

# Montaña de Luz

## Conflict of Interest Policy

### Article I: Purpose

The purpose of this Conflict of Interest Policy (this “**Policy**”) is to protect the interests of Montaña de Luz (“**MdL**”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer of MdL (an “**Officer**”) or member (a “**Director**”) of the Board of Directors of MdL (the “**Board**”) or might result in a possible excess 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

- A. Interested Person. Any Director, Officer or member of a Board committee who has a direct or indirect Financial Interest, as defined below, is an “**Interested Person**”.
- B. Financial Interest. A person has a “**Financial Interest**” if the person has, directly or indirectly, through business, investment or family:
1. An ownership or investment interest in any entity with which MdL has a transaction or arrangement;
  2. A compensation arrangement with MdL or with any entity or individual with which MdL has a transaction or arrangement; or
  3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which MdL 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. Pursuant to Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if the Board or a Board committee decides that a conflict of interest exists.

### Article III: Procedures

- A. 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 Board committees considering the proposed transaction or arrangement.

- B. 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 Board committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Board committee members shall decide if a conflict of interest exists.
- C. Procedures for Addressing the Conflict of Interest.
1. An Interested Person may make a presentation at the Board or Board 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.
  2. The chairperson of the Board or Board committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  3. After exercising due diligence, the Board or Board committee shall determine whether MdL 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.
  4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Board committee shall determine by a majority vote of the disinterested Directors or members whether the transaction or arrangement is in MdL'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.
- D. Violations of the Conflict of Interest Policy.
1. If the Board or Board committee has reasonable cause to believe a Director, Officer or member of a Board committee has failed to disclose actual or possible conflicts of interest, it shall inform such person of the basis for such belief and afford such person the opportunity to explain the alleged failure to disclose.
  2. If, after hearing such person's response and after making further investigation as warranted by the circumstances, the Board or Board committee determines such person 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 Board committees shall contain:

1. 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's or Board committee's decision as to whether a conflict of interest in fact existed.
2. 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 Director who receives compensation, directly or indirectly, from MdL for services is precluded from voting on matters pertaining to that Director's compensation.
- B. A voting member of any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MdL for services is precluded from voting on matters pertaining to that member's compensation.
- C. No voting member of the Board or any Board committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MdL, either individually or collectively, is prohibited from providing information to any Board committee regarding compensation.

#### **Article VI: Annual Statements**

Each Director, Officer and member of a Board committee shall annually sign a statement which affirms such person:

1. Has received a copy of this Policy;
2. Has read and understands this Policy;
3. Has agreed to comply with this Policy; and
4. Understands MdL 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.

## **Article VII: Periodic Reviews**

To ensure MdL 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures and arrangements with management organizations conform to MdL'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, MdL may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

(Montaña de Luz Conflict of Interest Policy – Last Revised: )