

## **HACKETTSTOWN SOCCER CLUB, INC.**

### **Bylaws**

**Adopted: May 9, 2011**

#### **ARTICLE I - HSC**

**Section 1 - Name:** The name of this corporation shall be the Hackettstown Soccer Club, Inc., hereinafter referred to in these Bylaws as "HSC".

**Section 2 - Team Colors:** The official colors of HSC shall be orange and black.

**Section 3 - Affiliations:** HSC shall be affiliated with the NJ Youth Soccer Association (NJYSA), the US Youth Soccer Association (USYSA), and the Morris County Youth Soccer Association (MCYSA), hereinafter referred to as the "LEAGUES". Through these affiliations, HSC is the officially sanctioned youth soccer program for Hackettstown, New Jersey.

**Section 4 - Tax Status:** HSC is an incorporated entity in the State of New Jersey and shall operate as a not-for-profit corporation qualified as a tax exempt organization under Section 501(c) (3) (4) (7) of the Internal Revenue Code.

**Section 5 - Lobbying:** HSC shall not carry on propaganda or otherwise attempt to influence legislation to an extent that would disqualify it or its affiliates for tax exemption under Section 501(c)(3) (4) (7) of the Internal Revenue Code by reason of attempting to influence legislation except as otherwise provided in Section 501(h) of the Internal Revenue Code. HSC shall not participate in nor intervene in the publication or distribution of statements, any political campaign on behalf of any candidate for public office.

**Section 6 - Limited Liability:** HSC shall operate as an incorporated entity under laws of the State of New Jersey. HSC shall not assume or be liable for legal or financial obligations, either implied or incurred, of the LEAGUES and the LEAGUES shall not be liable or responsible for the legal or financial obligations, either implied or incurred, of HSC.

#### **ARTICLE II - MISSION**

HSC is organized and operated exclusively for the purpose of providing the youth of Hackettstown, and surrounding areas, with instruction in the techniques and rules of soccer. HSC's goals are to help develop the soccer skills of its youth members to their fullest potential; to expand its Members' knowledge of the sport; to instill the essential elements of sportsmanship and fair play in our players, coaches and parents; and to provide physical conditioning and promote lifelong fitness to our youth. HSC will not discriminate against any person on basis of sex, race or

religion. Further, no part of the net earnings, if any, of HSC will be used to directly or indirectly benefit any individual nor will the HSC be operated contrary to any federal, state, or local law.

### **ARTICLE III - THE BOARD OF DIRECTORS**

**Section 1 - Composition:** The Board of Directors, hereinafter referred to as "the B.O.D.," shall be composed of seven (7) elected Officers, hereinafter referred to as "the Officers." No more than 50% of the elected B.O.D may represent a town other than Hackettstown or a single HSC team. The B.O.D. is responsible for the governance of HSC on behalf of HSC club members, hereinafter referred to as "Members." Members are defined as any parent or guardian of currently active registered players and any adult currently active in HSC.

**Section 2 - Authority:** Except as otherwise required by law, or provided by these bylaws, the entire control of HSC, its affairs and property shall be vested in the B.O.D. However, the B.O.D. cannot borrow money or incur debt in the name of HSC nor can it act in a manner contrary to the policies of the Town of Hackettstown or other public laws.

**Section 3 - Regular Meetings:** Meetings of the B.O.D. shall be held monthly during the soccer season and at other such times as the B.O.D. may deem necessary.

**Section 4 - Quorum:** At meetings of the B.O.D., fifty percent (50%) of its Officers plus one (1) additional Officer shall constitute a quorum.

**Section 5 - Committees:** With consideration of the input and needs of its members, the authority to create, continue or terminate committees of the HSC shall be vested in the B.O.D.

**Section 6 - Rules:** Robert's Rules of Order shall guide the proceedings at any meeting of the B.O.D., however, any failure to follow Robert's Rules of Order shall not invalidate any action taken at such meetings. The B.O.D. may adopt additional reasonable rules of order for the conduct at meetings of HSC Members and the B.O.D., and with reference thereto on procedural questions upon which no rules have been adopted.

**Section 7 - Budget:** Prior to the start of each new Fall-Spring season, the B.O.D shall submit an operating budget for approval by HSC's membership. Upon the adoption and approval of the operating budget, the B.O.D. shall be bound by the same and shall not vary by more than ten percent (10%) of the total budget amount without having called a special meeting of HSC Members to approve variations.

**Section 8 - Resignation by Absence:** In the event that any Officer of the B.O.D. misses three (3) consecutive meetings, the B.O.D. may, at such meeting,

declare that the absent Officer is deemed to have resigned from the B.O.D. and their office shall be declared vacant.

**Section 9 - Vacancies:** With the exception of the office of the President, the B.O.D. may, at any regular or special meeting, nominate a candidate to fill any vacant office on the B.O.D. The membership will vote per guidelines established in Article IV Section 2. The Presidential term may be completed by the First Vice President or filled by a special meeting of HSC Members.

**Section 10 - Conflicts of Interest:** HSC is a non-profit corporation and in order to maintain its federal tax exemption, HSC must engage primarily in activities which accomplish its tax-exempt mission and purposes. The HSC's "Conflict of Interest Policy" (see "Addendum A") will be reviewed, updated and affirmed each year by the B.O.D. Each Officer of the B.O.D. and any member of an Executive Committee with Board delegated powers shall annually sign the HSC's Conflict of Interest Statement.

If at any time during the year, the information in the annual Statement changes materially, the Officer or Committee Member shall disclose such changes and revise the annual disclosure form. The B.O.D. shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

#### **ARTICLE IV: ELECTION OF DIRECTORS AND OFFICERS**

**Section 1 - Election:** There will be a minimum of five (5) Officers and such additional Officers as the B.O.D. shall determine from time to time. The Officers shall be elected at the annual HSC general meeting.

**Section 2 - Term:** Officers and Directors shall serve for a term of two (2) years and they may be re-elected to office.

**Section 3 - Election Cycle:** The following Directors' two-year (2-year) term commences with elections as follows:

**President** – (2012) and every **even** year thereafter;  
**1<sup>st</sup> Vice-President** – (2011) and every **odd** year thereafter;  
**2<sup>nd</sup> Vice-President** – (2012) and every **even** year thereafter;  
**Treasurer** – (2011) and every **odd** year thereafter;  
**Secretary** – (2012) and every **even** year thereafter;  
**Registrar** – (2011) and every **odd** year thereafter.

#### **ARTICLE V: OFFICERS, DIRECTORS, AND TRUSTEES**

**Section 1 - Officer Positions:** The Officers of the HSC B.O.D. shall be a President, First Vice President, Second Vice President, Treasurer, Secretary and Registrar who will be elected based on criteria from Article V, Sections 3 and 4, annually at a general meeting of HSC Members.

**Section 2 - Director Positions:** The directors of the HSC shall be the Director of Coaching, Director of Equipment, Director of Uniforms, Director of Field Scheduling, Director of Clinic and the Director of Fields. Directors shall be appointed by the B.O.D. of HSC.

**Section 3 - President:** The President shall be the general managerial officer of the HSC and shall preside at the meetings of the HSC and its B.O.D., and shall be President of the not-for-profit corporation, except as may be otherwise set forth in these Bylaws. In the absence, death, inability or resignation of the President, the First Vice President shall succeed to the Presidency for the duration of the term.

**Section 4 - First Vice President:** The First Vice President shall, at the designation of the President, preside over committees and shall perform all duties assigned by the President. The First Vice President shall be responsible for the development and maintenance of relationship with the town and local officials. In the absence of the President, the First Vice President shall assume all duties of the President.

**Section 5 - Second Vice President:** The Second Vice President shall, at the designation of the President, preside over committees and shall perform all duties assigned by the President. The Second Vice President shall be responsible for the development and administration of HSC's communications and marketing efforts, to include obtaining sponsors and coordination with the town BID. In the absence of the President and the First Vice President, the Second Vice President shall assume all duties of the President.

**Section 6 - Treasurer:** The Treasurer shall have custody of the funds of the HSC and collect monies owed. The Treasurer shall pay the obligations of the HSC out of its fund with approval of the B.O.D. at the next scheduled B.O.D. meeting and perform such other duties as are required to the Office of the Treasurer. The Treasurer shall deposit the funds of the HSC in such banks as the B.O.D. shall approve. All expenditures of the funds of the HSC must be authorized or ratified by the B.O.D. and the accounts of the Treasurer shall be audited by a committee of the HSC as the B.O.D. may prescribe.

The Treasurer shall prepare financial statements to be reported at meetings of HSC Members, HSC's B.O.D., or at such other times as prescribed by the B.O.D. The Treasurer shall be responsible for the preparation of all financial filings as required by Federal, State and Local governments. These filings may be made with the cooperation of the professional appointed by the B.O.D.

As the financial officer of the HSC, the Treasurer shall arrange for the annual audit of all physical assets of the HSC, when prescribed by the B.O.D..

An emergency expenditure of up to One Hundred Dollars (USD \$100.00) may be made by the Treasurer without the preapproval of the B.O.D., but must be accounted for at the next B.O.D. meeting. In the absence of the President, First Vice President, and Second Vice President, the Treasurer shall assume all duties of the President.

The Treasurer will keep track of all monies collected by Coaches and/or raised by individual teams; there will be no acceptance of cash to the HSC. All monies given or collected will be by check only. This includes monies from Tournament registration and other fundraisers. Under no condition will a team be allowed to have their own accounts outside of the HSC. Any individual team fundraiser that would involve monies must first be approved by the B.O.D. Upon B.O.D. approval of any fundraiser, the monies raised will be deposited and monitored by the Treasurer through individual team accounting and recordkeeping.

**Section 7 - Secretary:** The Secretary shall keep a record of the proceedings of all meetings of the HSC and the B.O.D. and of all other matters, which are appropriately filed with the Secretary. The Secretary shall issue notices of all meetings of the HSC and shall perform such other duties as may from time to time be assigned by resolution of the B.O.D.

**Section 8 - Registrar:** The Registrar shall keep a record of the membership of the HSC. The Registrar shall maintain required membership filings with the League and shall perform such other duties as may from time to time be assigned by resolution of the BOD. Also, the Registrar will perform any player transfers.

**Section 9 - Director of Coaching:** The Director of Coaching and Player Development shall be responsible for all coordination of training for HSC teams. The Training Coordinator shall manage, schedule, suggest or recommend all trainers for all HSC teams. The Training Coordinator shall make sure all coaches are trained and certified as determined by ENYYSA, HVYSL and HSC criteria.

**Section 10 -Director of Equipment:** The Director of Equipment shall be responsible for seeking competitive bids for equipment purchases and presenting equipment purchase recommendations before the B.O.D. The Director of Equipment shall also be responsible for the accounting and maintenance of all HSC equipment and the distribution and return of all equipment to/from individual teams.

**Section 11 -Director of Uniforms:** The Director of Uniforms shall be responsible for seeking competitive bids for uniform purchases and presenting uniform purchase recommendations before the B.O.D. The Director of Uniforms shall oversee the accounting and maintenance of all HSC uniform inventories and the distribution to individual players.

**Section 12 – Director of Field Scheduling:** The Director of Field Scheduling shall be responsible for scheduling all home games in conjunction with the MCYSA Game Scheduler, and shall work closely with all teams regarding game re-scheduling, pre-conflict notices, and referee assignors.

**Section 13 – Director of Clinic:** The Director of Clinic shall be responsible for managing and running the soccer Clinic program for grades K-2 during the fall and spring soccer season. In addition, The Director of Clinic shall collect all clinic registrations and monies for clinic and deposit with the Treasurer.

**Section 14 – Director of Fields:** – The Director of Fields shall be responsible for determining the playability of fields given inclement weather or excessive use; for providing notice to club and teams of field closure; and for organizing field line painting schedules and line painting work parties.

**Section 15 – League Contact:** - The League Contact shall attend the regular MCYSA League Contact meetings and provide a verbal report of the initiatives or activities of the League.

**Section 16 - Appointments:** The B.O.D. may appoint such other officers, agents, and professional of technical counsel as, from time to time, it may determine to be required.

#### **ARTICLE VI: COMPENSATION AND EXPENDITURES**

**Section 1 - Compensation:** No direct or indirect monetary compensation will be permitted for Officers, B.O.D. members or Directors in the performance of their duties as officers of HSC, unless such compensation is extraordinary in circumstance and approved by the general membership of HSC in a majority vote.

**Section 2 - Expenditures:** HSC Members, Officers and Directors may be reimbursed for costs incurred in obtaining material and services for the benefit of the HSC. All reimbursements greater than One Hundred Dollars (USD \$100.00) shall be approved by the B.O.D. in advance.

#### **ARTICLE VII: MEMBERSHIP**

**Section 1- Membership:** Membership is open to anyone who has paid an annual membership fee and has agreed to the terms and conditions of Membership including the S.A.G.E. agreement.

**Section 2 - Fee:** The annual fee for the fall and spring season will be collected at the time of registration, by check only and made payable to HSC. The annual fee will be determined and presented in the annual budget and approved by the members at the annual HSC general meeting. No child will be denied membership based on their parents' or guardian's inability to pay the membership fee. Exceptions are solely at the discretion of the Officers of the HSC.

**Section 3 - Discrimination:** Membership in the HSC is open to anyone, strictly without regard to RACE, COLOR, CREED, SEX, AGE, RELIGION or NATIONAL ORIGIN and no rules or regulations will be made in conflict with these policies. The HSC shall maintain a zero tolerance policy related to any statements or actions that are discriminatory based on RACE, COLOR, CREED, SEX, AGE, RELIGION or NATIONAL ORIGIN.

**Section 4 - Sportsmanship:** Members are to conduct themselves with a full understanding of the HSC's goal of demonstrating sportsmanship, and all members shall acknowledge that understanding by signing and acting in compliance with MCYSA's S.A.G.E. Sportsmanship Pledge.

**Section 5 - Responsibilities:** All members shall abide by the Bylaws, Policies, Procedures, Rules and Regulations of HSC and the LEAGUES not heretofore mentioned.

**Section 6 - Violations:** Anyone who, through his or her actions, causes or inactions, creates an incident or atmosphere relative to Section 3, 4 or 5 above, shall be, upon review by the B.O.D., suspended from the HSC. Any person(s) suspended for cause shall have thirty (30) days to formally reply by letter to the HSC President for rebuttal and/or explanation. A formal hearing will be conducted at the first scheduled B.O.D. meeting after receipt of written reply. A binding decision will be rendered at that B.O.D. meeting.

**Section 7 - Removal:** Any Member may be removed from membership by a two-thirds (2/3) vote of the HSC B.O.D. for failure to comply with Rules & Regulations, Policies and Procedures or these Bylaws, as amended or adopted from time to time by the B.O.D..

#### **ARTICLE VIII: MEETINGS OF MEMBERS**

**Section 1 - Location:** Any meeting of HSC Members shall be held within the Town of Hackettstown at such place therein as may be stated in the notice of such meeting.

**Section 2 - Annual Meeting:** There shall be an annual meeting for HSC Members prior to the start of the fall soccer season.

**Section 3 - Monthly Meetings:** There shall be monthly meetings for HSC Members during the fall and spring soccer seasons.

**Section 3 - Special Meetings:** Special meetings of HSC may be called by the B.O.D. at any time or upon written petition by at least five percent (5%) of the total number of members in HSC with said petition stating the purpose of the special meeting.

**Section 4 - Notification:** Every effort shall be made to notify HSC members of monthly, special and annual meetings at least two (2) weeks in advance. The HSC website shall state the location, date, and time of meetings, and the purpose or purposes for which the meeting is called. An email notice will be sent to all HSC Members to the email address listed on their current HSC registration form.

**Section 5 - Quorum:** Except as provided in another article, a quorum shall be not less than five percent (5%) of the total number of members in the HSC and the vote of the majority of those present shall be necessary for the adoption of any matter voted upon unless a greater proportion is required by law.

**Section 6 - Voting:** Each Officer of the B.O.D will have one (1) vote; each Coach shall have one (1) vote; each Director shall have one (1) vote; and each Member of HSC shall have one (1) vote. Votes are non-cumulative. That is, a Member may cast a vote as an Officer of the B.O.D., as a Director, as a Coach or as a general Member, but any individual has only one (1) vote total. A majority of the votes cast at a meeting shall constitute an action of the Members.

#### **ARTICLE IX: AMENDMENTS**

The bylaws may be amended by a two-thirds (2/3) majority vote of the B.O.D.

#### **ARTICLE X: DISSOLUTION**

No members of the HSC shall be entitled to any distributive share of the HSCs assets and in the event of dissolution, its assets remaining after payment of its just debts shall be given and distributed only to the charitable HSC by a majority vote of the Members present at the dissolution meeting.

#### **ARTICLE XI: GENDER**

Wherever the masculine gender has been used herein it is intended to include the feminine gender.

#### **ARTICLE XII: BANK ACCOUNTS**

Bank accounts shall be opened as approved by the B.O.D. Two (two) signatures shall be required on all checks or to withdraw funds from any account held by the HSC. Approved signatories shall be the President, First Vice President, Second Vice President, and Treasurer.

#### **ARTICLE XIII: FISCAL YEAR**

The operational year for the HSC shall be a fiscal year beginning July 1st and concluding June 30<sup>th</sup> of the subsequent calendar year.



#### **ARTICLE XIV: SPONSORSHIPS**

**Section 1 - Purpose:** The HSC may from time to time request financial support for the purpose of achieving the HSC purpose.

**Section 2 - Funds Received:** All sponsorships in the form of financial support must be received by the Treasurer and deposited in the HSC bank account.

**Section 3 - Custody and Distribution:** All sponsorships in the form of physical assets must be transferred to the B.O.D and recorded in the HSC financial records. All dispositions of these accounts must be approved by the B.O.D.

**Section 4 - Special Purpose Funds:** HSC members may provide financial support to the HSC requesting that the B.O.D. utilize these funds for achieving a specific goal. The B.O.D. shall refuse the support if the specified purpose is not consistent with the HSC purpose. After achieving the specified goal, any remaining monies should be returned to the member.

#### **ARTICLE XV: Age Groups (Travel Programs)**

HSC will operate age appropriate travel soccer teams (U8-U13). An exception will be allowed for those players that are high school eligible (defined by Junior Varsity and Varsity high school soccer participation). For lack of players, short-handed teams will fall within the exception. All teams must be registered by August 1<sup>st</sup> of said year (Fall season). The B.O.D. must approve exceptions. The following is the minimum number of players per age group that will constitute a HSC registered team:

- ⇒ U8 - 7 rostered players
- ⇒ U9-U11 - 10 rostered players
- ⇒ U12-above - 13 rostered players

#### **ARTICLE XVI: HSC Uniforms**

All teams involved with HSC will wear the HSC uniform. Teams participating in tournaments, upon approval of the B.O.D. will be allowed an alternate uniform but it must be with the B.O.D. approval and HSC colors (Orange and Black). Such alternates will be paid by said team, not by the HSC.

**ARTICLE XVII: DEFINITIONS**

The following terms used in the Bylaws are defined as follows:

<i>B.O.D</i>	Means the Board of Directors of the Hackettstown Soccer Club, Inc.
<i>MEMBER</i>	Means any parent or guardian of currently active registered players and any adult currently active in the Hackettstown Soccer Club, Inc. Membership is automatic with the acceptance of prepayment for subsequent fiscal years will result in membership being deferred until the beginning of the fiscal year being paid for.
<i>HSC</i>	Means the Hackettstown Soccer Club, Inc.
<i>TOWN BID</i>	Means the Town of Hackettstown and its Business Improvement District (BID).

## "ADDENDUM A"

### HACKETTSTOWN SOCCER CLUB, INC.

#### **Conflict of Interest Policy And Annual Statement For Officers of the Board of Directors and Members of a Committee with Board Delegated Powers**

##### **Article I – Purpose**

1. The purpose of this Conflict of Interest policy is to protect HSC's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of HSC 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 conflicts of interest applicable to nonprofit and charitable organizations.
2. This policy is also intended to identify "independent" directors.

##### **Article II – Definitions**

1. **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.
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 HSC has a transaction or arrangement,
  - b. A compensation arrangement with HSC or with any entity or individual with which HSC has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which HSC 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.** A person who has a financial interest may have a conflict of interest only if the HSC Board of Directors decides that a conflict of interest exists, in accordance with this policy

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This policy is based on the IRS model Conflict of Interest policy, which is an attachment to Form 1023. It adds information needed to allow HSC to assess director independence in order to answer questions on Form 990.2

3. **Independent Director** – A director shall be considered “independent” for the purposes of this policy if he or she is “independent” as defined in the instructions for the IRS 990 form or, until such definition is available, the director –
  - a. is not, and has not been for a period of at least three years, an employee of HSC or any entity in which HSC has a financial interest;
  - b. does not directly or indirectly have a significant business relationship with HSC, which might affect independence in decision-making;
  - c. is not employed as an executive of another corporation where any of HSC's Board of Directors, Officers or employees serve on that corporation's compensation committee; and
  - d. does not have an immediate family member who is a director, officer or employee of HSC or who holds a position that has a significant financial relationship with HSC.

#### **Article III – Procedures**

1. **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 HSC Board of Directors and Officers.
2. **Recusal of Self** – Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
3. **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 Board of Directors meeting or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.
4. **Procedures for Addressing the Conflict of Interest**
  - a. An interested person may make a presentation at the Board or Executive 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.
  - b. The President of the Board of Directors 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 Executive Committee shall determine whether HSC 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.
  - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or Executive

Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in HSC'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.

#### **5. Violations of the Conflicts of Interest Policy**

- a. If the Board of Directors or Executive 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors or Executive 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**

1. The minutes of the 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 Board of Directors' or Executive 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.

#### **Article V – Compensation**

1. A voting member of the Board who receives compensation, directly or indirectly, from HSC for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MNA for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from HSC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article VI – Annual Statements**

1. Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflict of interest policy,
  - b. Has read and understands the policy,
  - c. Has agreed to comply with the policy, and
  - d. Understands HSC is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
2. Each voting member of the Board of Directors shall annually sign a statement which declares whether such person is an independent director.
  3. If at any time during the year, the information in the annual statement changes materially, the director or officer shall disclose such changes and revise the annual disclosure form.
  4. The Board of Directors shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

#### **Article VII – Periodic Reviews**

To ensure HSC operates in a manner consistent with 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 (if reasonably available), and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to HSC's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

#### **Article VIII – Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, HSC 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.

The End

Initial Conflict of Interest policy adopted April 11, 2011