

Sub-Board I, Inc.

Conflict of Interest Policy

Article I

Purpose

The purpose of the conflict of interest policy is to protect Sub-Board I, Inc.'s (the corporation's) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation, might benefit another organization or entity, or might result in an excessive 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.

Article II

Definitions

1. Conflict of interest

A situation in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties.

2. Affiliate

Any entity controlled by, in control of, or under common control with such corporation.

3. Independent Director

A director who:

- a. Is not, and has not been within the last three years, an employee of the corporation or an affiliate of the corporation, and does not have a relative who is, or has been in the last three years, a key employee of the corporation or an affiliate of the corporation;
- b. Has not received, and does not have a relative who has received, in any of the last three fiscal years, more than ten thousand dollars in direct compensation from the corporation or an affiliate of the corporation;
- c. Is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to, or received payments from, the corporation or an affiliate of the corporation for property or services in an amount which, in any of the last three fiscal years exceeds the lesser of twenty five thousand dollars or two percent of such entities consolidated gross revenues.

4. Related Party

- a. Any director, officer or key employee of the corporation or any affiliate of the corporation
- b. Any relative of any director, officer or key employee of the corporation or any affiliate of the corporation

5. Related Party Transaction

Any transaction, agreement or any other arrangement in which a related party has a financial interest and in which the corporation or any affiliate of the corporation is a participant. All related party transactions are conflicts of interest.

Article III

Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, a person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the board of directors.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the conflict of interest and all material facts, and after any discussion with the interested person, he/she will 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. A person with a conflict of interest may present information concerning the transaction to the board or committee prior to the commencement of deliberations or voting relating thereto.
- b. The person with the conflict of interest is not permitted to be present at or participate in the board or committee deliberation or vote on the matter giving rise to such conflict.
- c. The person with the conflict of interest is prohibited against any attempt to influence improperly the deliberations or voting on the matter giving rise to such conflict.
- d. The president or 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.
- e. After exercising due diligence, the governing board or committee shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction arrangement from a person or entity that would not give rise to a conflict of interest.
- f. 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 corporation'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 Conflict 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.

Article IV
Record of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have an interest in connection with an actual or possible conflict of interest, the nature of the interest, and any action taken to determine whether a conflict of interest was present, and the governing boards or 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
Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from being present and voting on matters pertaining to that member's compensation.

2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI

Annual Statements

Prior to the initial election of any director, and annually thereafter, such director shall complete, sign and submit to the secretary of the corporation a written statement identifying, to the best of the director's knowledge any entity of which such director is an officer, director, trustee, member, owner, or employee and with which the corporation has relationship, and any transaction in which the corporation is a participant and in which the director might have a conflicting interest.

By signing the statement the director affirms that he/she:

1. Has received a copy of the conflict of interest policy.
2. Has read and understands the policy.
3. Has agreed to comply with the policy, and
4. Understands that the corporation is a charitable entity, and in order to maintain its federal tax exempt status it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII

Periodic Reviews

To ensure that the corporation operated 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporations' written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII

Use of Outside Experts

When conducting periodic reviews as provided for in Article VII, the corporation 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.

Sub-Board I, Inc.
Board Member Conflict of Interest Disclosure and Certification.

Name of Board Member (Print) _____ Student Government _____

I affirm the following:

1. I have received a copy of the Sub-Board I, Inc. conflict of interest policy.
2. I have read and understands the policy.
3. I agreed to comply with the policy.
4. I understand that Sub-Board I, Inc. is a charitable entity, and in order to maintain its federal tax exempt status it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Disclosures:

Related Party of an Affiliate

1. Are you a director, officer or key employee of any affiliate of Sub-Board I, Inc. or do you have an ownership or beneficial interest in any affiliate of the Sub-Board I, Inc.?

Yes ___ No ___ If yes, please name the affiliate and explain the nature of the relationship: _____

2. Do you have a relative who is director, officer or key employee of any affiliate of Sub-Board I, Inc. or has an ownership or beneficial interest in any affiliate of Sub-Board I, Inc.?

Yes ___ No ___ If yes, please name the affiliate and explain the nature of the relationship: _____

Independent Director

1. Are you currently or have you been in the last three years, an employee Sub-Board I, Inc. or an affiliate of Sub-Board I, Inc.?

Yes ___ No ___ If yes, please explain _____

2. Within the last three years has any relative been a key employee of Sub-Board I, Inc. or any affiliate of Sub-Board I, Inc.?

Yes ___ No ___ If yes, please explain _____

3. In any of the last three fiscal years, have you received or do you have a relative who has received, more than ten thousand dollars in direct compensation from Sub-Board I, Inc. or an affiliate of Sub-Board I, Inc.?

Yes ___ No ___ If yes, please explain _____

4. In any of the last three fiscal years, have you been an employee or do you have a substantial financial interest in, any entity that has made payments to or received payments from Sub-Board I, Inc. or an affiliate of Sub-Board I, Inc. for property or services in an amount which exceeds the lessor of twenty five thousand dollars or two percent of such entities consolidated gross revenues?

Yes ___ No ___ If yes, please explain _____

5. In any of the last three fiscal years, have you had a relative who is a current officer or has a substantial financial interest in any entity that has made payments to or received payments from Sub-Board I, Inc. or an affiliate of Sub-Board I, Inc. for property or services in an amount which exceeds the lessor of twenty five thousand dollars or two percent of such entities consolidated gross revenues?

Yes ___ No ___ If yes, please explain _____

6. Are you an independent director, as defined by the Sub-Board I, Inc. Conflict of Interest Policy? (If you answered “No” to questions #1 through #5, you are an independent director.)

Yes I am an independent director ____ No I am not an independent director ____

Other

1. List any other known or potential conflicts of interest:

Signature of Director

Date