

## II. BOARD MEMBER CONFLICT OF INTEREST

These definitions shall apply to this policy:

**“Conflicting Interest Transaction”** means:

A contract transaction or other financial relationship between the **SPOA** and a **Director** of **SPOA** or between **SPOA** and a **Related Person** or between **SPOA** and an entity in which a **Director** is a director or officer or has a financial interest.

**“Related Person”** means: A spouse, ancestor, descendant or sibling of a **Director**, the spouse or descendant of a sibling of a **Director**, an estate or trust in which the **Director** or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

1. If any proposed contract, decision or other action on behalf of the **Board** would financially benefit a **Director** or a **Related Person** to the **Director**, the **Director** may participate in the discussion of the proposed contract, decision or other action but may not vote on the issue.
2. Prior to any discussion of a proposal in which a **Director** or a **Related Person** to the **Director** has a financial interest or which proposal would otherwise be a **Conflicting Interest Transaction**, the **Director** shall declare a conflict of interest for the issue in an open meeting.
3. No **Conflicting Interest Transaction** shall be void or voidable or be enjoined, set aside or give rise to an award of damages or other sanctions in a proceeding by a **Member** of **SPOA** or by or in right of **SPOA**, solely because the **Conflicting Interest Transaction** involves a **Director** or solely because the **Director** is present at or participates in the meeting of the **Board** which authorizes, approves, or ratifies the **Conflicting Interest Transaction** if:
  - a. The **Director** declared the conflict of interest at an open meeting prior to the discussion of the issue, disclosing the material facts as to the **Director’s** relationship or interest and as to the **Conflicting Interest Transaction**; and
  - b. The **Board**, in good faith, authorizes, approves or ratifies the **Conflicting Interest Transaction** by an affirmative vote of a

majority of the disinterested **Directors**, even though the disinterested **Directors** total less than a quorum; or

c. The **Conflicting Interest Transaction** is authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or

d. The **Conflicting Interest Transaction** is fair to **SPOA**.