



Texas Health Institute  
Code of Ethics and Conflict of Interest Policy

I. Code of Ethics

It is important to the success of the Texas Health Institute (Institute) that there be a fully informed and responsive Executive Committee and Board. To accomplish this end, all board members shall conduct themselves at all times in the best interest of the Institute. Each board member, therefore, shall abide by the following “Code of Ethics.” While no code or set of rules can be framed to capture all the duties of a board member, the following code of ethics shall serve as a general guide.

- A. Board members shall put forth their best effort to attend all meetings and constructively participate in the meetings.
- B. Board members shall be responsible for insuring that adequate and correct information is presented to the public.
- C. Board members shall exercise good judgment in the control and use of confidential information that may from time to time come into their possession. No board members shall use confidential information gained by reason of being a member of the Board for personal gain to the detriment of the Institute.
- D. Each board member shall serve as a public relations agent for the Institute and therefore shall work diligently and properly to promote its goals and objectives while keeping abreast with its overall progress.
- E. Except for voting at properly called meetings of the Board, board members shall refrain from entering into the direct day-to-day administration of the program unless they are doing so upon express authority given to them by resolution of the board.
- F. The board shall be charged with the responsibility of reviewing any allegations of board members violating this code or acting in any way, which is detrimental to the success of the Institute and make recommendations to the full board for final action.

II. Conflicts of Interest

- A. Financial Interests. Each board member shall fully disclose any and all financial interests involving themselves or one of their family members in regard to any matter which involves the Institute or which is presented to the Board or Executive Committee for a vote and shall abstain from voting on such matters. “Financial interests” include, but are not limited to:
  - 1. An ownership, investment interest, or compensation arrangement with any entity with which the Institute has a transaction or arrangement;

2. A compensation arrangement with the Institute or with any entity or individual with which the Institute has a transaction or arrangement; or
  3. A potential ownership, investment interest, or compensation arrangement with any entity or individual with which the Institute is negotiating a transaction or arrangement, including a commission or fee, share of the proceeds, the prospect of promotion or profit, or any other form of financial reward.
- B. Family Relationships. The term “family member” as used herein includes: parents, in-laws, children, siblings, spouses, aunts, uncles, nieces, and nephews.
- C. Duty to Disclose. In connection with the actual or potential conflict of interest, an interested person must disclose the existence of his/her financial interest and all material facts to the Institute’s Executive Committee.
- D. 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 party shall leave the Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The Executive Committee shall decide if a conflict of interest exists and make a recommendation to the Board. The Board may, by a majority vote of the disinterested board members present, accept the Executive Committee’s recommendation. Alternatively, the Board may determine by a majority vote of the disinterested board members present whether the transaction or arrangement is in the Institute’s best interest and for its own benefit and whether the transaction is fair and reasonable to the Institute.
- E. Procedures for Addressing the Conflict of Interest
1. An interested person may make a presentation to the Executive Committee or Board, but after such presentation, he/she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement that may result in a conflict of interest.
  2. The Chair of the Executive Committee or Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  3. After exercising due diligence, the disinterested person or committee shall determine whether the Institute 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.
  4. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Executive Committee or Board shall determine by a majority vote of the disinterested board members present whether the transaction or arrangement is in the Institute’s best interest and for its own benefit and whether the transaction is fair and reasonable to the Institute.

F. Violations of the Conflict of Interest Policy

1. If the board or committee has reasonable cause to believe that a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate and corrective disciplinary and corrective action.

G. Recordings and Proceedings. The minutes of the board and 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; and
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.

IV. Annual Statement

Each board member shall annually sign a statement which affirms that such person:

- A. Has received a copy of the Code of Ethics/Conflicts of Interest policy;
- B. Has read and understands the policy;
- C. Has agreed to comply with the policy; and
- D. Understands that the Institute 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.