



# CONSTITUTION OF DISTRICT 2-X1 of THE INTERNATIONAL ASSOCIATION OF LIONS CLUBS

## ARTICLE I: ORGANIZATION, NAME AND AUTHORITY

- Section 1: The name of this organization is DISTRICT 2-X1 OF MULTIPLE DISTRICT 2, STATE OF TEXAS, USA, OF THE INTERNATIONAL ASSOCIATION OF LIONS CLUBS.
- Section 2: District 2-X1 is organized in accordance with the Constitution and By-Laws of the International Association of Lions Clubs, hereinafter referred to as "INTERNATIONAL", and with the Constitution and By-Laws of Multiple District 2, State of Texas, hereinafter referred to as "TEXAS". The "INTERNATIONAL" Constitution and By-Laws and the "TEXAS" Constitution and By-Laws and the latest revisions of both or either shall take precedence where conflicts occur with the Constitution of District 2-X1. References to those documents refer to the latest revisions of said documents.

## ARTICLE II GEOGRAPHICAL LIMITS

The geographical limits of District 2-X1, as it is currently designated by the "TEXAS" Council of Governors, the Lions of Texas, and District 2-X1, includes the Texas counties of Dallas, Ellis, Hunt, Kaufman and Rockwall and the cities of Allen, Plano and Wylie in Collin County.

## ARTICLE III MEMBERSHIP

- Section 1: The membership of this organization shall consist of all the members in good standing of all duly chartered Lions Clubs within the geographical limits of District 2-X1.
- Section 2: The requirements for membership in Lions Clubs in District 2-X1 shall be the same as those required by the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS".
- Section 3:
- A: The membership voting in Club and District elections shall be controlled and regulated and be the same as those requirements set forth by the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS".
  - B: The District Governor as the Chief Executive officer of the district and as an officer of the International Association of Lions Clubs and each Past District Governor who is a member of a Lions Club in good standing in District 2-X1, shall have one vote in District elections which will be in addition to the votes allocated to the Past District Governor's Lions Club.
  - C: The requirements for holding offices in Clubs, Zones, Regions and District are those required by the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS".

## ARTICLE IV DISTRICT OFFICERS AND GOVERNING BODY

- Section 1 The District officers shall be elected and appointed as specified by the Constitution and ByLaws of "INTERNATIONAL" and "TEXAS".
- Section 2: In addition to the requirements set out above in Section 1, there shall be elected annually at the District 2-X1 convention, a First and Second Vice District Governor. The qualifications, nomination, election, term of office and provisions for removal and replacement of said Vice District Governor shall be the same as those set forth in the Lions Clubs International Association Constitution and By-Laws, and Texas Multiple District 2 Constitution and ByLaws for the District Governor. The Vice District Governor shall:
- A: Perform those duties in accordance with the Lions Clubs International Association Constitution and By-Laws.
  - B: Aid and assist the District Governor as requested by the District Governor.
  - C: Make official visits at the request of the District Governor.
  - D: Represent the District at official functions of Lions Clubs within the District in the absence of the District Governor.
  - E: Assume the office of District Governor in the event said office is vacated as defined by the "INTERNATIONAL" Constitution and By-Laws.



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Section 3: The governing body of District 2-X1 shall be the District Governor's Cabinet and it shall operate within the framework of the organization set out in the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS". Members of the Cabinet shall be: the District Governor, the First and Second Vice District Governors, the Cabinet Secretary/Treasurer, Region Chairs, Zone Chairs, Chairs of District Committees, the two Directors of the Texas Lions Camp, Inc. elected from the District, any elected officer of the Texas Lions Camp, Inc. that is a member of District 2-X1, and any present or Past International Officer, the President of the Lions Sight and Tissue Foundation, the President of the 2-X1 Charities, Inc., the executive officer (President or Vice President) of the Julien C. Hyer Lions Youth Camp from District 2-X1, the President of the District 2-X1 Executive Council and other Past District Governors of District 2-X1 not serving on the Cabinet of District 2-X1 in one of the aforementioned capacities except that the other Past District Governors of District 2-X1 shall not have the privilege of making or seconding motions.

Section 4, District Governor, 1<sup>st</sup> Vice District Governor or 2<sup>nd</sup> Vice District Governor Vacancy;

A. District Governor Vacancy,

The District shall follow the Lions Clubs International procedures of a vacancy in the office of District Governor in accordance with Lions Club International Constitution and By-Laws Article IX, Section 6, Paragraph e.

B. 1<sup>st</sup> Vice District Governor or 2<sup>nd</sup> Vice-District Governor Vacancy,

Any vacancy in the office of 1<sup>st</sup> Vice District Governor or the 2<sup>nd</sup> Vice District Governor, the District Governor shall convene a meeting of the Immediate Past District Governor, 1<sup>st</sup> or 2<sup>nd</sup> Vice District Governor, the Region Chairpersons, Zone Chairpersons, the Cabinet Secretary, the Cabinet Treasurer or the Cabinet Secretary/Treasurer, the District's Past District Governors and all past international officers who are members in good standing in the district. It shall be the duty of the attendees at this meeting to appoint a qualified Lion as First or Second Vice District Governor for the remainder of the term. In filling said vacancy it shall be the duty of the District Governor, or if not available, the most recent Past District Governor who is available, to send out invitations to attend said meeting and it shall also be his/her responsibility to preside as chairperson of the meeting. The chairperson shall convey the results to the international office within seven (7) days together with the evidence of invitations sent and meeting attendance. Each Lion who is entitled to receive an invitation to attend and is present at said meeting shall be entitled to cast one vote for the Lion of his/her choice.

In order for a Lion to be eligible and qualified to be selected to fill a vacancy in the office of First or Second Vice District Governor, he/she must:

- (a) Be an Active Member in good standing of a chartered Lions club in good standing in his/her single or sub-district.
- (b) Have served or will have served at the time he/she takes office as First or Second vice District Governor:
  - (i) As an officer of a Lions club for a full term or major portion thereof; and
  - (ii) As a member of the District Cabinet for a full term or major portion thereof,
  - (iii) With none of the above being accomplished concurrently.

### ARTICLE V COMMITTEES

Section 1: The District Governor shall appoint such District Committee Chairpersons as required by "INTERNATIONAL" and "TEXAS" prior to or at the first Cabinet meeting of the Governors term of office.

Section 2: In addition to the required committees, the District Governor shall, at his pleasure or by the direction of the Cabinet, appoint other committees.



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## ARTICLE VI NOMINATION AND ELECTION OF OFFICERS

The nomination and election of officers in District 2-X1 shall be conducted as follows:

- A: DISTRICT GOVERNOR: The District Governor shall be nominated in accordance with the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS" except that the nomination of a District Governor shall be submitted to the current District Governor or Nominating Committee Chairperson by the first of January immediately preceding the District Convention.
- B: FIRST AND SECOND VICE DISTRICT GOVERNOR: The First and Second Vice District Governor shall be nominated in accordance with the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS", and that the nomination of a First and Second Vice District Governor shall be submitted to the current District Governor or Nominating Committee Chairman, in writing, not later than (30) thirty days prior to the opening of the District Convention.
- C: TEXAS LIONS CAMP, Inc. DIRECTORS: Nomination and election shall be in accordance with the Constitution and By-Laws of "TEXAS".
- D: DIRECTORS OF THE LIONS SIGHT and TISSUE FOUNDATION, INC., JULIEN C. HYER LIONS YOUTH CAMP, and 2-X1 CHARITIES, INC: Nomination and election shall be in accordance with the By-Laws of that organization and with a letter of nomination submitted to the District Governor or the Nominating Committee Chairman not later than (30) thirty days prior to the opening of the District Convention.
  - 1: No one Lion shall hold an elected officer/director position concurrently/simultaneously in more than one of the 2-X1 owned charities which include Lions Sight and Tissue Foundation of District 2-X1, Inc., Julien C. Hyer Lions Youth Camp, Inc., and 2-X1 Charities, Inc.
- E: In all elections of officers or directors having three or more candidates for the same position, a plurality shall elect the officer or director.

## ARTICLE VII DISTRICT MEETINGS

- Section 1: DISTRICT CONVENTION: A District Convention shall be held annually in accordance with the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS".
- Section 2: REGULAR: A regular meeting of the cabinet shall be held in each quarter of the fiscal year, with the first of which should be held within thirty (30) days after the adjournment of the preceding international convention. Ten (10) days written notice of meetings setting forth a date, time and place determined by the district governor shall be given to each member by the cabinet secretary.
- Section 3. SPECIAL: Special meetings of the cabinet may be called by the district governor at his/her discretion, and shall be called upon written request made to the district governor or the cabinet secretary by a majority of the members of the cabinet. No fewer than five (5) nor more than twenty (20) days written including letters, electronic mail, facsimile transmission, or cable) notice of special meetings, setting forth the purposes and a date, time and place determined by the district governor, shall be given to each member by the cabinet secretary.
- Section 4: QUORUM AND VOTE: The attendance of a majority of the members of the cabinet shall constitute a quorum for any meeting. In all such meetings, the voting privilege shall be in accordance with Article IV, Section 3 of this Constitution.



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## ARTICLE VIII DISTRICT FINANCES

Section 1: Collection and disbursement of assessed per capita tax and any other revenue shall be the duty of the Cabinet Secretary/Treasurer under the supervision and approval of the District Governor and the District Governor's Cabinet in accordance with the Constitution and ByLaws of "INTERNATIONAL" and "TEXAS".

A: The District Administrative Fund shall be not less than that amount specified in the Constitution and By-Laws of "TEXAS" and not more than that which has been voted by the Lions of District 2-X1 in convention session, or the latest version of this Constitution.

1: So as to establish and maintain a restricted District Administrative Fund, the Cabinet Secretary/Treasurer shall assess and collect from each club of District 2-X1 semiannually, an amount not to exceed four dollars and fifty cents (or \$9.00 annually) for each member as determined by the June and December Monthly Membership. This amount shall be due and payable on or before thirty (30) days after billing but not later than August 10 and February 10, respectively, of each fiscal year.

2: Disbursement of the District Administrative Funds shall be made only upon approval of the District Governor and the District Governor's Cabinet and in accordance with the Constitution and By-Laws of "TEXAS" and the Constitution of District 2-X1 as follows:

a: Disbursements made from the District Administrative Fund to Cabinet members or any other Lion, for expenses incurred in the performance of duties relative to the administration of District affairs, made at the direction of the District Governor and/or that of the District Governor's Cabinet, shall be made in accordance with and shall not exceed, the Rules of Audit "INTERNATIONAL" as furnished the District Governor for guidance in securing reimbursement for expenses incurred during this term of office.

b: All Administrative funds not used for the Lions year shall be carried forward to the next Lions year.

B: The District Convention Fund shall not be less than that amount required by the Constitution and By-Laws of "TEXAS" and shall not exceed that required by the Constitution of District 2-X1.

1: So as to establish and maintain a District Convention Fund, the Cabinet Secretary/Treasurer shall assess and collect from each Club of District 2-X1 , semiannually, an amount not to exceed sixty- five cents (or \$1.30 annually) for each member as determined by the June and December Monthly Membership Reports. This amount shall be due and payable on or before thirty (30) days after billing but not later than August 10 and February 10, respectively, of each fiscal year.

2: Disbursement of the District Convention Administrative Funds shall be made in accordance with the Constitution and By-Laws of "TEXAS" and with this Constitution as follows:

a: All disbursements shall be made in the heretofore approved manner to defray the District Convention Administrative expenses such as attendance, prizes, printing and such expenses as in the discretion of the District Governor and the District Governor's Cabinet are deemed applicable for expenses of the District Convention. However, in no instance shall any of said funds be used to provide alcoholic beverages in any form.

b: All funds not used shall be carried forward to the next Lions year in the District Convention Fund.



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- c: All moneys in the District Convention Fund are restricted for District Convention use only.
- C: The District Hospitality Fund shall be established in accordance with the Constitution of District 2-X1 and shall not exceed that which is required by the Constitution of District 2X1.
  - 1: So as to establish and maintain a District Hospitality Fund, the Cabinet Secretary/Treasurer shall assess and collect from each Club of District 2-X1 , semiannually, an amount not to exceed eighty cents (or \$1.60 annually) for each member as determined by the June and December Monthly Membership Reports. This amount shall be due and payable on or before thirty (30) days after billing but not later than August 10 and February 10, respectively, of each fiscal year.
  - 2: All disbursements shall be made in the heretofore approved manner only to: pay for meal expenses of guests (International Officers and Directors in particular) as approved by the Cabinet to defray the cost of the hospitality books on a pro-rata basis to the attendees; provide flowers and favors for aforementioned guest's rooms; provide speakers gifts; and such other expenses as in the discretion of the District Governor and the District Governor's Cabinet are deemed applicable. However, in no instance shall any said funds be used to provide alcoholic beverages in any form. The Cabinet may direct that any surplus in the District Convention Hospitality Fund may be used to defer the costs of hospitality books at the next Convention and/or to provide monies to host the State Convention when it is held in District 2-X1.
- D: Host Club Administrative Fund; State Administrative Fund; and Texas Lions Camp. Inc. Fund shall be established in accordance with the Constitution and By-Laws of "TEXAS".
- E: The District "State Convention Fund" shall not be less than that required by the Constitution and By-Laws of "Texas" and shall not exceed that required by the Constitution and By-Laws of District 2-X1.
  - 1: So as to establish and maintain a State Convention Fund, the Cabinet Secretary/Treasurer shall assess and collect from each club of District 2-X1, semiannually, an amount not to exceed fifty cents (or \$1.00 annually) for each member as determined by the June and December Monthly Membership Reports. This amount shall be due and payable on or before thirty days (30) after billing but not later than August 10 and February 10 respectively of each fiscal year.
  - 2: Disbursement of the State Convention Fund shall be made in accordance with the Constitution and By-Laws of "Texas" and with this constitution as follows:
    - a: All disbursements shall be made in the heretofore approved manner to defray the State Convention Administrative expenses such as attendance, prizes, printing and such expenses as in the discretion of the District Governor and the District Governor's Cabinet are deemed applicable for the State Convention. However, in no instance shall any of said funds be used to provide alcoholic beverages of any kind.
    - b: All funds not used shall be carried forward to the State Convention Fund in the next Lions year.
- F: A late fee not to exceed 10% of all District and State dues over 60 days past due will be assessed.
- Section 2: Surplus funds from any account shall be handled in accordance with the Constitution and By-Laws of "TEXAS" except as stipulated by this Constitution and By-Laws.
- Section 3: Only charities chartered by District 2-X1; Lions of Texas MD-2; Lions Clubs International; or controlled by Lions Clubs, shall be charities officially sponsored by District 2-X1. All District Lions Clubs are requested to support these charities with contributions.



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- A. Clubs shall be required to contribute to only six(6) of the charities listed in Article VII, Section 3(B), to be eligible for the 100% Club, Club Efficiency Contest or any contest later defined by any District Governor for their year.
- B: Lions Charities
  - 1. International Charities
    - a. Lions Clubs International Foundation, Inc.
    - b. Leader Dog for the Blind School, Inc.
    - c. World Services for the Blind, Inc.
  - 2. Multiple District 2 - Texas Charities
    - a. Texas Lions Camp, Inc.
    - b. Texas Lions Foundation, Inc.
    - c. Texas Eyeglass Recycling Center Foundation, Inc.
  - 3. District 2-X1 Charities
    - a. Lions Sight and Tissue Foundation, Inc.
    - b. Julien C. Hyer Lions Youth Camp, Inc.
    - c. 2-X1 Charities, Inc. Program - Sports Extravaganza for the Visually Impaired

Section 5: A "District Finance Committee" shall consist of the immediate past District Governor, immediate Past District Cabinet Secretary/Treasurer, current District Governor, current District Cabinet Secretary/Treasurer, First and Second Vice District Governor and one or more Lions not exceeding three appointments by the District Governor Elect. One of the appointed Lions shall serve District Finance Chair. This Committee will meet prior to each District Cabinet meeting to review the District Funds and verify their compliance with the District, State, and International Constitution and By-Laws and the regulations of the Internal Revenue Service. A report of financial position will be made at each District Cabinet meeting.

Section 6: District Charities:

- A. Each District 2-X1 Charity shall provide a current financial statement to the District Governor and District Cabinet at each District Cabinet Meeting.
- B. Each District 2-X1 charity shall provide to the District Governor and Finance Chair a copy of the internal or an independent certified audit report of the charity within five months after the close of their fiscal year.
- C. Non-compliance with Article VIII, Section 6, A, or B, within the prescribed time limits will cause the charity to be suspended from the approved list of District Charities listed in Article VIII, Section 3, B, and 4.

### ARTICLE IX PUBLICATIONS

- Section 1: The District Governor shall cause to be published a manual or manuals which will provide to each District Office holder a presentation of that District Officer's duties and responsibilities.
- Section 2: The District Governor shall be caused to be published a District Directory which shall contain as a minimum the names, addresses and telephone numbers of all Cabinet Members, Club Presidents, Club Secretaries, past and present International Officers within the District and all Club meeting times (time, date and location). The Directory shall be available as quickly as possible after the District Governor takes office. However, a list of their respective Zone Chairs and Region Chairs shall be provided each Club President and Club Secretary and vice versa within two weeks after taking office.
- Section 3: The District Governor shall cause a newsletter to be published at least ten (10) times during the Lion year and it will be distributed to all Cabinet Members, Club Presidents, Club Secretaries and past and present International Officers within the District and the State by stamped mail. A sufficient number of copies are to be printed to allow distribution to all Lion members in the District in any manner that





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the District Governor can accomplish with funds available in the District Administrative Fund and other funds exclusively for the purpose of distributing the newsletter available from International, State or advertisements.

### ARTICLE X DUTIES OF A CHARTERED LIONS CLUB

- Section 1: The duties of chartered Lions Clubs of District 2-X1 shall be according to the requirements of the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS".
- Section 2: ADDITIONAL RESPONSIBILITIES OF CHARTERED LIONS CLUBS OF DISTRICT 2-X1 ARE:
- A: Each Club is encouraged to designate a representative to each of the Lions Sight and Tissue Foundation, the Julien C. Hyer Lions Youth Camp, 2-X1 Charities, Inc., and the Texas Lions Camp, Inc..
  - B: Each Club is encouraged to have its President and Secretary or their representatives in attendance at monthly meetings of the District 2-X1 Executive Council.
  - C: Each Club should designate a Committee Chairman for each of its Administrative and Activities Committees each year.
  - D: Each Club shall have an annual budget for their Administrative Fund and their Activities Fund.
  - E: Each President and Secretary shall participate in the District Governor's Advisory Committee (Region/Zone) meetings, District Leadership Training Meetings, the MidWinter Conference and the District Convention. However, attendance at these functions is not limited to those listed and the entire Club membership shall be encouraged to attend.
  - F: Each Lions Club shall have an annual audit of the Administrative, Activity, and any other funds that the Lions Club may have, and provide the District Governor a copy of the audit report not more than two weeks following the submission of their annual IRS 990 report.

### ARTICLE XI REGIONS-ZONES - DIVISION OF DISTRICT

- Section 1: The District shall be divided into Regions and Zones for administrative purposes at the beginning of each Lion year by the District Governor. Newly organized or reorganized Clubs shall be assigned by the District Governor to a Region.
- A. REGIONS: The District may be apportioned by the District Governor into no less than six (6) Regions with at least ten (10) clubs Region but no more than sixteen (16) clubs per Region.
  - B. ZONES: The District Governor may apportion each Region into two (2) or more Zones and designate Clubs thereto at his discretion. Each Zone shall consist of not less than four (4) nor more than eight (8) Lions Clubs each. Each Zone shall have at least three (3) Region/Zone meetings of the District

Governor's Advisory Committee during the Lion year and report of said meeting shall be submitted to the District Governor, in accordance with the Zone Chairman's manual, within five (5) days thereafter. Newly organized Clubs shall be assigned by the District Governor to a Zone within the assigned Region.



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## ARTICLE XII ANNUAL REPORT

- Section 1: In addition to the requirements of the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS" as to the disclosure of the disposition and surplus of the District finances, there shall be made, either in conjunction with, or in addition to, those requirements, the following report for District 2-X1 Clubs and Lions therein:
- A: A written annual report made by the outgoing District Governor to the District is required. The report will include a Club status and membership report and an internal or independent certified audited financial report that includes a comparison of receipts and expenditures with the budget adopted by the Cabinet.
- B: This report shall be made no later than October 15 following the District Governor's term of office.

## ARTICLE XIII GENERAL

- Section 1. Matters not covered by this Constitution are either left to further determination of the Lions of District 2-X1 or their successors or are covered by the Constitution and By-Laws of "INTERNATIONAL" and "TEXAS".
- Section 2. The District's conflict of interest policy is described in Appendix and has been adopted and incorporated as part of the By-Laws.

## ARTICLE XIV AMENDMENTS AND REVISIONS

- Section 1: This Constitution may be amended or revised with the concurrence of a two-thirds majority of the delegates or alternates, present in person, qualified and legally voting at a legally constituted District Convention as heretofore provided.
- Section 2: Upon passage of said change(s) by the aforementioned majority, the same shall become effective with the beginning of the fiscal year next following the District Convention and which said amendment or revisions are adopted.
- Section 3: No amendment shall be reported to a Convention for vote unless:
- A: It is submitted by a Lions Club certifying a two-thirds majority approval of its membership or by the District Constitution and By-Laws Committee and;
- B: It is presented and approved by a two-thirds majority of the District Cabinet members present and voting at the Cabinet meeting at which said amendment is considered and;
- C: It is submitted as heretofore provided to the District Constitution and By-Laws Committee and/or the District Governor at least thirty (30) days prior to the District Convention so that a copy may be transmitted to each Club at least fifteen (15) days prior to the District Convention.
- Section 4: If changes to the District 2-X1 Constitution and By-Laws and any of its sponsored charities are necessary by action or changes to the Multiple District 2, Lions of Texas or Lions Clubs International Constitution and By-Laws or the State of Texas Corporation Acts, changes can be approved by a two-thirds vote of the District 2-X1 Cabinet of those present at any regular or special called Cabinet meeting.





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## APPENDIX A CONFLICT OF INTEREST POLICY

### Article I

#### Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Lions Sight and Tissue Foundation of District 2-X1, Inc.) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess of 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. 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. Family Person.  
For the purpose of the Family, "family" includes all members related by birth, marriage and other legal means, including such common family relations as parents, children, spouses, aunts/uncles, cousins, grandparents and in-laws of spouses.
3. 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 Organization has a transaction or arrangement,
  - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with the Organization 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.

### Article III

#### 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. An interested person may make a presentation at the governing board or committee meeting, but after



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- 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 Organization 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 Organization's best interest, for its own benefit, and whether it is a 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 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.

### **Article IV 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.

### **Article V 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.
- d. Physicians who receive compensation from the Organization, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

### **Article VI Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall



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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,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable 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.



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## **Article VII Periodic Reviews**

To ensure the Organization 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 the Organization's 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 the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside expert are used, their use shall not relieve the governing board its responsibility for ensuring periodic reviews are conducted.