

CONFLICT OF INTEREST POLICY

Article I

Purpose

AIA Austin, is a not-for-profit corporation organized and existing under the laws of the State of Texas for the purposes of conducting operations and activities as an organization (“Society”) eligible for tax-exempt status under Section 501(c)(6) of the Internal Revenue Code. The purpose of this conflict of interest policy is to protect the interest of AIA Austin when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of AIA Austin. This policy is intended to supplement but not replace any applicable federal or state laws governing conflict of interest applicable to nonprofit organizations, including but not limited to Section 22.230 of the Texas Business Organizations Code or any successor statute.

Article II

Definitions

1. Interested Person

Any director, principal officer, or member of a committee with powers delegated by AIA Austin’s Board of Directors, who has a direct or indirect financial interest, as defined below, is an “interested person”.

2. Financial and Other Interests

A person has a “financial interest” if the person has, directly or indirectly, through business investment, family, or other close personal relationship:

- a. An ownership or investment interest in any entity with which AIA Austin has a transaction or arrangement;
- b. A compensation arrangement with AIA Austin or with any entity or individual with which AIA Austin has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which AIA Austin 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 Board 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 as to the relationship or interest and as to the transaction or contract to the Board of Directors and/or members of committees with 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 Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The interested person may be included in determining the presence of a quorum at a meeting of the board, a committee of the board, or members that authorizes the contract or transaction.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Board or 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 presiding officer of the 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 Board or committee shall determine whether AIA Austin 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 or committee shall determine by a majority vote of the disinterested Board of Directors or members, whether the transaction or arrangement is in AIA Austin'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 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 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 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 Board of Director's or committee's decision as to whether a conflict of interest in fact existed; and

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 Board who receives compensation, directly or indirectly, from AIA Austin 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 AIA Austin for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from AIA Austin, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI

Annual Statements

Each director, principal officer and member of a committee with Board-delegated powers shall 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 AIA Austin is a non-profit 501(c)(6) corporation and, in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**Article VII
Periodic Reviews**

To ensure AIA Austin operates in a manner consistent with its non-profit 501(c)(6) purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews (no less than every year) shall be conducted by the Board of Directors. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to AIA Austin's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further legitimate purposes, and do not result in inurement or impermissible private benefit.

**Article VIII
Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, AIA Austin may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

**Article IX
Loans to Officers and Directors**

Loans to any officer, volunteer, member, or Director of AIA Austin are expressly prohibited.