

## **CONFLICT OF INTEREST POLICY**

### **Article I. Purpose**

#### Section 1

The purpose of this conflict of interest policy is to protect MEDSTEA's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of MEDSTEA or might result in a possible excess benefit transaction.

#### Section 2

This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

#### Section 3

This policy is also intended to identify "independent" directors.

### **Article II. Definitions**

#### Section 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.

#### Section 2

Financial Interest – A person has a financial interest if the person has, directly or indirectly, thru business, investment, or family:

- a. an ownership or investment interest in any entity with which MEDTSEA has a transaction or arrangement, or
- b. a compensation arrangement with MEDTSEA or with any entity or individual with which MEDTSEA has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which MEDTSEA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of

Executive Committee decides that a conflict of interest exists, in accordance with this policy.

### Section 3

Independent Director – A director shall be considered “independent” for the purpose of this policy if he or she is “independent” as defined in the instructions for IRS 990 form or, until such definition is available,

The Director -

- a. is not, and has not been for a period of at least three years, an employee of MEDTSEA or any entity in which MEDTSEA has a financial interest;
- b. does not directly or indirectly has a significant business relationship with MEDTSEA, which might affect independence in decision making;
- c. is not employed as an executive or any other corporation where any of MEDTSEA's executive officers or employees serve on that corporation's compensation committee; and
- d. does not have an immediate family member who is an executive officer or employee of MEDSTEA or who holds a position that has a significant financial relationship with MEDSTEA.

## **Article III. Procedures**

### Section 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 Board or Executive Committee.

### Section 2

Recusal of Self - Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

### Section 3

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 Board of Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Executive Committee members shall decide if a conflict of interest exists.

## Section 4

### Procedure for Addressing the Conflict Of Interest:

- a. An interested person may make a presentation at the Board or Executive 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 or the Executive Committee shall, if appropriate, shall appoint and disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Board or Executive Committee shall determine whether MEDSTEA 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 Board and Executive Committee, shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in MEDSTEA's best interest, for it's own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make it's decision as to whether to enter into the transaction or arrangement.

## Section 5

### Violations of the Conflict of Interest Policy –

- a. If the Board or 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 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 after making further investigation as warranted by the circumstances, the Board or 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**

### Section 1

The Minutes of the Board and all committees with board delegated powers shall contain:

- a. The names of the person 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 Board's or Executive Committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussion 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.

**MEDTSEA DIRECTOR AND OFFICER  
ANNUAL CONFLICT OF INTEREST STATEMENT**

1. NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

2. POSITION: Are you a voting director [ ] Yes [ ] No

Are you an officer [ ] Yes [ ] No

If you are an officer, which office position do you hold: \_\_\_\_\_

3. I affirm the following:

I have received a copy of MEDSTEA conflict of interest policy. \_\_\_\_\_(initial)

I have read and understand the policy. \_\_\_\_\_(initial)

I agree to comply with the policy. \_\_\_\_\_(initial)

I understand the MEDSTEA is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax exempt purposes. \_\_\_\_\_(initial)

4. Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest with MEDSTEA? [ ] Yes [ ] No

i. If yes, please describe it, including when (approximately): \_\_\_\_\_

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ii. If yes, has a financial interest been disclosed as provided in the Conflict of Interest Policy? [ ] Yes [ ] No

b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest Policy with MEDSTEA? [ ] Yes [ ] No

i. If yes, please describe it, including when (approximately): \_\_\_\_\_

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ii. If yes, has a financial interest been disclosed as provided in the Conflict of Interest Policy? [ ] Yes [ ] No

5. Are you an Independent director, as defined in the Conflict of Interest policy? [ ] Yes [ ] No

a. If you are an independent, why? \_\_\_\_\_

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Signature of Director

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Date of Review by Executive Committee