

TIANA SHORES ASSOCIATION, INC.

Conflict of Interest Policy

This Conflict of Interest Policy shall replace all prior Conflict of Interest Policies previously used by the Tiana Shores Association, Inc.

Article I Purpose

The purpose of the conflict of interest policy is to protect the interests of Tiana Shores Association, Inc. ("TSA"), a not-for-profit, non-charitable corporation, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the TSA. This policy is intended to supplement but not to replace any applicable state and federal laws governing conflicts of interest applicable to non-for-profit, non-charitable corporations.

Article II Definitions

Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

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 TSA has a transaction or arrangement, a compensation arrangement with the TSA or with any entity or individual with which the TSA has a transaction or arrangement, or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the TSA is negotiating a transaction or arrangement. Mere reimbursement of expenses and disbursements incurred on behalf of the TSA is not a financial interest.

Independent Director

An independent director is one who has not had a financial interest in connection with the TSA in the past three years.

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 Article III, Section 2, 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.

Examples of a financial interest would include an officer or director who is also performing services for the TSA, for hire, such as life guarding, grounds keeping, construction or maintenance. That an interested person receives wages or fees usual and customary in the Hampton Bays area for the same or similar work, and that the total annual compensation received by such person from the TSA is less than \$1,000 for said work, is presumptive that a financial interest is not substantial and a conflict of interest does not exist.

Article III Procedures

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must verbally or in writing 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.

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, the interested person shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon by the remaining members. The remaining board or committee members shall decide if a conflict of interest exists. The members present may so determine regardless of quorum rules.

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, 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 may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising reasonable investigation and diligence, the governing board or committee shall determine whether the TSA can obtain with reasonable effort a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest. Advantageous shall not be understood only to refer to cost or price, but any value, tangible and intangible, to the TSA.

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 TSA'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. A quorum shall be determined by the number of members present at the meeting, but the vote shall include only disinterested members of the governing body present at the meeting.

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.

Article IV Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

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.

The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the very brief content of the discussion, including any alternatives to the proposed transaction or arrangement, and a usual record of any votes taken in connection with the proceedings.

Article V Compensation

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

However, an interested member may provide information to the board or a committee.

Article 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:

Has received a copy of the conflicts of interest policy,

Has read and understands the policy,

Has agreed to comply with the policy, and

Understands the TSA is a not-for-profit membership-based organization and that the organization is not engaged in obtaining personal profit for the members, board, managers or officers.

Article VII Periodic Reviews

To ensure the TSA operates in a manner consistent with its purposes and does not engage in activities that could jeopardize its status, periodic review shall be conducted periodically, at least once each three years. The periodic reviews shall consider whether compensation arrangements and benefits are reasonable, based on competent information, and the result of arm's length bargaining; Whether arrangements with vendors are consistent with this policy are properly recorded, reflect reasonable investment or payments for goods and services, and further the TSA's purposes.

Article VIII Use of Outside Experts

When conducting the periodic reviews, as provided for in Article VII, the TSA may, but need not, use outside advisors, and absent unusual circumstances, normally should not involve the use of outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Adopted on May 1, 2010

Attest: Joan Zito
Secretary

TIANA SHORES ASSOCIATION, INC.

Director and Officer Annual Conflict of Interest Statement

1. Name: _____ Date: _____

2. Position:

Are you a voting Director? *Yes No (circle one)*

Are you an Officer? *Yes No*

If you are an Officer, which position do you hold: _____.

3. I affirm the following:

I have received a copy of the TSA Conflict of Interest Policy. _____ (*initial*)

I have read and understand the policy. _____ (*initial*)

I agree to comply with the policy. _____ (*initial*)

I understand that TSA is a not-for-profit, membership-based, organization and that the organization is not engaged in obtaining personal profit for the members, board, managers or officers. _____ (*initial*)

4. Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with TSA? *Yes No*

i. If yes, please describe it:

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? *Yes No*

b. In the past three years, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with TSA? *Yes No*

i. If yes, please describe it, including when (approximately):

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? *Yes No*

5. Are you an independent director, as defined in the Conflict of Interest policy?
Yes No

6. If you are not independent, why? _____

Date: _____

Signature of director: _____

Date of Review by Board or Committee of Board: _____