

POLICY TITLE: PHTA CONFLICT OF INTEREST POLICY

PURPOSE

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Association) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association 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 and charitable organizations.

DEFINITIONS

1. Interested Person

Any director, principal officer, 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 Association has a transaction or arrangement,
- b. A compensation arrangement with the Association or with any entity or individual with which the Association 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 Association 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 appropriate governing board or committee decides that a conflict of interest exists.

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 governing board delegated powers considering the proposed transaction or arrangement.

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 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.

3. Procedures for Addressing the Conflict of Interest

- a. Any interested person may make a presentation at the governing 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.
- b. 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.
 - c. After exercising due diligence, the governing board or committee shall determine whether the Association 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association'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
 - e. In the interest of transparency, all reported conflicts of interest shall be made part of the minutes of the meeting at which they are reported.

4. Violations of the Conflicts of Interest Policy

- a. If the 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 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 governing 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.

RECORDS OF PROCEEDINGS

The minutes of the governing board and all committees with board delegated powers 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 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.

COMPENSATION

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the

Organization for services is precluded from voting on matters pertaining to that member's compensation.

- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ANNUAL STATEMENTS

Each director, principal officer and member of a committee with governing board delegated powers 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,
- d. Has agreed to comply with the policy, and
- e. Understands the Association is tax-exempt 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.

PERIODIC REVIEWS

To ensure the Association operates in a manner consistent with its exempt purpose 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 the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Association's exempt purpose and do not result in impermissible private benefit or in an excess benefit transaction.

USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for above, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

PHTA CONFLICT OF INTEREST DISCLOSURE STATEMENT AND FORM

I, the undersigned, acknowledge that, in carrying out my duties as an Interested Person under the Conflict of Interest Policy ("the Policy") adopted by the Board of Directors of PHTA, I am charged with a duty of loyalty to PHTA. I acknowledge my responsibility to act in the course of my duties as an Interested Person solely in the best interest of PHTA, without consideration of the interests of any other person or organization, and to refrain from taking part in any transaction in violation of the Policy.

Pursuant to the Policy, I shall disclose to the appropriate person any potential conflict of interest I may have from time to time, including the identification of (a) the actual or potential receipt, by me or a member of my immediate family, of compensation from any organization offering or proposing to offer products or services to PHTA; (b) any actual or potential ownership, investment or other beneficial interest held by me and/or by a member of my immediate family in any organization offering or proposing to offer products or services to PHTA; (c) any other relationship between me or a member of my immediate family and any organization offering or proposing to offer products or services to PHTA; or (d) my service as an officer or director of another nonprofit or for-profit organization in the general areas of interest to PHTA. I shall also disclose to the appropriate person any transaction with PHTA which would result in any benefit to me, my immediate family, or any organization in which I have a financial or other beneficial interest or involvement, and I shall refrain from participation in any action on such matters, except to the extent permitted by the PHTA Conflict of Interest Policy.

I. The following organizations, which compensate or desire to compensate me or a member of my immediate family, offer or propose to offer products or services to PHTA:

A. Name: _____

B. Name: _____

II. I have, or a member of my immediate family has, an actual or potential ownership, investment or other interest or involvement in the following organizations, which organizations offer or propose to offer products or services to PHTA:

A. Name: _____

Interest or Involvement: _____

B. Name: _____

Interest or Involvement: _____

III. I have an interest in the following potential transactions involving PHTA.

A. Name: _____

Interest or Involvement: _____

B. Name: _____

Interest or Involvement: _____

IV. I serve as an officer or director of the following organizations, which organizations are engaged in business in the general areas of interest of PHTA:

A. Name: _____

Interest or Involvement: _____

B. Name: _____

Interest or Involvement: _____

Upon submission of this Disclosure Statement and Form, I will have disclosed to the best of my knowledge any potential conflict within the scope of the Policy. I assume the duty of promptly submitting a further Disclosure Statement and Form in the event of any changes in or additions to the information disclosed herein.

Date: _____

(signature)

(type or print name)