governing board 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 potential conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's 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 5 - Compensation

1. A voting member of a governing board who receives compensation, directly or indirectly, from CHULA for services is precluded from voting on matters pertaining to their own compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from CHULA for services is precluded from voting on matters pertaining to their own compensation.
3. A voting member of a governing board or any committee whose jurisdiction includes compensation matters, who receives compensation, directly or indirectly, from CHULA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article 6 - Annual Statements

1. Each director, officer, and member of committees with powers delegated by a governing board shall annually sign a statement which affirms that such persons:
 - a. Have received a copy of the conflict of interest policy,
 - b. Have read and understand the policy,
 - c. Have agreed to comply with the policy, and
 - d. Understand that CHULA is a charitable organization, and in order to maintain federal tax exemption CHULA must engage primarily in activities which accomplish one or more of its tax exempt purposes.

Article 7 - Periodic Reviews

1. To ensure CHULA operates in a manner consistent with charitable 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:
 - a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management organizations conform to CHULA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in impermissible private benefit or an excess benefit transaction to any party.
 - c. When conducting periodic reviews, CHULA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for insuring periodic reviews are conducted.

This policy was adopted by the Board of Directors on 10 December 2005.

Jane Walton, Secretary

CHULA League
Statements of Officers, Directors, and Committee Members
Regarding Conflict Of Interest

I affirm the following:

I am an officer, director, or committee member of CHULA League;

I have received a copy of the conflict of interest policy of CHULA League;

I have read and understand the policy;

I agree to comply with the policy, and

I understand that CHULA League is a charitable organization, and in order to maintain federal tax exemption CHULA must engage primarily in activities which accomplish one or more of its tax exempt purposes.

Signature:

Printed Name:

Date:

For Year: