

FIRST HOSPITAL FOUNDATION (FHF)
CONFLICT OF INTEREST POLICY

WHEREAS, the Board of Directors of FHF has consistently followed a policy of avoiding a conflict of interest or the appearance of such conflict on the part of the members of the Board and staff; and

WHEREAS, the policy of the Board has been to include representatives of grantee organizations on the Board to obtain a broader perspective for its decisions; and

WHEREAS, it is desirable that the policy to avoid conflicts of interest be clarified and, as clarified, memorialized in a Resolution of the Board;

NOW, THEREFORE, BE IT RESOLVED, that this Board hereby adopts the following policy with respect to possible conflicts of interest among the members of the Board and the staff of the FHF:

Disclosure and Recusal

Service on the Board of FHF is purely voluntary and shall not be used as a means for private benefit or inurement.

No member of the Board who is a vendor of goods or services to FHF or is affiliated (as defined below) with any vendor of goods or services to FHF shall vote on, or participate in the administration of, any contract with such vendor.

No member of the Board who is a recipient of grants, goods or services from FHF or is affiliated (as defined below) with a recipient of grants, goods or services from FHF shall vote on, or participate in the administration of, any contract or other arrangement with such recipient.

Such member shall, upon request of any member of the Board, leave any meeting for the period of time the Board or a committee of the Board is discussing any arrangement with which he or she has an affiliation. The minutes of such meeting shall reflect that a disclosure was made and that the member having a possible conflict abstained from the discussion and the voting.

No member of the staff of FHF shall, without previous approval of the Chair, be, or be affiliated with, either a vendor to, or recipient of grants, goods or services from, FHF.

A person shall be deemed to be affiliated with an entity if

- (a) the person serves as a member of a governing body of the entity,
- (b) the person serves as an officer or employee of the entity,
- (c) the person has a material economic relationship with such entity, including the receipt of gifts or special favors of more than negligible value, or
- (d) the person's parent, spouse, sibling, child, or grandchild, or a member of the immediate household of the person or such relative holds such a position or has such a relationship.

A person shall be deemed to be affiliated with an individual if such individual is a parent, spouse, sibling, child, or grandchild or member of the immediate household of the person or such relative, or has a material economic relationship with the person.

Where a member of the Board is unsure whether an affiliation exists, he or she shall disclose the relevant facts to the Chair, or to the Board, and shall abide by the decision of the Chair or the Board as to the existence or non-existence of an affiliation.

A member of the Board shall advise the Chair of affiliation with any existing or proposed vendor or recipient of grants, goods or services in response to an annual disclosure statement and at any other time when such member of the Board becomes aware of an affiliation which has not previously been disclosed.

Nothing in this policy shall prevent a member of the Board who is or is affiliated with a recipient of grants, goods or services from FHF from participating in discussions or decisions relating to the scope or quality of grants, goods or services provided generally to such recipient and other persons similarly situated.

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Compliance with Federal Law on Excess Benefit Transactions

In any transaction between FHF and a “disqualified person” within the meaning of Section 4958 of the Internal Revenue Code, FHF shall seek to take advantage of the safe harbor provisions under applicable Treasury Regulations. (Generally, a “disqualified person” is a person in a position to exercise substantial influence over FHF at any time during the preceding five years.) Specifically, the Board will observe as closely as possible the following procedures:

- (1) The transaction will be approved only if its terms are reasonable, in the case of compensation arrangements, or at fair market value, in the case of transfer or use of property;
- (2) The transaction will be approved in advance by the Board (excluding any Board members who have a conflict of interest in regard to the transaction);
- (3) The Board will obtain and rely upon appropriate data as to comparable transactions involving similarly situated organizations; and
- (4) At the time of approving the transaction, the Board will document its basis for determining that the transaction is fair and reasonable.

Adopted by the Board of Directors on October 16, 2006.