



**BYLAWS
OF
MILWAUKEE DEMOCRATIC SOCIALISTS OF AMERICA, INC.**

**ARTICLE I
PURPOSE**

Milwaukee Democratic Socialists of America, Inc. (the “Chapter”) shall be operated exclusively to seek to facilitate the transition to a truly democratic and socialist society, one in which the means and resources of production are democratically and socially controlled, and at all times shall operate consistent with the requirements of 501(c)(4) of the Internal Revenue Code of 1986 (the “Code”).

**ARTICLE II
CHAPTER OPERATIONS**

2.1. Affiliation Agreement

The Chapter agrees to enter into and abide by the Affiliation Agreement and applicable policies and procedures required for chapters by the Democratic Socialists of America, a national 501(c)(4) organization (“DSA”).

2.2. Reports

The Chapter agrees to report its activities to DSA as requested and provide the requested reports on its activities and financials;

2.3. Control and Supervision

The Chapter desires to be recognized under the “DSA Group Exemption” and agrees to be included in the group ruling and agrees to be under the general control and supervision of DSA, as those terms are applied for purposes of a group ruling under section 501(c)(4) of the Code; and

2.4. Termination of Status

The Chapter understands that if it is no longer covered by the group exemption, for any reason, the Chapter will need to apply directly to the IRS for exemption and pay the IRS filing fee should it wish to be exempt, unless it otherwise qualifies.

2.5. Diversity and Inclusion

The Chapter shall strive to promote wide representation of marginalized groups among its Members and Officers and be inclusive and committed to recognizing, respecting, promoting, and encouraging “Diversity.”¹

ARTICLE III MEMBERS

3.1. Qualifications

Chapter “Members” will be those individuals whose dues are paid in full to DSA, who reside and/or work in the Greater Milwaukee area (Milwaukee County and the surrounding counties of Kenosha, Ozaukee, Racine, Washington, and Waukesha). Individuals may not be Members without being DSA members.

3.2. Responsibilities

Members are responsible to:

- Approve policies and guidelines for Chapter operation;
- Elect Delegates to conventions;
- Vote on matters related to national policy; and
- Make recommendations on issues and other matters to the National Political Committee of DSA.

3.3. Removal of Members

Removal of members shall be performed in accordance with the National DSA Harassment Policy (Resolution 33) for both harassment and non-harassment grievances, with additional procedural requirements as listed below.

Non-Harassment Grievances shall be grievances that allege a member has substantial disagreement with the principles or policies of national DSA, has engaged in undemocratic, disruptive, or abusive behavior that does not meet the national definition of harassment, and/or violates chapter by-laws provisions, and/or the chapter or National Code of Conduct. Non-harassment grievances may additionally include the criteria of a member being under the discipline of any self-defined democratic centralist organization.

Harassment and non-harassment grievances are further defined in Resolution 33.

[\(https://www.dsausa.org/about-us/harassment-policy-resolution-33/\)](https://www.dsausa.org/about-us/harassment-policy-resolution-33/).

Procedural requirements for harassment grievances beyond those stated in Resolution 33 are as follows:

- One (1) or more Members must prefer written charges against the Member to one or both of the Chapter Harassment and Grievance Officers (HGOs).
- The HGO will determine if the charges constitute a harassment or non-harassment grievance. In accordance with Resolution 33, mixed cases will be treated as harassment grievances.
- If a charge is filed as a harassment grievance but is determined by the HGO to constitute a non-harassment grievance, it must be brought into compliance with the procedural requirements for that type of grievance.

¹ Diversity Metrics: Age, Disability, Economic/Annual Income, Employment, Ethnic Origin, Gender or Gender Identity, Geography, Place of Birth, Race, Religion, Sexual Orientation, Socio-economic Status, Veteran Status.

- HGO recommendations of disciplinary action to the Executive Committee will require no less than a two-thirds (2/3) Executive Committee member vote at the closed-session meeting where the recommendation is considered.

Procedural requirements for non-harassment grievances beyond those stated in Resolution 33 are as follows:

- Five (5) or more Members must prefer written charges against the Member to one or both of the Chapter Harassment and Grievance Officers (HGOs).
- The HGO will determine if the charges constitute a harassment or non-harassment grievance. In accordance with Resolution 33, mixed cases will be treated as harassment grievances.
- If a charge is filed as a non-harassment grievance but is determined by the HGO to pose a risk to the safety of involved parties (for example, if retaliation or other escalation that would constitute harassment is anticipated), the HGO may process it following the procedure for harassment grievances.
- The Member in question must receive a copy of the written charges within 14 days, including details of any scheduled meeting that will take place.
- The expulsion of the member will require no less than a two-thirds (2/3) Member vote at the meeting where the expulsion is considered.

An expelled Member may appeal the Chapter decision to the National Political Committee of DSA via the National HGO. In all cases, the Chapter may consider methods of restoration or reparation in lieu of expulsion.

3.4. Voluntary Donations

Consistent with the DSA Constitution and Bylaws, the Chapter may establish a Chapter pledge system of voluntary donations for Members. The payment of a Chapter donation may not be a requirement for voting or for holding Chapter office.

3.5. Rights and Powers

All Members shall be eligible to:

- Vote in all elections and matters brought before Members, after having been a Member for no less than thirty (30) days;
- Be nominated or appointed to office in the Chapter;
- Be elected as delegate from the Chapter to DSA regional, state, or national convenings.

3.6. Proxy Voting

A voting Member who is present at a Chapter meeting may hold up to two (2) signed proxies from other non-present Members and cast their vote(s) at that meeting on those Members' behalf.

3.7. Nonliability of Members

A Member is not, as such, personally liable for Chapter debts, liabilities, or obligations.

3.8. Resignation

Any Member may resign from the Chapter by written notice, effective upon receipt by the Secretary.

ARTICLE IV MEMBERSHIP MEETINGS

4.1. Annual Meeting

The Chapter "Annual Meeting" shall occur annually in May to elect Officers and to adopt an annual budget, which shall constitute the Chapter's highest legislative body. The Annual Meeting may coincide with a General Meeting.

All Members shall be sent notice of an agenda for each Annual Meeting no less than thirty (30) days before the Annual Meeting. Notice may be sent by electronic means, but Members who have not provided an email address must be sent a paper copy. The Co-Chairs shall be responsible for finalizing the content of the agenda. The Secretary shall be responsible for distributing the agenda to the Members.

All resolutions, amendments, and Officer reports presented to the Members at the Annual Meeting will allow for a question-and-answer period to be followed by Member(s) wishing to voice their opinions. All other rules covering the conduct of the Annual Meeting shall be set by the Executive Committee or a committee it appoints for that purpose.

4.2. General Meetings

The Chapter shall hold "General Meetings" no less than four times annually, the time and place of which shall be set in a schedule published and distributed by the Executive Committee. The General Meetings will set Chapter policy and work priorities and will include political education sessions a minimum of four (4) times per year. The Executive Committee will create and publish an agenda for General Meetings. The General Meeting is the Chapter's operating legislative body.

The Executive Committee shall publish a proposed agenda for each General Meeting no less than five (5) days prior to that meeting. Once published, any additional revisions or additions will need to take place at the General Meeting. In urgent matters, the agenda may be revised after its publication, but will require a two-thirds (2/3) majority Executive Committee vote.

4.3. Special Meetings

Special Meetings may be called by the Co-Chairs, the Executive Committee, or upon no less than three (3) Members' written request to both Co-Chairs, who will duly notify the Members. The purpose of the meeting shall be stated in the Special Meeting notice. At a Special Meeting, only the items stated on the notice can be discussed and/or voted on.

The Executive Committee shall give notice of Special Meetings no less than five (5) days prior to that meeting.

4.4. Petition

Any item on a petition signed by any five (5) Members submitted to one of the Co-Chairs shall be included on the proposed Meeting agenda, as long as received no less than two (2) days before the Co-Chairs would have finalized the agenda for that meeting.

4.5. Quorum

For any Meeting, a quorum shall consist of fifty percent (50%) of the average Member attendance present at the last two General Meetings.

4.6. Meetings by Electronic Means of Communication

Meetings of the Executive Committee, or any Committee, Subcommittee, Working Group, or Caucus may be conducted by use of any electronic means of communication provided

1. (a) all participating members may simultaneously hear or read other member's communications during the meeting; or (b) all communications during the meeting are immediately transmitted to each participating member; and
2. each participating member is able to immediately send messages to all other participating members. Before the commencement of any business at a meeting where members do not participate in person, all participating members shall be informed that a meeting is taking place at which official business may be transacted. Participation in such manner shall constitute presence in person at such meeting for the purposes of these Bylaws.

4.7. Electoral Endorsements

Members in a Meeting may make Chapter electoral endorsements. Alternatively, a written ballot sent to all Members may constitute an electoral endorsement. An electoral endorsement requires a two-thirds (2/3) majority of participating Chapter voters, provided a quorum is met. In exceptional situations, the Executive Committee may endorse candidates by three-quarters (3/4) vote where time constraints do not allow holding a Meeting. Members and Committees, Working Groups, and Caucuses are prohibited from claiming to represent the Chapter when supporting candidates or ballot measures the Chapter has not endorsed.

ARTICLE V OFFICER & DELEGATE ELECTIONS

5.1. Chapter Elections Subcommittee

The Executive Committee shall appoint a three-person Chapter Elections Subcommittee no less than ninety (90) days prior to the Annual Meeting. The Chair shall be an Officer who is not running for re-election and the two other Members shall be non-Officers who are also not running for office. The Chapter Elections Subcommittee will:

- Solicit and receive nominations for the positions to be elected when nominations open;
- Be responsible for conducting the election of all Officers and Delegates; and
- Dissolve at the conclusion of the elections.

5.2. Nomination of Officers and Delegates

Nominations for Officers and Delegates to regional, state, or national conventions will open no less than sixty (60) days before the Annual Meeting and close thirty (30) days before the Annual Meeting.

5.3. Elections

Election of Officers and Delegates shall occur at the Annual Meeting or by written ballot no later than thirty (30) days after the Annual Meeting.

5.4. Notice

The Chapter Elections Subcommittee shall give notice of any Chapter election in a dedicated email announcement no later than fifteen (15) days prior to the Annual Meeting and shall include the time and place of the election, the candidates and/or questions, and all pertinent instructions.

5.5. Voting Process

Ranked choice voting will be utilized. Ballots may be electronic with any Member not providing an email address to the Chapter or so requesting, must be provided a paper ballot by the Chapter Elections Subcommittee. The number of returned ballots must meet the quorum requirements had the vote occurred at the Annual Meeting.

All ballots must include:

- Any proposed action, with an opportunity to vote for or against each proposed action;
- Each Officer and Delegate position to be elected; and
- The time by which a ballot must be received to participate in the election.

ARTICLE VI OFFICERS

6.1. Officers

Chapter "Officers" consist of

- Two (2) Co-Chairs;
- Secretary;
- Treasurer;
- Education Officer;
- Outreach Officer;
- Communications Officer;
- Two (2) At-Large Officers; and
- Two (2) Harassment and Grievance Officers.

6.2. Qualifications, Elections, and Term of Office

Officers must be Members. Officers shall be elected in accordance with Article V, Officer & Delegate Elections. An Officer term shall be twenty-four (24) months, ending when the successor is elected or the Officer is removed.

These Officers shall be divided into two groups to create staggered 24-month terms.

- One Co-Chair, the Secretary, the Outreach Officer, the Education Officer, one At-Large Officer, and one Harassment Grievance Officer shall be elected in odd years.
- One Co-Chair, the Treasurer, the Communications Officer, one At-Large Officer, and one Harassment Grievance Officer shall be elected in even years.

Any Officer may be removed with cause by both a majority vote of the Executive Committee and a two-thirds (2/3) Member vote.

Officers shall serve without compensation; however, they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their duties (for example, for child care or

transportation). Any payments thereto Officers shall be approved in advance in accordance with the Conflicts of Interest Policy set forth in Exhibit A.

6.3. Resignation

Any Officer may resign upon giving written notice to a Co-Chair or Secretary, effective on receipt unless otherwise specified in the notice.

An Officer will be deemed to have resigned by missing three (3) consecutive Executive Committee meetings. The Secretary shall notify that Officer an opportunity to be reinstated at the next Executive Committee meeting by majority vote if providing just reason for such absences and demonstrating continued interest in serving on the Executive Committee.

6.4. Termination

Termination of an Officer may be initiated by a majority Executive Committee vote or by a petition signed by no less than ten percent (10%) of all Members. Termination shall require a two-thirds (2/3) Member vote. Grounds for termination include but are not limited to gross incompetence, willing mismanagement of funds, consistently acting or encouraging action in contravention of Chapter best interests, or other similar misconduct of a significant nature.

6.5. Nonliability of Officers

The Officers shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

6.6. Indemnification of Officers

Officers of the Corporation shall be indemnified by the Chapter to the fullest extent permissible under Wisconsin law.

6.7. Officer Duties

Officers are responsible for the following duties which will either be performed by them or delegated out to their associated committees (Outreach, Education, or any other body that may be assigned for this purpose) or other volunteers.

Co-Chairs (2)

The Co-Chairs will:

- Share responsibility for overall coordination and operation of the Chapter
- Act as primary spokespeople;
- Preside at Meetings;
- Be keylist contacts for DSA; and
- Initiate such actions and policies as the Chapter's general welfare may demand.

The Co-Chairs cannot be of the same gender.

Secretary

The Secretary will:

- Be responsible for recording the minutes of Meetings;
- Maintain a current list of Members and recent former Members;
- Provide Meeting notices and agendas;
- Prepare correspondence as specified by the Executive Committee;
- Take attendance and determine quorum at Meetings;

- Maintain a copy of the Bylaws, original and as amended;
- Maintain minutes on the Chapter's permanent record of all Meetings, as well as meetings of any other bodies given power to transact business delegated to it by the Executive Committee or Members; and
- Perform other duties as assigned by the Executive Committee.

The Secretary is the Chapter's custodian of record.

Treasurer

The Treasurer will:

- Be the Chief Financial Officer of the Chapter
- Be responsible for adhering to fiscal procedures specified by DSA;
- Make deposits and disbursements;
- Ensure DSA and Chapter dues are current for Members;
- Make an annual report at the General Meeting, as well as periodic reports as requested by the Executive Committee;
- Keep and maintain adequate and correct accounts of the Chapter's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses;
- Render to the Co-Chairs and Executive Committee, whenever requested, an account of any or all Chapter transactions and the Chapter financial condition; and
- Perform other duties as assigned by the Executive Committee.

Education Officer

The Education Officer will:

- Be responsible for the educational work of the Chapter;
- Arrange formal political discussions, study groups, and forums within the Chapter; and
- Perform other duties as assigned by the Executive Committee.

Outreach Officer

The Outreach Officer will:

- Be responsible for marketing, recruitment, onboarding, activation and retention of Members; and
- Be responsible for contact with external organizations, volunteer organizing; and
- Serve as liaison to university Democratic Socialist organizations within the Chapter region; and
- Perform other duties as assigned by the Executive Committee.

Communications Officer

The Communications Officer will:

- Organize and send newsletters, event notices, memos, and press releases;
- Be the dedicated Chapter press contact;
- Administer the Chapter's social media accounts and website;
- Monitor and reply to Chapter emails, ensuring the Executive Committee is aware of important communications in a timely fashion;
- Be responsible for notifying Members of DSA training opportunities; and
- Perform other duties as assigned by the Executive Committee.

At-Large Officers (2)

The At-Large Officers will:

- Advocate for and support efforts of the Chapter's Committees, Subcommittees, Working Groups, and Caucuses;
- Perform other duties as assigned by the Executive Committee;
- Liaise with campaigns led by Committees, Subcommittees, Working Groups, and Caucuses in a supporting or leading role; and
- Work to support the efforts of Committees, Subcommittees, Working Groups, and Caucuses and connect campaigns related thereto; and
- Perform other duties as assigned by the Executive Committee.

Collectively, the At-Large Officers will organize quarterly summits of Committee and Working Groups leadership.

Harassment and Grievance Officers (2)

Harassment and Grievance Officers ("HGOs") are responsible for overseeing the investigation of Members accused of engaging in prohibited behavior according to the Harassment Policy (Resolution 33) of DSA. HGOs are non-voting members of the Executive Committee.²

ARTICLE VII EXECUTIVE COMMITTEE

7.1. General Powers and Duties

Chapter management, control, and operation are vested in the "Executive Committee."

The Executive Committee:

- Administers Chapter affairs;
- Oversees implementation of Member decisions;
- May propose policy adoption to Members;
- Receives reports of any Committee, Subcommittee, Working Group, or Caucus and advise thereon;
- Calls Meetings of the Chapter;
- Will be responsible for establishing Chapter program activities;
- Proposes guidelines and policies to be voted on by Members; and
- Acts on any matter requiring action between Meetings.

The Executive Committee is the Chapter's executive body and operates consistent with the authority given to it by the Members.

The Executive Committee shall present an Annual Report to the Members at the Annual Meeting.

7.2. Composition

All Officers shall be members of and constitute the Executive Committee.

² DSA requires Chapters have a formal policy to deal with cases of harassment in compliance with DSA guidance. Chapters with over one hundred (100) members must have two (2) HGOs. The Executive Committee shall maintain a Harassment Grievance Policy compliant with DSA policy. HGOs shall be vetted and appointed by a process determined by the Executive Committee.

7.3. Regular Meetings

The Executive Committee shall meet within ten (10) days of election and will create a schedule of Meetings. Members may change this schedule at a Regular Meeting, upon notice duly given to the Executive Committee.

7.4. Notice

Notice of each meeting, with an agenda, shall be sent electronically to all Officers no less than five (5) days before any Executive Committee Meeting, except where an urgent and important emergency requires otherwise. Once the agenda is sent electronically, any revisions or additions must take place at the Executive Committee Meeting.

7.5. Conduct of Meetings

A Co-Chair shall preside over meetings of the Executive Committee. In the absence of both Co-Chairs, those present shall elect a temporary presider for the meeting. Members of the Chapter shall have the right to speak but not vote at any meeting of the Executive Committee.

7.6. Petition

Any item on a petition signed by any five (5) Members submitted to one of the Co-Chairs shall be included on the proposed agenda of an Executive Committee meeting, as long as that petition is received no less than two (2) days before the Co-Chairs would have finalized the agenda for the meeting.

7.7. Quorum

A quorum of half of the Executive Committee members entitled to vote shall be required for the transaction of business. The act of the majority of the Executive Committee members present at a meeting at which a quorum is present shall be the act of the Executive Committee except where otherwise provided by law or by these Bylaws.

7.8. Action Without a Meeting

In accordance with Wis. Stats. §181.0821, any action to be taken at an Executive Committee meeting may be taken without a meeting if consent in writing setting forth the action to be taken is signed by two-thirds (2/3) of the members entitled to vote with respect to the subject matter thereof, provided all such members receive notice of the text of the written consent and its effective date and time. Any such consent has the same effect as a two-thirds (2/3rds) vote and may be stated as such in any document filed with the Wisconsin Department of Financial Institutions.

7.9. Vacancies

In the event of a vacancy, the Executive Committee will appoint a replacement by majority vote to serve the remainder of the term. Any such replacement will be subject to a confirmation vote at the next General Meeting.

ARTICLE VIII

COMMITTEES, SUBCOMMITTEES, WORKING GROUPS, AND CAUCUSES

8.1. General provisions

Committees, Subcommittees, Working Groups, and Caucuses do not have any powers of the Executive Committee unless delegated by the Executive Committee, and do not have any Members' powers unless so delegated.

8.2. Committees

The Chapter shall have two (2) standing "Committees":

1. The Education Committee is chaired by the Education Officer and shall create educational opportunities for the Chapter and the community.
2. The Outreach Committee is co-chaired by the Outreach Officer and the Communications Officer and will create opportunities for forwarding the Chapter's educational mission in the community and beyond. The Outreach Committee is also responsible for Chapter branding.

8.3. Subcommittees

Any Committee or Working Group may create a "Subcommittee," subject to Executive Committee confirmation to address a specific operational need not otherwise addressed within the Chapter. The Executive Committee may dissolve any Subcommittee that no longer serves such purpose.

8.4. Working Groups

"Working Groups" are formed by Members to work on an issue. Any three (3) Members may create a Working Group. Each Working Group must submit its name, specific purposes, and plans to advance the general purposes of the Chapter to the Secretary. Working Groups must:

- Keep accurate records of their activities;
- Report to the Executive Committee upon request; and
- Submit by September 1 of each year their specific purposes and plans to advance the Chapter specific purposes for the next twelve (12) months.

Failure to do so will result in Working Group dissolution.

If the Executive Committee determines a Working Group is conducting itself in a way contrary to the tax-exempt educational purposes of the Chapter, that Working Group may be dissolved by majority vote at an Executive Committee meeting. Working Group Members must be given written notice no less than seven (7) days prior to this meeting and be given the opportunity to attend and speak on the dissolution. Once a Working Group is dissolved, it may appeal the dissolution at the next Meeting. Any Working Group property and records must be turned over to the Executive Committee when dissolved.

8.5. Caucuses

Definition and Purpose

"Caucuses" are independent, unofficial formations of Members within the Chapter. Caucuses are encouraged to promote a vibrant democratic culture within the Chapter. With or without consent from or recognition by any Chapter leadership or the Chapter itself, Members may self-organize into temporary or permanent Caucuses according to shared interests, affinities, and/or political goals. Caucuses may

promote policies and actions within the Chapter and may challenge Chapter leadership and/or official Chapter policies.

Recognition

A Caucus will be recognized by the Chapter if no less than five (5) Members sign a mission statement that includes the name and purpose of the Caucus. The Secretary will be responsible for recording such mission statement in Chapter records.

ARTICLE IX OPERATIONS

9.1. Rules

The Executive Committee shall establish rules for the Chapter as needed and to the extent that they do not conflict with these Bylaws.

9.2. Execution of Instruments

The Executive Committee, except as otherwise provided in these Bylaws, may by resolution authorize any Officer or Chapter agent to enter into any contract or execute and deliver any instrument in its name and on its behalf. Such authority may be general or confined to specific instances. Unless so authorized, no such Officer or agent shall have any power or authority to bind the Chapter whatsoever.

9.3. Prohibited Activities

The Chapter shall not engage in activity prohibited by the Code or IRS guidelines established for 501(c)(4) organizations or similar rules established by the state of Wisconsin, nor shall the Chapter engage in any activity prohibited by resolutions adopted by DSA's National Convention or DSA's National Political Committee.

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

9.4. Fiscal Year

The Chapter fiscal year is the calendar year.

ARTICLE X AMENDMENTS

The Bylaws and Articles of Incorporation can only be amended by a two-thirds (2/3) majority vote of Members present at a Meeting, or by written ballot sent to all Members.

Any group of no less than ten (10) Members may propose Amendments to be considered at a Meeting by petition submitted to a Co-Chair or the Secretary.

The Executive Committee may propose Amendments to be considered at a Meeting by majority vote.

ARTICLE XI DISSOLUTION

The Chapter shall be dissolved or subject to merger or any other form of corporate restructuring only upon the following: (a) a proposal endorsed by three-fourths (3/4) of the Executive Committee members; and (b) a vote of three-fourths (3/4) of the Members at a Meeting or by written ballot.

Upon dissolution, Chapter assets shall be distributed in accordance with the Articles of Incorporation.

Adoption of Bylaws

These Bylaws were adopted as the Bylaws of the Chapter on this date: November 17, 2018. Amended March 23, 2019. Amended April 12, 2021. Amended November 13, 2021. Amended June 11, 2023.

Signed: Olivia Klein, Secretary

Printed Name: Olivia Klein, Secretary

Exhibit A

Conflict of Interest Policy

Section 1. 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 2. 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 3. 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 4. 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.