

**WASHINGTON COUNTY  
TRAINING ASSOCIATION**

**CONSTITUTION AND BY-LAWS**

**August 1995  
(Rev. July 26, 2011)**

**Article I  
Name**

- Section I The name of this Association shall be the Washington County Training Association (WCTA).
- Section II WCTA is recognized as a regional training association by both the Department of Public Safety and Standards Training (DPSST) and the Oregon Fire Instructors Association (OFIA) and Portland Community College (PCC).

**Article II  
Purposes**

- Section I WCTA is a public benefit corporation that organized exclusively for one or more charitable purposes including educational proposed within the meaning of Section 501 (c) (3) of the Internal Revenue Code, or corresponding sections of any future federal tax code. WCTA is a public benefit corporation that has the purpose of engaging in any lawful activity. As provided in chapter 65 of the Oregon Revised Statutes.
- Section II The purpose of these bylaws is to provide provisions that direct the affairs of WCTA that may be inconsistent with law or WCTA's articles of incorporation.
- Section III WCTA is not organized for profit and no part of the earnings or moneys shall be used to benefit any member, director, officer or any other private individual.

**Article III**  
**Principal Office**

Section I The principal office is located at 31370 NW Commercial Street North Plains, Or. 97133.

**Article IV**  
**Mission**

Section I The mission statement of this Association shall be:

*“To provide excellence in training and education that is relative to the needs and fiscally responsible to its members”.*

Washington County Training Association shall accomplish its mission by:

- A. Supporting training and education through an organization governed by representatives from each of the member departments.
- B. Providing interaction and communications between the agencies within the association, other training associations, and state agencies.
- C. Providing a pool of instructors and training programs available to all agencies within the association.
- D. Providing financial support for programs when needed and approved;
- E. Participating in statewide organizations representing the needs and concerns of the WCTA.
- F. Champion training programs that reduce disabling injuries and deaths to all member groups within the association.

**Article V**  
**Membership**

Section I Membership in WCTA shall be open to any active member of the recognized fire departments within the association. All Association members are governed and supervised individually by the Association Bylaws.

- Section II After submitting an application, the applicant will go before the membership committee for an initial interview. A recommendation by the committee shall be made to The Association. The Association shall then discuss and vote on the applicant.
- Section III WCTA currently recognizes the following departments as the association members: Banks Fire, Carlton Fire, Cornelius Fire, Dundee Fire, Elsie-Vinemaple Fire, Forest Grove Fire, Gaston Fire, Hillsboro Fire, Metro West Ambulance, Newberg Fire, Portland Community College, Tualatin Valley Fire and Rescue, Washington County Fire District 2, Yamhill Fire, Oregon Department of Forestry and Washington County EMS.
- Section IV All WCTA organizations paying dues shall have one vote and are entitle as a member to attend all meetings, vote on all association business, and to receive the published proceedings of all meetings of the association.
- Section V Additionally, membership shall be open to any person not associated with a fire department who wishes to further education and training programs with the association.
- Section VI Associate membership shall be open to any agency not within the association boundaries and at the discretion of the executive board. Associate members will receive preference when registering for training sponsored by WCTA over other outside agencies. Associate members shall be non voting members. Associate members will be identified by a Memorandum of Understanding, contract or other document detailing the relationship. The corporation shall keep a membership book containing the name and addresses of each member. Termination of the membership of any member shall be recorded in the book together with the date of termination. The book shall be kept at the corporation principle office.
- Section VII Nonliability of Members. A member of this corporation is not, as such, personally liable for the debts liabilities, or obligations of the corporation.
- Section VIII Nontransferability of Membership. No member may transfer a membership or any right arising therefrom. All rights of membership cease upon the member's death.

Section IX Termination of Membership

The membership of a member shall terminate upon the occurrence of any of the following events:

1. Upon his or her notice of such termination delivered to the president or secretary of the corporation personally or by mail, such membership to terminate upon the date of delivery of the notice or date of deposit in the mail.
2. If this corporation has provided for the payment of dues by members, upon a failure to renew his or her membership by paying dues on or before their due date, such termination to be effective thirty (30) days after a written notification of delinquency is given personally or mailed to such member by the secretary of the corporation. A member may avoid such termination by paying the amount of delinquent dues within a thirty (30) day period following the member's receipt of the written notification of delinquency.
3. After providing the member with reasonable written notice and an opportunity to be heard either orally or in writing, upon a determination by the board of directors that the member has engaged in conduct materially and seriously prejudicial to the interests or purposes of the corporation. Any person expelled from the corporation shall receive a refund of dues already paid for the current dues period.

All rights of a member in the corporation shall cease on termination of membership as herein provided.

**Article VI**  
**Member Dues and Finances**

Section I Members of The Association shall be required to pay annual dues. The process for establishing Association dues shall be set annually by The Association Board of Directors. Annual dues of \$150 per year will be assessed by WCTA. This amount may be changed by the voting membership of the association.

Section II Dues statements will be sent out in July and shall be paid before August 31.

Section III The Treasurer shall be responsible for collecting the annual dues.

- Section IV An annual budget shall be established for the period of July 1st to June 30<sup>th</sup>.
- Section V All expenditures shall be approved by a two-thirds (2/3) majority vote of the members present at a regularly scheduled meeting.
- Section VI Members may be reimbursed for all parts of their expenses incurred while on official business, as approved by the membership.
- Section VII Audits of all financial records shall be done annually during the month of November with an in-house committee done every odd numbered year and with an accountant service every even numbered year.
- Section VIII Upon dissolution of WCTA, the Executive Board shall, after paying or making provision for the payment of all liabilities of WCTA, dispose of all the assets of WCTA exclusively for educational purposes as shall at the time qualify as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code 1954 or the corresponding provision of any future United States Internal Revenue Law, as the Executive Board shall determine. Any such assets not so disposed of shall be disposed by the Circuit Court of the State of Oregon for Washington County, exclusively for such purposed or to such an organization or organizations, as said court shall determine which are organized and operated exclusively for such purposes.

## **Article VII**

### **Course Finances**

- Section I Training courses sponsored by WCTA should be designated to break even in cost or yield a marginal profit sufficient to take care of the financial needs of the course and organization.
- Section II Training courses sponsored by WCTA shall, when possible, meet the training requirements and be accredited, as set forth by DPSST.
- Section III Other courses may be sponsored by WCTA as needed by regional agencies.
- Section IV In order to prevent over-registration for courses, where class size is limited, pre-registration is considered to be a contract to pay the course fee (unless special arrangements have been made by the representative Training Officer). For the average small courses,

refunds due to cancellations will not be made after 72 hours prior to the school. Substitutions for pre-registered personnel can be accepted.

Section V WCTA courses with a registration of less than 90% (of the number of attendees required to break even), 72 hours prior to the start date of the course shall be cancelled, unless the Executive Board approves to subsidize the class. A minimum of ten (10) students shall be registered for most small courses. Any deviation from this will be with the approval of the WCTA officers and the course coordinator.. All WCTA courses are intentionally provided at a reduced rate and cost and shall be identified and approved in a general WWCTA meeting prior to the course being scheduled.

Section VI Payment is due within 30 days of the class attended unless arrangements have been made by the agency's Training Officer and the class registrar (Secretary) or an earlier payment is necessary to meet specific needs of a class. An individual with an outstanding invoice for a WCTA course shall not be able to register for upcoming courses without payment of the outstanding fee(s) and advanced payment of fee(s) for upcoming courses. Any exception to this can be made by the executive board.

Section VII Refund for WCTA course registration will be made when cancellations are made in writing (email or Fax are acceptable) 72 hours prior to the start date of the course. For Special Large courses (i.e.: EMT-B School, NFPA Firefighter Academy, Out of State Speaker, etc...), Cancellations must be made in writing 10 days prior to the start date of the class to receive a refund of the registration fee.

Section VIII All expenses incurred by members of the WCTA and subject to reimbursement, shall be forwarded to the Treasurer. Executive Board approval shall be required on all expenses. However, the President and/or Vice President may approve expense reimbursements until the next regularly scheduled meeting is held. The Treasurer shall reimburse those expenses submitted and approved.

Section IX WCTA courses will be run under the following financial matrix and shall be documented with a course proposal to be approved by the executive board:

A) Instructor Per Diem: \$150.00 per day or \$300.00 for two days plus expenses as pre approved.

- B) WCTA Members cost: \$20.00 for one day or \$35.00 for two days. Classes that take place for a full day or part of a day will be charged as a single day rate.
- C) Non-WCTA Members cost will be \$30.00 for a one day or \$35.00 for a two day. These costs shall be based on a minimum of 10 students per class at a single instructor rate.
- D) If approved by the Executive Board officers for each class:
- |    |                 |                     |
|----|-----------------|---------------------|
| 1. | Lunch's         | \$10.00 student/day |
| 2. | Snacks/Beverage | \$1.50 student/day  |
| 3. | Coffee          | \$60.00 course/day  |
- E) Special and/or Large courses including courses with more than one instructor may have a different financial matrix. Such a matrix shall be approved by the association membership prior to advertising of such course. The matrix for these courses shall be based on the total cost of the course (instructor rates including needed travel and lodging, registration, lunches, snacks, class materials and services) divided by the minimum number of required students for the class as set by the instructor or WCTA. *(Total costs/ minimum number of students= Registration fee).*
- F) All courses are to be approved with the intention that costs will be covered as budgeted. For courses in danger of being cancelled due to low registration or going over budgeted costs, the executive board shall determine to cancel or continue the class.

## **Article VIII**

### **Association Officers**

- Section I The corporation officers of this association shall consist of a President, Vice President, Secretary, and Treasurer in good standing with WCTA. These positions shall be voted on with nominations occurring during the regular meeting in November with the elections taking place at the January meeting.
- Section II Nominations for elected positions shall be open to the membership during the November and January meetings.

- Section III The officers shall be elected for a one (2) year term, and may be re-elected. Officers may serve not more than three (3) consecutive terms in any one office.
- Section IV All officers shall take office upon election, and shall serve until their successors are elected.
- Section V In case any of the elected position becomes vacant, the Board of Directors shall appoint a successor at the next regular meeting.
- Section VI WCTA Officer Duties are as follows.
- a. President – Preside over business meetings, works with treasurer to develop the annual budget, be responsible for overall administration of WCTA, pursue grant opportunities as they arise, he/she shall be an ex-officio member of all committees and shall appoint such committees as may be deemed appropriate and such special committees as may be authorized by the association. He/she shall be authorized to sign all checks lawfully drawn. He/she shall enforce strict observance of the by-laws of this association. He/she shall have general supervision of activities of the other officers and chairmen of committees. The President's signature shall still appear on correspondence that reflects the position of this Association in political or legislative matters.
  - b. Vice President – Preside over business meetings in the absence of the president, assume role of president when he/she is unavailable, He/she shall be authorized to sign all checks lawfully drawn. Oversees WCTA instructor of the year selection committee and serves on that committee. Assists the president as needed or appointed with overall business needs.
  - c. Secretary – Preside over business meetings in the absence of the president and vice-president. Assume role of president when he/she is unavailable. Keep minutes of meetings, issue meeting notices, issue meeting agendas as approved by the president, send and receive correspondence, the Secretary shall have custody of all documents, records, books, funds, and papers belonging to the Association. He/she shall keep an accurate record of the meetings of the Association, and of the Executive Board, of which he/she shall be the Secretary. He/she shall attest all official documents with his signature. He/she shall conduct the correspondence of the Association promptly. He/she shall maintain the official list of members in good standing, which shall be kept accurately and on



a current basis. The Secretary shall discharge on behalf of the Association such duties as may be imposed upon him/her by applicable law including the execution and filing of any reports of Federal and State authorities, and he/she shall cause to be maintained by the Association such records as the law requires to be kept in support of reports filed by it. The Secretary will oversee and manage the association website.

- d. Treasurer – Preside over business meetings in the absence of the president, vice-president, and Secretary, Assume role of president when he/she is unavailable. Track finances, be responsible for all monies received and dispersed, assist with developing annual budget, ensures annual audit is completed by external entity. He/she shall receive all money due the Association, from whatever source, and shall be authorized to sign all checks lawfully drawn. He/she shall maintain and keep current, a record of members from their dues, payments, assessments, and all financial transactions promptly and accurately entered. He/she shall be prepared to exhibit receipts and vouchers upon audit of the books. The Executive Board shall cause the books to be audited not later than the last annual meeting each year.

Section VII Directors shall be established for the purpose of continuity of association programs. Directors shall be appointed by the President or Vice President in his absence, at the beginning of their term. The Association will recognize three Directors.

- a. Director #1 – Directs and coordinates all wildland fire classes and activities. He/she shall be responsible for securing instructors, locations, dates and times for all wildland fire classes. He/She will be responsible for being current with training and certifications requirements for wildland classes.
- b. Director #2 – Directs and coordinates the Firefighter 1 academy. He/she shall be responsible for securing instructors, locations, dates, times and graduation ceremonies for the Firefighter 1 academy.
- c. Director #3 – Directs and coordinates EMS training and activities for the association. Works with Washington County EMS (WCEO) for EMS training and assists with administering any memorandum of records as set by WCEO.

**Article IX**  
**Association Board of Directors**  
**(Executive Board)**

- Section I The Corporation shall be governed by a Board of Directors. There shall be four (4) Directors shall be Association members and be elected by the membership.
- Section II WCTA's Executive Board shall consist of the President, Vice President, Secretary, and a Treasurer from the association.
- Executive Board members shall be one representative selected by their organizations and submitted to the association.
- Section III Elections shall be held each year during the regularly scheduled annual business meeting to elect directors and officers at the January(month) meeting. Nominations shall be made from members in good standing with The Association. Nominees need to be present in order to be considered for any vacancy. Absent nominees may be considered with the nominee's written permission.
- Section IV Voting will be by secret ballot. In the case of a tie for any position, a runoff election shall be held immediately.
- Section V Terms of office shall be two (2) years. Two terms shall begin with even numbered years and one term shall begin with odd numbered years. Directors may be re-elected for consecutive terms.
- Section VI Duties of the Board of Directors shall include Manage the duties of the Corporation, Create an annual budget for the corporation, Meet not less than annually as a Board of Directors, Appoint Association Officers annually, and Facilitate an annual meeting of the association membership.
- Section VII Directors may be removed from office with or without cause by majority vote of the Members. Removal a Director shall be considered at a specially called meeting for said purpose. Notice of said meeting must be posted on The Association web site or e-mailed not less than ten (10) days in advance of the meeting.

- Section VIII An affirmative vote of two thirds (2/3) of members present at the meeting or by written proxy, shall be required in order to remove a Director, Voting shall be by secret ballot.
- Section IX Quorum requirements for the meetings shall be 51% of board members. Only members in good standing with The Association shall be counted in the quorum and allowed to vote.
- Section X Any private individual, governmental, fire or EMS service organization with valid interest in the Washington County Training Association shall be considered for ex-officio membership. The individual or agency being considered for membership shall make an official request in writing at any regular meeting. Ex-officio member are non-voting members and will not hold positions on the Executive Board.

## **Article X** **Meetings**

- Section I There shall be a monthly meeting of the association which shall be held on the fourth Tuesday of each month unless so changed as needed and communicated to all WCTA members. The time and location will be designated by the membership in order to conduct business. The times and locations will be published in the month of December for the upcoming year.
- Section II All meeting shall be conducted in accordance with Roberts Rules of Order and those Rules shall govern in all cases not in conflict with these Constitution and By-Laws.
- Section III The WCTA Executive Board shall meet as the need arises, and may be called to meet by the President or any Executive Board member. Board meeting shall be attended by a quorum of at least 2/3 of the member organizations.

## **Article XI** **Committees**

- Section I The incoming WCTA President shall annually appoint an Audit Committee and Nominating Committee. Additional committees shall be appointed as necessary.

## **Article XII** **Amendments**

- Section I Amendments to WCTA's Constitution and By-Laws shall be made with a two-thirds (2/3) majority vote of the membership present at a general meeting.
- Section II Proposed amendments shall not be acted upon unless written notice has been given to the Secretary, and the members have been notified of the proposed amendments, in writing, at least twenty (20) days prior to voting.
- Section III The President of WCTA shall, by November 15<sup>th</sup>, appoint the WCTA Instructor of the Year Selection Committee. This Committee shall consist of two WCTA Executive Board members and one active WCTA member at large. This three member committee will have at least one new member each year.

## **Article XIII** **General Powers**

- Section I The corporation has a perpetual duration and has all power to do all things necessary or convenient to carry out its affairs under Oregon law per ORS 65.077 and ORS 65.081.

## **Article XIV** **Corporate Records, Reports, and Seal**

- Section I Maintenance of Corporate Records.

The corporation shall keep at its principal office:

- a. Minutes of all meetings of directors, committees of the board, and, if this corporation has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- b. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;

- c. A record of its members, if any, indicating their names and addresses and, if applicable, the class of membership held by each member and the termination date of any membership;
- d. A copy of the corporation's articles of incorporation and bylaws as amended to date, which shall be open to inspection by the members, if any, of the corporation at all reasonable times during office hours.

## Section II Corporate Seal.

The board of directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

## Section III Directors' Inspection Rights.

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation, and shall have such other rights to inspect the books, records, and properties of this corporation as may be required under the articles of incorporation, other provisions of these bylaws, and provisions of law.

## Section IV Members' Inspection Rights.

If this corporation has any members, then each and every member shall have the following inspection rights, for a purpose reasonably related to such person's interest as a member:

- a. To inspect and copy the record of all members' names, addresses, and voting rights, at reasonable times, upon written demand on the secretary of the corporation, which demand shall state the purpose for which the inspection rights are requested.
- b. To obtain from the secretary of the corporation, upon written demand on, and payment of a reasonable charge to, the secretary of the corporation, a list of the names, addresses, and voting rights of those members entitled to vote for the election of directors as of the most recent record date for which the list has been compiled or as of the date specified by the member subsequent to the date of demand. The demand shall state the purpose for which the list is requested. The membership list shall be made available within a reasonable time after the demand is received by the

secretary of the corporation or after the date specified therein as of which the list is to be compiled.

- c. To inspect at any reasonable time the books, records, or minutes of proceedings of the members or of the board or committees of the board, upon written demand on the secretary of the corporation by the member, for a purpose reasonably related to such person's interests as a member.

Members shall have such other rights to inspect the books, records, and properties of this corporation as may be required under the articles of incorporation, other provisions of these bylaws, and provisions of law.

#### Section V Right to Copy and Make Extracts.

Any inspection under the provisions of this article may be made in person or by agent or attorney and the right to inspection shall include the right to copy and make extracts.

#### Section VI Periodic Report.

The board shall cause any annual or periodic report required under law to be prepared and delivered to an office of this state or to the members, if any, of this corporation, to be so prepared and delivered within the time limits set by law.

### **Article XVI** **IRC 501(c)(3) Tax Exemption Provisions**

#### Section I Limitations on Activities.

No substantial part of the activities of this corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Internal Revenue Code), and this corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these bylaws, this corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

## Section II Prohibition, Against Private Inurement.

No part of the net earnings of this corporation shall inure to the benefit of, or be distributable to, its members, directors or trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this corporation.

## Section III Distribution of Assets.

Upon the dissolution of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation, shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.

## Section IV Private Foundation Requirements and Restrictions.

In any taxable year in which this corporation is a private foundation as described in Section 509(a) of the Internal Revenue Code, the corporation 1) shall distribute its income for said period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; 4) shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue Code; and 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

## **Article XVII** **Conflict of Interest and** **Compensation Approval Policies**

### Section I Purpose of Conflict of Interest Policy.

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by

Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. 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.

## Section II Definitions.

- a. **Interested Person.** Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, 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 the corporation has a transaction or arrangement;
  2. A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement; or
  3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation 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 Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## Section III Conflict of Interest Avoidance 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 committees with governing board delegated powers 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 governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- c. **Procedures for Addressing the Conflict of Interest.** An interested person may make a presentation at the governing 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.  
The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.  
After exercising due diligence, the governing board or committee shall determine whether the corporation 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.  
If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation'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 Conflicts of Interest Policy.** If the governing 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.  
If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing 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.

#### Section IV Records of Board and Board Committee Proceedings.

The minutes of meetings of the governing 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
- 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.

## Section V Compensation Approval Policies.

A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

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

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

- a. the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation;
- b. all members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):

1. is not the person who is the subject of the compensation arrangement, or a family member of such person;
  2. is not in an employment relationship subject to the direction or control of the person who is the subject of the compensation arrangement;
  3. does not receive compensation or other payments subject to approval by the person who is the subject of the compensation arrangement;
  4. has no material financial interest affected by the compensation arrangement; and
  5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.
- c. The board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
1. Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size, purpose, and with similar resources;
  2. The availability of similar services in the geographic area of this organization;
  3. Current compensation surveys compiled by independent firms;
  4. Actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement;

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

d. The terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. The terms of the compensation arrangement and the date it was approved;
2. The members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member;
3. The comparability data obtained and relied upon and how the data was obtained;
4. If the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination;
5. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting;
6. Any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement);
7. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the

board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

#### Section VI Annual Statements.

Each director, principal officer, and member of a committee with governing 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 the corporation 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.

#### Section VII Periodic Reviews.

To ensure the corporation 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:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation'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.

#### Section VIII Use of Outside Experts.

When conducting the periodic reviews as provided for in Section 7, the corporation may, but need not, use outside advisors. If outside

experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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Date Adopted by the Membership: \_\_\_\_\_

Director: \_\_\_\_\_ Position: \_\_\_\_\_ Date: \_\_\_\_\_

Director: \_\_\_\_\_ Position: \_\_\_\_\_ Date: \_\_\_\_\_