

Warren County Local Development Corporation

CONFLICT OF INTEREST POLICY

Article 1

Purpose

The purpose of the conflict of Interest policy is to protect the Warren County Local Development Corporation's (the "WCLDC") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or employee of the WCLDC 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 conflict of interest applicable to the WCLDC.

All directors, officers, members of committees and employees are expected, at all times, to act with the best interests of the WCLDC in mind, and not to be guided or influenced in a manner that does not represent the best interests of the WCLDC.

Article II

Definitions

1. Interested Person. Any director, principal officer, member of a committee with governing board delegated powers, or employee, 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, investment or other economic interest in any entity with which the WCLDC has a transaction, agreement or arrangement.
- b. A compensation arrangement with the WCLDC or with any entity or individual with which the WCLDC has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the WCLDC 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.
- d. The ability to use his or her position, confidential information or the assets of the WCLDC, to his or her personal advantage.
- e. Solicited or accepted a gift of any amount under circumstances in which it could reasonably be inferred that the gift was intended to influence him/her, or could reasonably be expected to influence him/her, in the performance of his/her official duties or was intended as a reward for any action on his/her part.
- f. Any other circumstance that may or appear to make it difficult for the board member or employee to exercise independent judgment and properly exercise his or her official duties.

Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Governance Committee decides that a conflict of interest exists.

3. Conflicts of Interest: A conflict of interest is a situation in which the financial, familial, or personal interests of a director or employee come into actual or perceived conflict with their duties and responsibilities with the Organization. Perceived conflicts of interest are situations where there is the appearance that a board member and/or employee can personally benefit from actions or decisions made in their official capacity, or where a board member or employee may be influenced to act in a manner that does not represent the best interests of the authority. The perception of a conflict may occur if circumstances would suggest to a reasonable person that a board member may have a conflict. The appearance of a conflict and an actual conflict should be treated in the same manner for the purposes of this policy.

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 possible conflict of interest to the chair of the governance committee, together with all reasonable and pertinent facts relating to the matter. For purposes of this disclosure, this disclosure shall also be required if any employee, officer or director has reason to believe that another employee, officer or director has a potential conflict of interest and such third party disclosures shall be kept anonymous by the Governance Committee.

2. Determining Whether a Conflict of Interest Exists

The Governance Committee shall meet as soon as practical after referral of a potential conflict of interest matter to it. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the

Governance Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Governance Committee members shall decide if a conflict of interest exists.

3. Procedures for addressing the Conflict of Interest

- a. An interested person may make a presentation at the Governance 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 chairperson of the committee or board overseeing the matter shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. In the event the interested person is an employee or officer, such employee or officer will not participate in the consideration of the matter giving rise to the conflict of interest.
- c. After exercising due diligence, the committee or board overseeing the matter shall determine whether the WCLDC 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 committee or board overseeing the matter shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the WCLDC'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.

4. Violations of the Conflicts of Interest Policy

- a. 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 refer the matter to the Governance Committee for review and recommendation as to any appropriate disciplinary action. The Governance Committee may meet with any persons it finds necessary in its investigation and shall offer the person with the potential conflict of interest the information that forms the basis for the potential conflict of interest and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Governance Committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action in the form of education letter up to and including termination or dismissal from the board as the case may be, depending on the severity of the matter in the opinion of the Governance Committee and the impact to the WCLDC or the public perception of WCLDC conduct and business.
- c. All officers, directors, and employees shall promptly report any violations of this policy to the Chair of the Governance Committee, and if the potential violation involves the Chair of the Governance Committee, to the Chair of the Board of Directors.

Article IV
Records of Proceedings

1. The minutes of the Governance Committee or committee or board overseeing a matter as reflected in this policy 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 governing boards or 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

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the WCLDC for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the WCLDC for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the WCLDC, 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 governing board delegated powers shall annually sign a statement which affirms such a person,
 - a. Has received a copy of the conflicts of interest policy,
 - b. Has read and understands the policy,

- c. Has agreed to comply with the policy, and
- d. Understands the WCLDC 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.

Article VII
Periodic Reviews

1. To ensure the WCLDC 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 and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management WCLDCs conform to the WCLDC'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.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the WCLDC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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