

CONFLICTS OF INTEREST AND SELF DEALLING POLICY STATEMENT
FOR THE BOARD OF TRUSTEES AND PERSONNEL OF
THE COMMUNITY ASSOCIATION FOR NASSAU BAY ENHANCEMENT, INC.

ARTICLE I
PURPOSE

The purpose of the conflicts of interest and self dealing policy is to protect the 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. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

ARTICLE II
DEFINITIONS

1. INTERESTED PERSON

Any director, principal officer, or member of the Executive Committee, who has a direct or indirect interest, as defined below, is an interested person.

2. FINANCIAL INTEREST

A person has a financial interest if the person has, directly or indirectly, through business, investment or family –

- An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or
- A compensation arrangement with the Corporation or with any entity or individual with which the Corporation or with any transaction or arrangement, or
- 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 substantial in nature.

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 APPROPRIATE BOARD OR COMMITTEE DECIDES THAT A CONFLICT OF INTEREST EXISTS

ARTICLE III PURPOSES

1. DUTY TO DISCLOSE

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest AND ALL MATERIAL FACTS to the directors and 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, HER OR SHE shall leave the board or committee meeting while the DETERMINATION OF A CONFLICT of interest is discussed and voted upon. The remaining board or committee members decide if a conflict of interest exists.

3. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST

- AN INTERESTED PERSON MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING, BUT AFTER SUCH PRESENTATION, HE/SHE SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT RESULTS IN THE CONFLICT OF INTEREST.
- The chairperson of the 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 board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction or arrangement is not reasonable attainable under circumstances that would not give rise to a conflict of interest, the 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 and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY

- If the board or committee has reasonable cause to believe that 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 response of the member and making further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact 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:

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 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 therewith.

ARTICLE V COMPENSATION COMMITTEES

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.

ARTICLE VI ANNUAL STATEMENTS

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person –

- Has received a copy of the conflicts of interest policy
- Had read and understands the policy
- Has agreed to comply with the policy, and
- Understands that the Corporation is a charitable organization and that 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 that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum include the following subjects:

- Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- Whether partnership and joint venture arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement of impermissible private benefit.

ARTICLE VII OUTSIDE USE OF EXPERTS

In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used their used shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Approved:

O.S.B. Mike Magnan, Secretary

Name

Title

Date

Please complete and return promptly.

**CONFLICTS OF INTEREST AND SELF DEALING STATEMENT
FOR THE BOARD OF TRUSTEES AND PERSONNEL OF THE
COMMUNITY ASSOCIATION FOR NASSAU BAY
ENHANCEMENT, INC. (CANBE)**

I hereby certify that I have read the policy adopted by the Board of Trustees of the Community Association for Nassau Bay Enhancement, Inc, (CANBE)), a Texas nonprofit corporation, on the _____ day of _____, 20____ regarding Conflicts of Interest and Self-Dealing (a copy of which is attached hereto) and to the best of my knowledge, except as otherwise disclosed below there is no actual or potential conflict of interest between me or any member of my family and CANBE.

1. Name: _____

Position With or Relation to CANBE: _____

2. Business or Employer: _____

Title: _____

Please complete and return promptly.

COMMUNITY ASSOCIATION FOR NASSAU BAY
ENHANCEMENT, INC. (CANBE)
CONFLICTS OF INTEREST AND SELF-DEALING
QUESTIONNAIRE

- 1A To assure that any ***self-dealing*** is avoided, please report any organization in which you or a family member has a material financial interest that has or may have direct financial dealings with CANBE.

<u>CANBE Person or Family Member Held</u>	<u>Organization</u>	<u>Interest/Position</u>
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- 1B. Describe any transactions, contracts or other business relationships between CANBE and your business or employer, which exist at this time or which occurred during the past year.

Please complete and return promptly.

2. For determination of any potential **conflict of interest**, please list any organization with which you or a family member has roles or responsibilities that may result in a possible conflict of interest or bias for or against a particular grantee, action, or policy at the time such grant, action, or policy is under consideration.

<u>Name of Person</u>	<u>Relation to Individual</u>	<u>Organization</u>	<u>Role/Relationship</u>
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I hereby acknowledge that CANBE is a charitable organization and that in order to maintain its federal income tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes.

I hereby agree to report to CANBE's Executive committee any change in the responses to each of the foregoing questions, which may result from changes in circumstances after the date of this Statement and before completion of my next Statement.

Name of Individual: _____

Signature: _____

Date: _____