

Conflict of Interest Policy

The Milton Lumbergh Association (MLA)

Article I – Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of MLA when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Director, Officer, or Key Employee, or might result in a possible excess benefit transaction as defined by the IRS. This policy is intended to supplement, not replace, any applicable state and federal laws governing conflicts of interest.

Article II – Definitions

1. Interested Person

Any Director, Officer, or Key Employee 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 they have, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which MLA has a transaction or arrangement;
- A compensation arrangement with MLA or with any entity or individual with which MLA has a transaction or arrangement; or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which MLA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors exceeding \$100 in value.

Article III – Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence and nature of their financial interest to the Board and be given the opportunity to disclose all material facts.

Article IV – Procedures

1. Recusal

After disclosure, the Interested Person shall leave the meeting during the discussion and vote on the transaction or arrangement.

2. Determining Whether a Conflict Exists

The remaining Board members shall decide if a conflict of interest exists.

3. Addressing the Conflict

- The Board may appoint a disinterested person or committee to investigate alternatives.
- After exercising due diligence, the Board shall determine whether MLA can obtain a more advantageous transaction or arrangement that would not give rise to a conflict.
- If not, the Board may approve the transaction if it is in MLA's best interest, for its own benefit, and fair and reasonable.

4. Voting

Approval requires a majority vote of the disinterested Directors present.

Article V – Records of Proceedings

The minutes of the Board shall contain:

- The names of persons who disclosed or were found to have a conflict, the nature of the conflict, and any action taken to determine whether a conflict existed.
- The names of persons present for discussions and votes, the content of the discussion, and a record of the vote.

Article VI – Annual Statements

Each Director, Officer, and Key Employee shall annually sign a statement affirming that they:

- Have received a copy of this policy;
- Have read and understand it;

- Agree to comply with it; and
- Understand MLA is a charitable organization and must engage primarily in activities that accomplish its tax-exempt purposes.

Article VII – Periodic Reviews

To ensure MLA operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted, including:

- Whether compensation arrangements are reasonable and the result of arm's-length bargaining;
- Whether partnerships, joint ventures, and arrangements with management organizations conform to MLA's mission and policies.

Article VIII – Use of Outside Experts

When conducting periodic reviews, MLA may use outside advisors. Use of such experts does not relieve the Board of its responsibility for ensuring compliance.

Failure to disclose a conflict or sign the annual statement may result in removal from the Board or termination of employment.

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