



Board of Trustees
CONFLICTS OF INTEREST POLICY
(Adopted June 15, 1998)

ARTICLE I
Purpose

The purpose of the conflicts of interest policy is to protect the University of Montana Foundation's (the "Corporation") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, trustee or committee member 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 trustee, principal officer, or member of a committee, 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 Corporation has a transaction or arrangement, or
- b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a 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.

ARTICLE III
Procedures

1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the trustees considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, the interested person shall leave the trustee meeting while the financial interest is discussed and voted upon. The remaining trustees shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. The presiding officer of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After exercising due diligence, the Board 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.
- c. 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 shall determine by a majority vote of the disinterested trustees 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

- a. If the Board 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 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 Proceeding**

The minutes of the Board 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 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
Annual Statements

Each trustee, principal officer and member of a committee shall annually sign a statement which affirms that 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 that the Corporation is a non-profit, public benefit organization and that it must engage primarily in activities which accomplish one or more of its public benefit purposes.

ARTICLE VI
Periodic Reviews

To ensure that the Corporation operates in a manner consistent with its non-profit and public benefit purposes, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
2. Whether contractual arrangements and other affiliations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's non-profit, public benefit purposes and do not result in inurement or impermissible private benefit.

ARTICLE VII
Use of Outside Experts

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