

**AEROSPACE MAINTENANCE COUNCIL INC.**

**POLICY ON CONFLICTS OF INTEREST**

ARTICLE I

Purpose

Aerospace Maintenance Council, Inc. (the “Council”) aspires to achieve the highest levels of professional excellence and service to the public in accomplishing its mission and goals. As a not-for-profit organization, the Council is operated exclusively for charitable purposes, and it must operate with the highest ethical standards. The purpose of this conflicts of interest policy is to protect the Council’s interest when it is contemplating entering into a transaction or arrangement that might benefit (or appear to benefit) the private interest of a director or officer of the Council. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable Councils.

ARTICLE II

Definitions

1. Interested Person

Any director, officer, or member of a committee with board-delegated powers who has a direct or indirect financial 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—

- a. an ownership or investment interest in any entity with which the Council has a transaction or arrangement, or
- b. a compensation arrangement with the Council or with any entity or individual with which the Council has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Council 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

### Procedures

#### 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 must be given the opportunity to disclose 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 board or committee, the interested person 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 shall decide if a conflict of interest exists.

#### 3. Procedures for Addressing the Conflict of Interest

- a. 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.
- b. The president of the board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the Council 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.
- d. If a more advantageous transaction or arrangement is not reasonably 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 Council's best interest and for its own benefit and whether the transaction is fair and reasonable to the Council 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

- a. 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.

- b. If, after hearing the response of the member and making such 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

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

## ARTICLE VI

### Responsibility

Each director, officer and member of a committee with board-delegated powers shall--

- a. receive a copy of the conflicts of interest policy,
- b. read and understand the policy,
- c. comply with the policy, and
- d. understand that the Council 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 Council operates in a manner consistent with its 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 Council'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 transaction.

## ARTICLE VIII

### Use of Outside Experts

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

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