

THE PIPELINERS ASSOCIATION OF HOUSTON EDUCATIONAL FUND

CONFLICT OF INTEREST POLICY

ARTICLE I PURPOSE

The purpose of this conflict of interest policy is to protect THE PIPELINERS ASSOCIATION OF HOUSTON EDUCATIONAL FUND (the "FUND") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the FUND or might result in a possible excess benefit transaction. This policy is intended to supplement, but not to replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. This conflict of interest policy shall not be construed in a manner that authorizes self-dealing transactions prohibited by I.R.C. Section 4941.

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.

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 FUND has a transaction or arrangement; 2) a compensation arrangement with the FUND or with any entity or individual with which the FUND 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 FUND is negotiating a transaction or arrangement. 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.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

ARTICLE III 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, such Interested Person shall leave the governing board or committee meeting while the determination of whether a conflict of interest exists is discussed and voted upon. The remaining board or committee members shall decide whether a conflict of interest exists.

C. Procedures for Addressing a Conflict of Interest.

1. An Interested Person may make a presentation at the governing board or committee meeting, but after the presentation, such Interested Person shall leave the meeting during the discussion of, and vote on, the transaction or arrangement involving the possible conflict of interest.
2. 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.
3. After exercising due diligence, the governing board or committee shall determine whether the FUND can obtain, with reasonable efforts, an equally or more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. 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 FUND'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 Conflict 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, 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 existed. The minutes also shall contain the names of 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**

A voting member of the governing board who receives compensation, directly or indirectly, from the FUND for services is precluded from voting on matters pertaining to such member's compensation. A voting member of any committee, the jurisdiction of which includes compensation matters and who receives compensation, directly or indirectly, from the FUND for services is precluded from voting on matters pertaining to such member's compensation. No voting member of the governing board or any committee, the jurisdiction of which includes compensation matters, and who receives compensation, directly or indirectly, from the FUND, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**ARTICLE VI
OFFICE/DIRECTOR STATEMENTS**

By consenting to this conflict of interest policy (and any amendments to such policy, as well as future conflict of interest policies), each officer and director affirms that he or she has received a copy of this policy, has read and understands the policy, has agreed to comply with the policy, and understands that the FUND is charitable, and in order to maintain its federal tax-exempt status, it must engage primarily in activities that accomplish one or more of its exempt purposes.

**ARTICLE VII
PERIODIC REVIEWS**

To ensure the FUND operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews may be conducted. Such periodic reviews shall, at a minimum, include a decision as to whether compensation arrangements are reasonable, based on competent and comparative survey information, and are the result of arm's length bargaining; and whether partnerships, joint ventures, and arrangements with management organizations conform to the FUND'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 benefit transaction. The FUND may use outside advisors to conduct such periodic reviews. The use of such advisors does not relieve the governing board of its responsibility for ensuring that periodic reviews are conducted.

As approved by a Unanimous Consent of the Board of Directors dated effective as of January 6, 2022.

James L. Hughes,
JAMES L. HUGHES, President

ATTEST:

TIM LEVRIER, Secretary

**ARTICLE V
COMPENSATION**

A voting member of the governing board who receives compensation, directly or indirectly, from the FUND for services is precluded from voting on matters pertaining to such member's compensation. A voting member of any committee, the jurisdiction of which includes compensation matters and who receives compensation, directly or indirectly, from the FUND for services is precluded from voting on matters pertaining to such member's compensation. No voting member of the governing board or any committee, the jurisdiction of which includes compensation matters, and who receives compensation, directly or indirectly, from the FUND, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**ARTICLE VI
OFFICE/DIRECTOR STATEMENTS**

By consenting to this conflict of interest policy (and any amendments to such policy, as well as future conflict of interest policies), each officer and director affirms that he or she has received a copy of this policy, has read and understands the policy, has agreed to comply with the policy, and understands that the FUND is charitable, and in order to maintain its federal tax-exempt status, it must engage primarily in activities that accomplish one or more of its exempt purposes.

**ARTICLE VII
PERIODIC REVIEWS**

To ensure the FUND operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews may be conducted. Such periodic reviews shall, at a minimum, include a decision as to whether compensation arrangements are reasonable, based on competent and comparative survey information, and are the result of arm's length bargaining; and whether partnerships, joint ventures, and arrangements with management organizations conform to the FUND'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 benefit transaction. The FUND may use outside advisors to conduct such periodic reviews. The use of such advisors does not relieve the governing board of its responsibility for ensuring that periodic reviews are conducted.

As approved by a Unanimous Consent of the Board of Directors dated effective as of January 6, 2022.

JAMES M. HUGHES, President

ATTEST:



TIM LEVRER, Secretary