

MINUTES
MICHIGAN ASPARGUS ADVISORY BOARD
March 5, 2020
Johnny O. Harris Building, #105
97 E. Apple Ave
Muskegon, Michigan

MEMBERS PRESENT: Sarah Greiner, Tracey Butler, John Williams, Nicholas Oomen, Dwight Fuehring, Tom Oomen, Jordon Walsworth, Kyle Weber

OTHERS PRESENT: John Bakker – Executive Director, Joy McDevitt – Executive Assistant, Norm Myers- MACMA, Chris Ritchie – Michigan Freeze Pack Heather Throne-MDARD, Audrey Sebolt-MI Farm Bureau, Ben Werling – MSUE, Growers: Lori & Bob Green, Denise Pagura

Chairman, Dwight Fuehring called the meeting to order at 1:15 pm.

MINUTES

The minutes from the last meeting of 12-9-19 were sent to the Board for review prior to the meeting.

Motion No. 1 Motion by Sarah Greiner, supported by Tom Oomen to approve the minutes of the Dec.9, 2019 meeting as presented. All Ayes, motion passed.

FINANCIAL REPORT

Joy McDevitt reviewed the January 31, 2020 preliminary financial statements reporting income currently at \$473,480.31 and expenses to date of \$347,310.73 resulting in a positive net margin of \$126,169.58 for the first seven months of the fiscal year. (ATTACHMENT "A")

John Baker commented that there may be a little more, approx. \$1,000 of assessments to collect.

Motion No. 2 Motion by Tom Oomen, supported by Nick Oomen to accept the February 29, 2019 financial report as reported. All ayes, motion passed.

MSUE REPORT

Today, 3-5-20, is the last day for reduced registration for Oceana Asparagus Days. Ben announced the new online spray guide, available at mwveguide.org at no cost to the user. There isn't a version for fruit yet. Zsofia Szendrei has a grad student who will be researching where the asparagus beetle over winters. John Bakker commented that he is seeing more problems with the asparagus beetle. He is seeing "waves" of the beetle indicating that perhaps they are overwintering in areas bordering the asparagus field and are coming out of dormancy at different times depending on the warmup of their location.

Ben continued, he stated Corteva will no longer make the name brand lorsban, however the active ingredient (chlorpyrifos) is still legal for use; you will have to use the generic version. Gramoxone will be changing labeling requirements on the new 3 lb. / gl. container, which will require a closed transfer system. The old

container will be sold thru 9-2020. GREEN grant has been submitted for work on a C.A. project – submitted by Randy Beaudry, John Bakker and Ben Werling. Mary Hausbeck will start fumigation work on seed beds using chloropicrin. Too expensive for production fields.

There was some discussion on the use and availability of applicators in the state. A tarp system is effective but expensive.

John Bakker commented that at his recent trip to the Ontario Asparagus growers meeting, which he spoke at, there was clarification on Canadian EPA rules on pre-harvest intervals (phi.) and re-entry intervals. (rei). Canada counts phi. as calendar days (not hours). For example, if you sprayed on May 5th at 11 am and the phi. is 1 day - you can harvest at anytime on May 6th – 1 day later. This is significant if U.S. EPA coordinates with Canadian EPA.

MDARD REPORT

Heather Throne gave an update on grants.

Specialty Crop Block Grants – 2020 applications were due on February 27, 2020. They received 40 applications. MDARD still needs to hear from USDA as to how much will be funded, but they are anticipating \$2 – 2.8 million. MDARD will be announcing which grants have been recommended on to the USDA in May 2020.

Rural Development Grants - MDARD recently announced that 20 grants were awarded (out of 110 applications); including a diverse mixture of housing projects, training, value added projects. There will be another application period beginning this fall 2020.

Value Added Grants – Applications are due April 2, 2020 by 3pm. These are available to both growers and processors as long as there is value added to the raw product. The max is \$125,000 with a \$30,000 match.

MACMA ASPARAGUS REPORT

Norm Myers announced this will be the first year that asparagus will follow the same protocol as apples and not publicly announce or print the negotiated price. This will give processors a chance to bid w/out their competition knowing the price. He went on to state, that the price will be given out as requested, they just need to call him for it.

Norm reminded the Board there is a MACMA meeting immediately following the Oceana Asparagus Day conclusion. He reported that the USDA Section 32 purchase of asparagus is on track and looks promising, and he hopes to know more by next Thurs at Oceana Asp. Day. He did receive official notice that Seneca will not be buying any 2020 product; last year they processed a million pounds.

John Bakker further commented on the USDA purchase status. He had thought he had two other canners, excluding Seneca, since this is a minimum requirement by the USDA to qualify for the purchase to move forward. However, he couldn't guarantee the USDA two purchasers so John shifted the purchase request to be all frozen cuts and tips and will include 2019 and 2020 crop. John continued that he had several legislators, both State and U.S., who were ready to write letters of recommendation and support but was told by USDA that it wasn't necessary and they were ready to move the purchase request on without letters of support. John believes it will be successful, but is still waiting to hear, which should be not later than April. This will give processors an opportunity to submit bids when the solicitation is released.

MFB REPORT

Audrey Sebolt gave an update on the State budget, Governor Whitmer is still trying to secure bonds to start on "fixing the roads"., though the focus will likely be on urban areas vs. rural. MI Farm Bureau is focusing on solutions for rural fixes. She continued that the Housing Task Force hearings continue, coming up are hearings in Frankenmuth, Traverse City and in the U.P. They will be looking at what are the barriers of available housing i.e. cost? Local restrictions? Construction issues? ... She reported that the Adverse Effect Wage Rate (AEWR) is now \$14.40 in Michigan, which is up 65cents. Michigan Farm Bureau is working hard with American Farm Bureau to address the labor costs.

Audrey brought up that the labor surveys are one way to potentially address the labor costs. However, there is concern that these surveys do not provide enough direction and therefore the results being submitted aren't accurate and aren't having effect on labor cost. They have seen in other states (Florida for one) the ability to decrease the AEWR when the surveys have been properly completed. The only way to do this is educating the growers completing the surveys; Audrey continued that the MI surveys are combined with Wisconsin and Minnesota, so educating the growers in all three states would have to occur to benefit Michigan. She stated that about 38,000 responses in the U.S. were received, which includes 1,000 farms in Michigan. These surveys are distributed and compiled by the U.S. Statistics Dept., but the Dept of Labor oversees the questions.

Audrey inquired as to whether she or John Kran (the MI Farm Bureau National Legislative counsel) could address the Oceana Asparagus Day crowd. John offered her some of his scheduled time; Ben agreed to work her into the day.

Further discussion provided insight on the history of the AEWR, the calculation method was changed by Pres. Bush resulting in a \$2 decrease, which was overturned by Dept of Labor Sec'y. Hilda Solis. The AEWR is calculated by the regional weighted average hourly wage rate for field and livestock workers as measured by the USDA's annual Farm Labor Survey. Audrey pointed out that there are 4 classifications of workers: field workers, livestock workers, supervisor and other. Without educating those completing the survey, mistakes are made such as: including supervisors with field workers or by writing down the "overall" cost of a field worker instead of their actual hourly rate.

Audrey continued that we are still waiting on H2A revisions. Currently you can have staggered entries of workers, though they all leave on the same date.

REPORT OF EXECUTIVE DIRECTOR

Anti-dumping Case- Cherry Final Determination& Oceana Asparagus Day

John stated that the International Trade Committee (ITC) final determination against the Cherry Industry case was announced during the Northwest Orchard and Vineyard Show the end of January. He felt that Cherry had a very strong case and was shocked to see the 5-0 decision going against them. The Cherry Industry's attorney, Elizabeth Drake, Schagrin Associates, presented information on a potential asparagus case at our Dec 2019 Board meeting. There was good discussion of the pros and cons of initiating a case against Mexico and Peru. The board decided that they, and Michigan asparagus growers, needed more information about trade cases before deciding whether to invest in this effort. Werling and Bakker worked together to try to find a resource person that could possibly make a presentation at Oceana Asparagus Day. Werling made some inquiries at MSU only to discover that MSU recently hired a previous trade attorney, Dr. Aleks Schaefer. He has been gathering some information about the US asparagus situation and will be speaking at the Oceana Asparagus Day.

USDA Purchase

Addressed previously.

Full Tilt Marketing (Melinda Goodman) – 2020 Program

Melinda Goodman with Full Tilt was at our Dec. 2019 meeting and presented a promotion to set Michigan grown asparagus apart from others, namely Peru and Mexico, by focusing on our larger spears marketed as "Bronto Spears". Shippers and packers have already been contacted and most are willing to try. John expressed some concern as to what affect the coronavirus might have on shoppers and this year's season; will home delivery and pick-up grocery service adversely affect asparagus purchase – since it is often an impulse buy. After speaking with Melinda regarding this, our goal will be to stay as "nimble" as possible utilizing social media and perhaps coupons etc.

SCBG Grants

MAAB has submitted a grant request for \$125,000 for Marketing titled, The Dinosaur in the Room: Sales & Marketing Tools to Prevent Extinction of Michigan Asparagus Industry.

Ontario Trip

John presented to the Ontario asparagus growers the latest on research. Previously reported on the phi. status of spraying.

WC MI Tree Fruit Research Farm

This is on track for groundbreaking in March. Still working through management and coordination issues.

Long Term Storage Project

Will find out in next couple of weeks if the GREEN grant for further CA study will be funded.

Market Outlook

Many different factors - will Corvid 19 impact be good? Bad? The USDA purchase (of \$3.5 million) will pull some out of fresh. Word from Mexico is that their season has started early, and volumes are heavy. Currently 28 lb. box from Mexico selling for about \$14, normally should be around \$50/box. Upside – Washington looks to have about 3million pounds less in the market.

DemandAmericanGrown.org

This is a new grass roots movement, see website www.demandamericangrown.org, to encourage U.S. sourcing of products; then (hopefully) retailers see the movement they will get on board with U.S. sourced goods.

MAAB Policies & Program Review

We will be having an audit from MDARD at the end of the month to review our policies. In light of this, we are updating our policies. Included in your packets is a Credit Card policy (see Attachment B) see for you to read and sign. Also included is a Conflict of Interest (see Attachment C) for you to read and sign. In the future we would like to have a packet for each of the newly appointed Board Members with all the policies in it.

BRONTO SPEAR BAND TAG REIMBURSEMENT

John Bakker explained that the new Bronto Spear promotion will utilize artwork, paid for by MAAB, that they can use for their band tags. In an effort to encourage usage, John would suggest setting aside \$10,000 to reimburse a portion of the costs. Further discussion included that MAAB would pay for floor space at the retailer.

Motion
No. 3

Motion by Jordon Walsworth, supported by Tom Oomen to fund \$10,000 toward the Bronto spear tag reimbursement. All Ayes, motion passed.

SET 2019 ASSESSMENT RATE

The board reviewed the 10-year historical data on crop size, income and year end fund balances. Discussion included whether the fund balance was getting too large, other comments were that we have been fiscally responsible and having some extra money has allowed us funds to spend on research, the sorting machine, and promotion when it has come up. The question was asked what happens to the fund balance if the growers vote down the referendum? Heather Throne said the it would take about 6-12 months to close it down and the fund would be returned to the growers. Management proposes keeping the assessment rate the same despite a likely negative year-end balance. Further discussion included comments that with an anticipated lower yield that overall \$ amount collected would be down, without lowering the assessment rate.

Motion No. 4 Motion by Jordon Walsworth supported by Tom Oomen to keep the assessment rate at \$.0175 per pound. All Ayes, motion passed.

Suggestion was made to revisit this at the Dec. meeting. Comment made that it doesn't make sense to keep building the fund balance. John Bakker pointed out that we have scaled back in our funding of the Research Farm over the years and MARI is now dependent on "soft" monies and a time may come when we need to commit more \$ to the Research farm.

BUDGET AMENDMENT

From the earlier discussions (under Bronto Spear Band Tag Reimbursement) we will need to add \$10,000 to Fresh Promotion.

Motion No. 5 Motion by Sarah Greiner, supported by Kyle Weber to add \$10,000 to Fresh Promotion. All Ayes, motion passed.

OTHER BUSINESS

Joy McDevitt stated that it is time to make your reservations for the Great Lakes Expo (Dec 8,9,10). The MAAB meeting will be the afternoon of the 7th. The rates have been set for the Amway. **Don't delay.**

John commented that there are further efforts to start a Federal Promotion Program, overseen by the USDA, for all asparagus-domestic and imported. John reiterated that without a supply discipline arrangement it does not have the domestic support. John discussed that we propose that if we (US producers) are < 15 % of production, then we are not included. At the point that we are > 15 % then we would begin to contribute. There was discussion as to whether US producers would pay just on the portion > 15 % or on all their production once the 15% threshold was reached. John pointed out this would be a year-round generic promotion program.

Chairman Dwight Fuehring asked if there was any other business to be taken up at this time.

Motion No. 6 Hearing none, a motion was made by Nick Oomen, supported by Tom Oomen to adjourn the meeting. All Ayes, meeting adjourned.

Respectfully submitted,

John H. Bakker
Executive Director

Michigan Asparagus Advisory Board
Balance Sheet
January 31, 2020

ASSETS

Current Assets		
Huntington Bank - Checking	\$	25,607.60
Huntington Bank - Money Market		222,714.40
M MAX INVESTMENT		377,008.78
Acct/Rec - MARC		114.00
Acct/Rec - CARROT		344.29
Prepaid Escrow w/ CMI		<u>20,000.00</u>
Total Current Assets		645,789.07
Property and Equipment		
Furniture and Fixtures		3,200.00
Equipment		4,524.51
Automobile		30,260.75
Accum. Depreciation - Furnitur		(3,200.00)
Accum. Depreciation - Equipmen		(2,669.00)
Accum. Depreciation - Automobi		<u>(10,086.92)</u>
Total Property and Equipment		22,029.34
Other Assets		
Total Other Assets		<u>0.00</u>
Total Assets	\$	<u><u>667,818.41</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accrued Vacation	\$	<u>12,671.21</u>
Total Current Liabilities		12,671.21
Long-Term Liabilities		
Total Long-Term Liabilities		<u>0.00</u>
Total Liabilities		12,671.21
Capital		
Retained Earnings		528,977.62
Net Income		<u>126,169.58</u>
Total Capital		<u>655,147.20</u>
Total Liabilities & Capital	\$	<u><u>667,818.41</u></u>

MICHIGAN ASPARGUS ADVISORY BOARD
INCOME STATEMENT
FOR THE SEVEN MONTHS ENDING JANUARY 31, 2020

	Current Month Actual	Year to Date Actual	Year to Date Budget	Full Year Budget	Prior Year Actual
REVENUES					
PROCESSED (2019 CROP)	\$ 119,781.23	\$ 119,781.23	\$ 118,125.00	\$ 118,125.00	0.00
FRESH (2019 CROP)	271,132.26	271,132.26	260,750.00	260,750.00	0.00
PROCESSED (2018 CROP)	0.00	0.00	0.00	0.00	171,512.65
FRESH (2018 CROP)	0.00	0.00	0.00	0.00	208,537.98
GRANT - MDA BLOCK GRANT	77,927.10	77,927.10	99,145.00	99,145.00	103,255.93
INTEREST INCOME	4,584.48	4,584.48	2,916.69	5,000.00	8,568.99
ASSESSMENT INTEREST	0.00	0.00	0.00	0.00	7.95
OTHER INCOME	55.24	55.24	0.00	0.00	75.00
RESEARCH FARM MANAGER	0.00	0.00	0.00	25,500.00	34,000.00
CONTRACT SERVICES	0.00	0.00	0.00	6,500.00	6,500.00
TOTAL REVENUES	473,480.31	473,480.31	480,936.69	515,020.00	532,458.50
EXPENSES					
ADMINISTRATIVE	136,694.87	136,694.87	182,712.35	303,525.00	292,138.05
PROMOTION	6,460.03	6,460.03	16,705.00	104,900.00	47,347.91
GROWER RELATIONS	434.79	434.79	1,200.00	1,500.00	662.85
INDUSTRY PROJECTS	83,721.04	83,721.04	105,145.00	107,145.00	170,672.47
ASPARGUS RESEARCH	120,000.00	120,000.00	143,000.00	143,000.00	13,000.00
DEPRECIATION EXPENSE	0.00	0.00	0.00	6,052.00	6,221.15
CAPITOL PURCHASES	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	347,310.73	347,310.73	448,762.35	666,122.00	530,042.43
NET INCOME	\$ 126,169.58	\$ 126,169.58	\$ 32,174.34	\$(151,102.00)	\$ 2,416.07

MICHIGAN ASPARAGUS ADVISORY BOARD
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FOR THE SEVEN MONTHS ENDING JANUARY 31, 2020

	Current Month Actual	Year to Date Actual	Year to Date Budget	Full Year Budget	Prior Year Actual
ADMINISTRATIVE EXPENSES					
ADV BD - MEETING EXP	\$ 831.29	\$ 831.29	2,333.34	3,500.00	3,142.63
ADV BD - PER DIEM	1,200.00	1,200.00	1,350.00	2,025.00	1,425.00
ADV BD - TRAVEL AND RELATED	1,142.52	1,142.52	1,733.34	2,600.00	2,168.89
ADV BD - CONFERENCE CALLS	0.00	0.00	50.00	50.00	0.00
ADV BD - DISCRETIONARY FUNDS	2,300.00	2,300.00	3,000.00	3,000.00	0.00
PAYROLL AND RELATED	106,810.40	106,810.40	144,958.31	248,500.00	249,335.37
AUTO & RELATED	3,774.49	3,774.49	3,604.19	4,500.00	4,213.76
TRAVEL & RELATED	949.48	949.48	2,041.62	3,500.00	1,336.47
COMPUTER - MAINTENANCE	82.50	82.50	1,458.31	2,500.00	4,616.64
COMPUTER - UPGRADES	0.00	0.00	2,000.00	2,000.00	1,504.07
OFFICE SERVICES & SUPPLIES	438.58	438.58	1,283.31	2,200.00	1,394.11
TELEPHONE EXPENSE	2,591.84	2,591.84	3,325.00	5,700.00	4,739.67
RENT & UTILITIES	7,383.36	7,383.36	7,583.31	13,000.00	10,498.82
EQUIPMENT LEASE & MAINTENANCE	451.64	451.64	250.00	250.00	0.00
ADM - POSTAGE EXPENSE	559.45	559.45	583.31	1,000.00	689.79
DUES AND SUBSCRIPTIONS	1,183.51	1,183.51	700.00	1,200.00	806.34
BANK SERVICE CHARGES	315.00	315.00	350.00	600.00	540.00
INSURANCE/LEGAL	1,981.98	1,981.98	1,375.00	2,000.00	933.26
CONTRACT SERVICES	1,152.83	1,152.83	933.31	1,600.00	1,693.23
CONTRIBUTION/DONATIONS	0.00	0.00	650.00	650.00	450.00
AUDIT SERVICES	3,546.00	3,546.00	2,650.00	2,650.00	2,650.00
ADM - MISCELLANEOUS	0.00	0.00	500.00	500.00	0.00
ADMINISTRATIVE	136,694.87	136,694.87	182,712.35	303,525.00	292,138.05

MICHIGAN ASPARAGUS ADVISORY BOARD
INCOME STATEMENT
FOR THE SEVEN MONTHS ENDING JANUARY 31, 2020

	Current Month Actual	Year to Date Actual	Year to Date Budget	Full Year Budget	Prior Year Actual
PROMOTION ACCOUNTS					
FRESH PROMO - MI ASPARAGUS	2,007.63	2,007.63	6,000.00	88,000.00	39,429.53
UPS & USPS - PROMO	0.00	0.00	230.00	800.00	73.27
INTERNET PAGE AND ACCESS	909.65	909.65	875.00	1,500.00	1,305.40
NAT'L ASPARAGUS FESTIVAL	39.42	39.42	2,000.00	2,000.00	2,000.00
TRADE SHOW EXHIBIT EXP	373.51	373.51	1,600.00	1,600.00	1,250.31
TRADE SHOW TRAVEL EXP	1,514.82	1,514.82	1,000.00	1,000.00	1,729.40
PROMO - MISCELLANEOUS	1,615.00	1,615.00	5,000.00	10,000.00	1,560.00
TOTAL PROMOTION	6,460.03	6,460.03	16,705.00	104,900.00	47,347.91
GROWER RELATIONS					
NEWSLETTER - GROWER RELATIONS	434.79	434.79	700.00	1,000.00	162.85
SERVICE ORGANIZATIONS	0.00	0.00	500.00	500.00	500.00
GROWER RELATIONS	434.79	434.79	1,200.00	1,500.00	662.85
INDUSTRY ACCOUNTS					
INDUSTRY PROJECTS	0.00	0.00	1,500.00	1,500.00	500.00
ENVIRO-WEATHER	0.00	0.00	0.00	1,500.00	1,500.00
AG DAY AT CAPITOL	150.00	150.00	0.00	500.00	416.54
NATIONAL ASPARAGUS COUNCIL	0.00	0.00	1,500.00	1,500.00	0.00
TRI STATE -TRAVEL AND RELATED	5,643.94	5,643.94	3,000.00	3,000.00	0.00
SPECIALTY CROP BLOCK GRANTS	77,927.10	77,927.10	99,145.00	99,145.00	103,255.93
RESEARCH/EQUIP. EXPENSE	0.00	0.00	0.00	0.00	65,000.00
TOTAL INDUSTRY PROJECTS	83,721.04	83,721.04	105,145.00	107,145.00	170,672.47

MICHIGAN ASPARAGUS ADVISORY BOARD
INCOME STATEMENT
FOR THE SEVEN MONTHS ENDING JANUARY 31, 2020

	Current Month Actual	Year to Date Actual	Year to Date Budget	Full Year Budget	Prior Year Actual
RESEARCH					
SALARIES & RELATED RES FARM	0.00	0.00	13,000.00	13,000.00	13,000.00
RESEARCH -FARM	120,000.00	120,000.00	130,000.00	130,000.00	0.00
TOTAL RESEARCH	120,000.00	120,000.00	143,000.00	143,000.00	13,000.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00
DEPRECIATION EXPENSE	0.00	0.00	0.00	6,052.00	0.00
CAPITOL PURCHASES	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	\$ 347,310.73	\$ 347,310.73	\$ 448,762.35	\$ 666,122.00	\$ 523,821.28

MAAB Policy on Board Member and Employee Reimbursable Expenses and Credit Card Use

The Michigan Asparagus Advisory Board (MAAB) chooses to not acquire a business credit card.

MAAB's preferred method of paying expenses is through company check payment of invoiced items or services.

When MAAB employees or board members are traveling, booking travel, acquiring services that require on-line payments, doing business outside the office, or other circumstances where the generation of an invoice is not possible they will be required to pay for business items or expenses using personal funds.

Employees and board members may choose the method of payment for business expenses that include but are not limited to: cash, personal check, credit card and debit card.

Employees or board members seeking reimbursement for business expense will be required to fill out an MAAB expense report (exhibit A) accompanied by dated receipts. If the business purpose of the expense is not clearly apparent, the employee or board member will be required to provide additional information regarding that expense.

MAAB employees or board members will be reimbursed monthly for qualified business expenses or more frequently if approved by management.

Any method of payment used by employees and board members that generate perks such as, but not limited to: points, travel miles, cash back awards, or discounts may be kept by the user and will be considered additional or de minimis compensation.

Any employee or board member that accumulates perks totaling \$350 or more in any calendar year shall bring this to the boards attention so that they may review this policy.

The Michigan Asparagus Advisory Board hereby adopts this document as its policy on reimbursable expenses made by employees and board members.

Signed this _____ day of _____, 20_____

_____ Chairperson

_____ Executive Director

_____ Print name

_____ Print name

Michigan Asparagus Advisory Board

Conflict Of Interest Policy

Purpose

The purpose of this policy is to protect the interest of the Michigan Asparagus Industry Development Program AKA Michigan Asparagus Advisory Board (MAAB), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, employee volunteer, or agent of the Organization 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. This Policy is directed not only to directors and officers, but to all employees who can influence the actions of the Organization.

Definitions

- A. Interested Person. Any director, principal officer, member of a committee with governing board delegated powers, or employee, 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 Organization has a transaction or arrangement;
 - 2. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.
- C. Compensation includes direct and indirect payment as well as gifts or favors that are not insubstantial.
- D. A financial interest is not necessarily a conflict of interest. Under Procedures (B), a person who has a financial interest may have a conflict of interest only if the board or committee determines that a conflict of interest exists.

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.

- i. 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.
- ii. 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.
- iii. After exercising due diligence, the governing board or committee shall determine whether the Organization 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.
- iv. 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 Organization'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.

- i. If the governing board or committee has reasonable cause to believe a member has failed to disclose an actual or possible conflict 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.
- ii. 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.

Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation. Per Diem payments made to board members for attending regularly scheduled board meeting are excluded from this agreement.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

- c. A voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, may provide information to any committee regarding compensation.

Gifts, Gratuities, and Entertainment

The following restrictions shall apply to any gifts, gratuities, and entertainment offered to, or proposed to be offered to, an Interested Person:

- a. Prohibition on Acceptance of Gifts. Personal cash gifts of any amount, other gifts or entertainment, or other favors from any outside concern are prohibited and shall not be accepted from any organization that obtains contributions from, is seeking contributions from, or is seeking to otherwise do business with, the Organization. This prohibition shall apply whether or not such action is related to a particular transaction.
- b. Disclosure. Gifts or entertainment referenced in Section 6.a above shall be disclosed to the governing board.

Affirmation of Policy

Upon becoming a director, officer, member of a committee with governing board delegated powers, or employee each director, officer, member of a committee with governing board delegated powers and employee affirms such person:

- a. Has received a copy of this Policy,
- b. Has read and understands the Policy,
- c. Has agreed to comply with the Policy,
- d. Understands the Organization is tax-exempt and 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, and
- e. Has disclosed to the governing board all requested information concerning his/her relationships and is required to disclose, at all times, interests that could give rise to conflicts.

Periodic Reviews

To ensure the Organization operates in a manner consistent with tax-exempt 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 Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services,

further tax-exempt purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Use Of Outside Experts

When conducting the periodic reviews, the Organization may, but is not required to, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.

I, the undersigned, have read and understand this policy and agree to abide by its provisions:

Signed _____

Date _____

Circle One

Print Name _____

Board Member

Employee