

Pursuant to Article XIV of the Bylaws adopted March 15, 2013, the Board hereby adopts the following Conflict of Interest Policy dated May 10, 2013:

### **Definitions**

*Interest* means any commitment, investment, relationship, obligation, or involvement, financial or otherwise, direct or indirect, that may influence the judgment of a PTO Board member.

A *conflict of interest* is present when, in the judgment of the Board, a Board member's stake in the transaction is such that it reduces the likelihood that the Board member's influence can be exercised impartially in the best interests of the PTO.

*Transaction* means any transaction, agreement, or arrangement between Board member and the PTO, or between the PTO and any third party where a Board member has an interest in the transaction or any party to it.

### **Procedures**

1. *Duty to Disclose*

Each Board member shall disclose to the Board all material facts regarding his or her interest in the transaction, promptly upon learning of the proposed transaction.

2. *Determining Whether a Conflict of Interest Exists*

The Board shall determine if a conflict of interest exists. The Board member shall not be present during the Board's discussion or determination of whether a conflict of interest exists, except as provided below.

3. *Procedures for Addressing a Conflict of Interest*

The Board shall follow the procedures set forth below in order to decide what measures are needed to protect the PTO's interests in light of the nature and seriousness of the conflict, to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are appropriate.

### **Review by the Board**

The Board may ask questions of and receive presentation(s) from the Board member, but shall deliberate and vote on the transaction in that person's absence. The Board shall ascertain that all material facts regarding the transaction and

the Board member's conflict of interest have been disclosed to the Board and shall gather appropriate data as needed to determine fair market value for the transaction.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Board shall determine whether the transaction is in the PTO's best interest, for its own benefit, and whether it is fair and reasonable to the PTO. The majority of disinterested members of the Board then in office may approve the transaction.

### **Records of Proceedings**

The minutes of any meeting of the Board pursuant to this policy shall contain the name of each Board member who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the Board who were present during the deliberations on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Board and how the information was obtained; and the result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

### **Annual Disclosure and Compliance Statements**

Each Board member shall annually sign a statement (see APPENDIX A) that affirms that the person has received a copy of this conflict of interest policy, has read and understood the policy, and has agreed to comply with the policy.

### **Violations**

If the Board has reasonable cause to believe that a Board member has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, it shall inform the Board member of the basis for this belief and afford the Board member an opportunity to explain the alleged failure to disclose. If, after hearing the Board member's response and making further investigation as warranted by the circumstances, the Board determines that the Board member has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate corrective action.

APPENDIX A - Annual Statement by Board Member

- a.** I have received a copy of the PTO's conflict of interest policy;
- b.** I have read and understand the policy;
- c.** I agree to comply with the policy; and
- d.** I understand that the PTO is a tax-exempt charitable and educational organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_