

Conflict of Interest and Nepotism

Conflict of Interest Policy for Directors, Officers, Senior Management, and other staff as Determined by the Executive Director in coordination with the Board of Directors.

SECTION 1 - Policy

The members of the Board of Directors ("Directors" or "Board Members"), Officers, Senior Management, and certain other staff with authority over financial and procurement matters of Washington County LDC owe a fiduciary duty to LDC.

To act in good faith and in a manner they reasonably believe to be in LDC's best interests. This duty of loyalty requires such individuals to exercise independent judgment on behalf of LDC placing LDC's best interests ahead of personal interests.

To ensure that the LDC's best interests are being served, related party transactions shall be the subject of full disclosure by Directors, Officers, Senior Management and other staff as determined by the Executive Director and review by independent Directors (for transactions of Board members and the Executive Director) or the Executive Director (for transactions of all other staff). Therefore, if a related-party transaction involving a Board member is determined to be a financial conflict of interest, either the transaction will not be conducted or the Board member will be required to abstain.

For these purposes, the term "related-party transactions" means, in general, transactions between Washington County LDC and (1) an individual Director, Officer, or staff member, or (2) a close relative of such person; or (3) an organization in which such person, or one of his/her close relatives, is an employee or partner or holds a significant leadership or management position, or in which such persons, alone or collectively, hold over ten percent of the total ownership interest or Board of Directors seats. The term "Officer" means both volunteer Officers and senior paid management personnel. The term "close relative" means a spouse, parent, child, grandchild, sibling, or spouse of any such individual. "Related party transactions" also mean transactions between Washington County LDC and any other party where any of the individuals described in (1) through (3) above receive a financial benefit in connection with such transaction.

SECTION 2 - Procedures

Sub-Section 2.1 - Disclosure of Related Party Transactions

Prior to being elected or appointed, and each January thereafter, each Board member (prospective Board member) shall disclose to the Executive Director or his/her designee any related party transactions with the LDC of which that individual has knowledge; The Executive Director shall disclose to the Board of Directors any related party transactions. Upon first being hired, or if already employed by the LDC on a date determined by the Executive Director, each paid Officer, senior management staff, and such other staff as the Executive Director shall determine, shall disclose any related party transactions to the Executive Director. Thereafter, disclosures shall be updated annually, and at other times as changed circumstances in a particular case may warrant. For this purpose the LDC shall use a disclosure form consistent with the general definitions above and responsive to the various tax, regulatory and auditing requirements to which the LDC is subject, as attached at Exhibit A.

Sub-Section 2.2 - Board Committee Review - Transactions of Directors and Executive Director

The terms of all related party transactions of Directors and the Executive Director shall be reviewed by a committee of Directors composed entirely of individuals who have no involvement with any related party transactions involving the LDC ("Independent Directors"), to be appointed by the Chairperson of the LDC Board of Directors, with the approval of the Board of Directors. The Board committee, with the advice of legal counsel as necessary, shall determine whether a related party transaction is a prohibited financial conflict of interest. If the Board committee determines that the related party transaction is not a prohibited financial conflict of interest, and then it shall determine whether, all factors considered, a given transaction is fair and reasonable to, and is in the best interest of the LDC. For this purpose, a "transaction" may include an ongoing business relationship subject to stated terms. In making this determination, the committee shall review, where appropriate, information concerning comparable transactions entered into by other parties and organizations.

Sub-Section 2.3 - Board Consideration /Approval - Transactions of Directors and Executive Director

The review committee shall report its determinations and recommendations as to the related party transactions and financial conflicts of interest of Directors and the Executive Director to the full Board of Directors. At a meeting of the Board of Directors, a Director may state his or her views, and shall respond to questions, as to any transaction in which he or she may be interested, but only Executive Officers shall be present for and participate in deliberations or voting as to any related party transactions. The Executive Officers shall determine, by majority vote, if there is a financial conflict of interest. If the Officers determine that a transaction involving a Board member constitutes a financial conflict of interest, then the Board shall vote either not to enter into the transaction or to require the resignation of the interested Director. If the Independent Directors determine that the transaction is a related party transaction, but not a financial conflict of interest, or if the transaction concerns the Executive Director, rather than a Board member, then they shall further determine whether, all factors considered, a given transaction is fair and reasonable to, and is in the best interests of the LDC. Approval of a related party transaction shall require a majority vote of the Board of Directors. The basis for any such vote shall be reflected in the minutes of the meeting at which action is taken, and those minutes shall be approved at the next meeting of the Board.

Sub-Section 2.4 - Executive Director Review of Staff and Prospective Board Member Related Party Transactions

For all related party transactions of senior management staff or other staff as the Executive Director determines is appropriate, the Executive Director shall designate a member or members of senior management (not including the interested staff member) to review the transaction and determine, with the advice of counsel as necessary, whether it is fair and reasonable to, and in the best interest of the LDC to enter into or continue the transaction. For this purpose, a "transaction" may include an ongoing business relationship subject to stated terms. In making this determination, the designated staff member or members shall review, where appropriate, information concerning comparable transactions entered into by other

parties and organizations. The determination shall be presented to the Executive Director for his/her final determination. In addition, the Executive Director shall designate a member or members of senior management to review related party transactions of prospective Board members and the completed Board questionnaire and determine whether:

1. Such related party transactions would constitute prohibited financial conflicts of interest or otherwise not be in the best interest of the LDC;
2. The individual receiving compensation for providing services to the LDC;
3. Any immediate family member of the individual is employed by the LDC.

If the Executive Director determines that the answer to any of #1 through #3 above is "yes," then the individual may not serve on the LDC Board. Such decision may be appealed to the Board of Directors or a Board committee as designated by the Board.

Sub-Section 2.5 - Gifts to Directors and Officers

LDC's Directors, Officers, employees, and their close relatives, are prohibited from soliciting or accepting gifts, money, or gratuities, other than those of nominal value, from:

- (i) Persons receiving benefits or services under any LDC program;
- (ii) Any person or organization performing services for or providing goods to LDC or
- (iii) Persons who are otherwise in a position to benefit from the actions of an LDC employee, Officer or Director.

Washington County Local Development Corporation employees may not:

- Serve on a board or committee if that board or committee has authority to order personnel actions affecting that employee's job.
- Gain employment with Washington County LDC while a member of the individual's immediate family serves on a board or committee that has authority to order personnel action affecting organization employees.

It is the policy of this Corporation that employees may be allowed to perform outside employment without prior agency approval, with the following exceptions:

1. Outside employment may at no time create a real or apparent conflict of interest with the corporation, its Mission, or the employee's employment with the corporation.
2. Outside employment may not interfere with the performance of employee's duties and responsibilities; and may not be conducted during regular work hours or on Corporation premises unless a prior written request has been submitted and approved by the Executive Director.

Adopted: May 20th, 2016



David K. O'Brien, Secretary