

**THE ORLEANS COUNTY LOCAL DEVELOPMENT CORPORATION**  
**CONFLICT OF INTEREST POLICY**

**Article I**  
**Purpose**

The purpose of the conflict of interest policy is to protect the interest of the County of Orleans Local Development Corporation (the “Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Related Party, and to set forth procedures for handling potential or actual conflicts of interest and Related Party Transactions. This policy is intended to supplement but not replace (i) any applicable state and federal laws governing conflict of interest applicable to not-for-profit corporations and (ii) any regulations governing conflicts of interest in connection with any government funding, including regulations prohibiting conflicts of interest with respect to activities funded with Community Development Block Grant funds.

**Article II**  
**Definitions**

**1. Interested Person**

Any director, officer, or Key Person 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 a Relative:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement (provided, however, that an ownership interest not exceeding 2% of a corporation with shares traded on a nationally recognized exchange shall not be a Financial Interest);
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization 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. Under Article III, Section 2, 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.

Adopted: April 7, 2016  
Amended: February 08, 2018

### **3. Related Party Transactions**

For purposes of determining if a “Related Party Transaction”, as hereinafter defined, exists the following definitions shall apply:

“Key Person” means any person, other than a director or officer, whether or not an employee of the Organization, who (i) has responsibilities, or exercises powers or influence over the Organization as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages the Organization, or a segment of the Organization that represents a substantial portion of the activities, assets, income or expenses of the Organization; or (iii) alone or with others controls or determines a substantial portion of the Organization's capital expenditures or operating budget.

“Related Party” means: (i) any director, officer or Key Person of the Organization or any affiliate of Organization; (ii) any Relative of any individual described in clause (i) of this paragraph; or (iii) any entity in which an individual described in clauses (i) or (ii) of this paragraph has a thirty five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).

“Related Party Transaction” means any transaction, agreement or any other arrangement in which a Related Party has a financial interest and in which the Organization or any affiliate of the Organization is a participant, except that a transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party's financial interest in the transaction is de minimis, (ii) the transaction would not customarily be reviewed by the Organization's Board of Directors or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms, or (iii) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Organization intends to benefit as part of the accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms.

“Relative” of an individual means his or her (i) spouse, domestic partner, ancestors, brothers and sisters (whether whole or half-blood) , children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

“Substantial Financial Interest” means a Financial Interest in a Related Party Transaction that the governing board or committee determines, in its reasonable discretion, after due consideration to the material facts and circumstances of the Financial Interest as presented, is of such a nature as to merit treatment as a significant Financial Interest rather than a de minimis or insubstantial Financial Interest.

### **Article III** **Procedures**

#### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest or a Related Party Transaction, an interested person must disclose the existence of the financial interest or potential Related Party Transaction 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.

#### **2. Determining Whether a Conflict of Interest or Related Party Transaction Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest or Related Party Transaction exists and whether the proposed transaction or arrangement involves a Related Party Transaction. A conflict of interest exists if an outside interest or activity influences (or reasonably appears to influence) the ability of an individual to exercise objectivity, impairs the individual's ability or independence in fulfilling his or her duties to the Organization or reasonably tends to conflict with the proper discharge of his or her duties to the Organization.

#### **3. Procedures for Addressing the Conflict of Interest/Related Party Transaction**

- a. An interested person may make a presentation at the governing board or 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 or Related Party Transaction and he/she shall be prohibited from making any attempt to influence improperly the deliberation or voting on the matter giving rise to the conflict or Related Party Transaction.
- b. 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.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization 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 or constitute a Related Party Transaction.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest or constituting a Related Party Transaction, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization'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.

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#### **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 or a Related Party Transaction, 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 or Related Party Transaction, 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:

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 or who were involved in a Related Party Transaction, the nature of the financial interest or Related Party Transaction, any action taken to determine whether a conflict of interest or Related Party Transaction was present, and the governing board's or committee's decision as to whether a conflict of interest or Related Party Transaction in fact existed; and

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 if a Related Party Transaction was found to exist which involved a Substantial Financial Interest, the basis for the board's or committee's approval, 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 Organization 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 Organization 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 Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

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

Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement that confirms 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 that the Organization is a tax-exempt 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.

In addition, prior to the initial election of any director or officer, and annually thereafter, he or she shall complete, sign and submit to the secretary of the Organization a written statement identifying, to the best of his or her knowledge, any entity of which he or she is an officer, director, trustee, member, owner (either as a sole proprietor or as partner), or employee, and with which the Organization has a relationship, and any transaction in which the Organization is a participant and in which he or she might have a conflicting interest. The secretary of the Organization shall provide a copy of all completed statements to the chair of the Organization's board.

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

To ensure the Organization operates in a manner consistent with tax-exempt 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; and
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further tax-exempt purposes and do not result in impermissible private benefit or an excess benefit transaction.

## **Article VIII** **Use of Outside Advisors**

When conducting the periodic reviews as provided for in Article VII, the Organization 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 that periodic reviews are conducted.

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**THE ORLEANS COUNTY LOCAL DEVELOPMENT CORPORATION**

**CONFLICT OF INTEREST POLICY**

**ACKNOWLEDGMENT AND AFFIRMATION**

The undersigned, a director, a member of a committee with board delegated powers, or an officer of the The Orleans County Local Development Corporation (the “Organization”) hereby affirms that:

- a. I have received a copy of the conflict of interest policy;
- b. I have read and understand the policy;
- c. I have agreed to comply with the policy, and
- d. I understand that the Organization is a tax-exempt organization and that in order to maintain its federal tax exemption as such, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Date: \_\_\_\_\_, 20\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE ORLEANS COUNTY LOCAL DEVELOPMENT CORPORATION (LDC)  
BOARD OF DIRECTORS  
CONFLICT OF INTEREST DISCLOSURE FORM**

This conflict of interest disclosure form has been developed to facilitate the annual disclosure by members of the LDC Board of Directors of any potential conflicts of interests of which they are aware. In accordance with the LDC's Conflict of Interest Policy, directors are required to complete this form upon their initial appointment or election as a director and annually thereafter.

Potential conflicts of interest that are discovered by a director after completion and submission of this disclosure form should be reported by written or electronic communication to the Chair of the LDC Board.

Please respond to the following questions to the best of your knowledge, and return the completed conflict of interest disclosure form to the Secretary of the LDC.

**1. Do you or any of your Family Members<sup>1</sup> have an ownership or investment interest in any entity with whom LDC has a transaction or arrangement?**

Yes \_\_\_\_\_ No \_\_\_\_\_

If you marked "Yes", please provide details:

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**2. Do you or any of your Family Members have a compensation arrangement with LDC?**

Yes \_\_\_\_\_ No \_\_\_\_\_

If you marked "Yes", please provide details:

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**3. Do you or any of your Family Members have a compensation arrangement with any entity or individual with whom LDC has a transaction or arrangement?**

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<sup>1</sup> "Family Members" include your spouse, domestic partner, ancestors, brothers, sisters (whether whole or half-blood) children (whether natural or adopted), grandchildren, great-grandchildren, and the spouses of your brothers, sisters, children, grandchildren and great-grandchildren.

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Yes \_\_\_\_\_ No \_\_\_\_\_

If you marked "Yes", please provide details If you marked "Yes", please provide details: \_\_\_\_\_

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**4. Do you or any of your Family Members have a potential ownership interest or investment in, or compensation arrangement with, any entity or individual with whom LDC is negotiating a transaction?**

Yes \_\_\_\_\_ No \_\_\_\_\_

If you marked "Yes", please provide details:

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**5. Are you aware of any outside interest or activity in which you participate that would: (i) influence (or reasonably tend to influence) your ability to exercise objectivity, (ii) impair your ability or independence in fulfilling your role as an LDC Board member or (iii) conflicts with the proper discharge of your duties as a LDC Board member?**

Yes \_\_\_\_\_ No \_\_\_\_\_

If you marked "Yes", please provide details:

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**DIRECTOR ACKNOWLEDGEMENT**

I have completed this conflict of interest disclosure form to the best of my knowledge, and have read, understand and will comply with the provisions of the LDC's Conflict of Interest Policy with respect to the disclosure of conflicts of interest.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_