

# LAKE COUNTY LAND REUTILIZATION CORPORATION

## CONFLICT OF INTEREST POLICY

**Section 1. Purpose.** The purpose of this conflict of interest policy (this “Policy”) is to protect the interests of the Lake County Land Reutilization Corporation (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer, Director or employee of the Corporation. A transaction or arrangement that provides a public benefit to a political subdivision with which an Officer, Director or employee is associated either by election or employment is not in and of itself a conflict of interest under this Policy. This Policy is intended to supplement but not replace the provisions of the Ohio Revised Code where such provisions are determined by a court or other body with jurisdiction over such matters to be applicable to the Officers, Directors or employees of the Corporation, including the following provisions set forth in the first paragraph of Section 1724.10(B)(1) thereof which address the issue of not only conflict of interest but also the incompatibility of public offices:

### **Section 2. Prohibited Interests and Actions of Directors, Officers and Employees; Permitted Interests; Exceptions.**

**Section 2.1. Prohibited Interests in Corporation Contracts.** No Director, Officer or employee of the Corporation shall knowingly do any of the following:

- (1) Authorize, or employ the authority or influence of such person’s office to secure authorization of any contract with the Corporation in which such person, a member of such person’s family, or any of such person’s business associates has an interest;
- (2) Authorize, or employ the authority or influence of such person’s office to secure the investment of funds in any share, bond, mortgage, or other security, with respect to which such person, a member of such person’s family, or any of such person’s business associates either has an interest, is an underwriter, or receives any brokerage, origination, or servicing fees;
- (3) During such person’s term of office with the Corporation or within one year thereafter, occupy any position of profit in the prosecution of a contract authorized by such person or by the Board of Directors of the Corporation of which such person was a member at the time of authorization, unless the contract was let by informal competitive bidding to the lowest and best bidder;
- (4) Have an interest in the profits or benefits of a contract entered into by or for the use of the Corporation;

(5) Have an interest in the profits or benefits of a contract that is not let by informal competitive bidding if not required under the Corporation's Informal Competitive Bidding Policy and that involves more than one hundred fifty dollars.

**Section 2.2. Permitted Interests.** In the absence of bribery or a purpose to defraud, a Director, Officer or employee of the Corporation, member of such person's family, or any of such person's business associates shall not be considered as having an interest in a Corporation contract or the investment of its funds, if all of the following apply:

(1) The interest of that person is limited to owning or controlling shares of the corporation, or being a creditor of the corporation or other organization, that is the contractor on the contract involved, or that is the issuer of the security in which the funds are invested;

(2) The shares owned or controlled by that person do not exceed five per cent of the outstanding shares of the corporation, and the amount due that person as creditor does not exceed five per cent of the total indebtedness of the corporation or other organization;

(3) That person, prior to the time the contract is entered into, files with the Board of Directors of the Corporation, an affidavit giving that person's exact status in connection with the corporation or other organization.

**Section 2.3. Exceptions.** Section 2.1 hereof does not apply to a Corporation contract in which a Director, Officer or employee of the Corporation, a member of such person's family, or one of such person's business associates has an interest, when all of the following apply:

(1) The subject of the contract is necessary supplies or services for the corporation;

(2) The supplies or services are unobtainable elsewhere for the same or lower cost, or are being furnished to the Corporation as part of a continuing course of dealing established prior to such person's becoming associated with the Corporation;

(3) The treatment accorded the Corporation is either preferential to or the same as that accorded other customers or clients of the corporation or other organization in similar transactions;

(4) The entire transaction is conducted at arm's length, with full knowledge by Corporation of the interest of such person, the member of such person's family, or business associate, and such person takes no part in the deliberations or decision of the Corporation with respect to the contract.

**Section 2.4. Soliciting or Accepting Improper Compensation.** No Director, Officer or employee of the Corporation shall knowingly solicit or accept, and no person shall knowingly promise or give to a Director, Officer or employee of the Corporation, either of the following:

(1) Any compensation, other than as allowed by divisions (G), (H), and (I) of Section 102.03 of the Revised Code or other provisions of law, to perform such person's official duties, to perform any other act or service in such person's official capacity, for the general performance of the duties of such person's office or employment, or as a supplement to such person's compensation;

(2) Additional or greater fees or costs than are allowed by rule or regulation of the Corporation to perform such person's official duties.

**Section 2.5. Soliciting or Accepting Anything of Value in Exchange for Certain Consideration.** No Director, Officer or employee of the Corporation for such person's own personal or business use, and no person for the person's own personal or business use or for the personal or business use of a Director, Officer or employee of the Corporation, shall solicit or accept anything of value in consideration of either of the following:

(1) Appointing or securing, maintaining, or renewing the appointment of any person to any office, employment, or agency with the Corporation;

(2) Preferring, or maintaining the status of, any Director, Officer or employee of the Corporation with respect to compensation, duties, placement, location, promotion, or other material aspects of employment or service.

**Section 2.6. Soliciting or Accepting Political Contributions in Exchange for Certain Consideration.** No person for the benefit of a political party, campaign committee, legislative campaign fund, political action committee, or political contributing entity shall coerce any contribution in consideration of either of the following:

(1) Appointing or securing, maintaining, or renewing the appointment of any person to any office, employment, or agency with the Corporation;

(2) Preferring, or maintaining the status of, any employee of the Corporation with respect to compensation, duties, placement, location, promotion, or other material aspects of employment.

### **Section 3. Procedures.**

**Section 3.1. Duty to Disclose.** Notwithstanding the provisions of Section 2.2(3) hereof, in connection with any actual or potential conflict of interest, a Director, Officer or

employee of the Corporation must disclose in writing the existence and nature of his or her interest to the Board of Directors prior to its formal approval of the proposed transaction or contractual arrangement.

**Section 3.2. Duty to Recuse Oneself from Vote or Selection Process.** A Director or Officer that has, or will have, an interest in a transaction or contractual arrangement of the Corporation with an entity or individual that is prohibited under this Policy must recuse himself or herself from (i) participating in discussions whose immediate purpose is to make a recommendation or selection of the entity or individual with whom the Corporation will enter into the transaction or arrangement, (ii) voting on the matter or (iii) both, as applicable. A Director that is either elected or employed by a political subdivision with which the Corporation is considering entering into a transaction or other arrangement must recuse himself or herself from voting on the matter involving the political subdivision. A Director or Officer who complies with the provisions of this **Section 3.2 shall not be deemed to have an actual or potential conflict of interest.**

**Section 3.3. Determining Whether a Prohibited Interest Exists.** After disclosure of a potential prohibited interest under Section 3.1 of this Policy, the Director, Officer or employee making such disclosure shall leave the Board of Directors' meeting while the Board discusses the nature of the interest and votes upon whether it believes such an interest constitutes or will constitute a prohibited interest if the Corporation were to enter into a transaction or contractual arrangement with the entity or individual in respect of which the interested person has an interest and whether such person is not or will not be deemed to have a conflict of interest due to such person's compliance with the provisions of Section 3.2 hereof. If such person is a Director, the remaining Board of Directors shall decide if a conflict of interest exists.

**Section 3.4. Procedures for Addressing the Conflict of Interest.** If, pursuant to Section 3.3, a prohibited interest is deemed to exist:

- a. The Board of Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement and may in its discretion request verbal advice or a written opinion of the Ohio Ethics Commission on the matter.
- b. After exercising due diligence, the Board of Directors shall determine whether the Corporation 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.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested Directors whether the transaction

or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

**Section 3.5. Violations of the Conflict of Interest Policy.**

a. If the Board of Directors has reasonable cause to believe that a Director, Officer or employee of the Corporation has failed to disclose an actual or possible prohibited interest under this Policy, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the response of such person and making such further investigation as may be warranted in the circumstances, the Board of Directors determines that such person has, in fact, failed to disclose an actual or possible prohibited interest, it shall take the disciplinary and corrective action which it, in its sole discretion, determines to be appropriate in the circumstances, including, without limitation, compliance with division (A)(1) of Revised Code Section 2921.22.

**Section 4. Records of Proceedings.** With respect to any proceedings of the Board of Directors under this Policy, the minutes of the Board of Directors shall contain the following:

a. The names of the persons who disclosed or otherwise were found to have an potential or actual prohibited interest under this Policy, the nature of the interest, any action taken to determine whether the interest is a prohibited interest here under or under any law of the State of Ohio, and the Board of Directors' decision as to whether a prohibited 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 therewith.

**Section 5. Annual Statements.** Each Director, Officer and employee of the Corporation shall annually sign a statement which affirms that such person:

a. has received a copy of the most recent Conflict of Interest Policy;

b. has read and understands this Policy;

c. has agreed to comply with this Policy; and

d. understands that (i) the Corporation is an organization performing essential governmental functions authorized in Chapters 1724 and 5722 of the Ohio Revised

Code, among others, and, therefore, pursuant to Section 115(1) of the Code, it and its income is exempt from federal income taxation and (ii) in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its governmental purposes.

**Section 6. Periodic Reviews.** To ensure that the Corporation operates in a manner consistent with its governmental purposes and that it does not engage in activities that could jeopardize its status as an organization performing essential governmental functions and claiming exemption from federal income taxation pursuant to Section 115(1) of the Code, periodic reviews shall be conducted. The periodic reviews shall, at the minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and
- b. Whether partnership and joint venture arrangements and arrangements with management service organizations, including property management organizations, if any, conform to written policies of the Corporation, are properly recorded with the Corporation, reflect reasonable payments for goods and services, further the Corporation's governmental purposes and do not result in personal inurement or impermissible private benefit.

**Section 7. Use of Outside Experts.** In conducting the periodic review provided for in Section 6, the Corporation may, but need not, use outside advisors or experts. If outside experts are used their use shall not relieve the Board of Directors of its responsibility for ensuring that periodic reviews are conducted.

**Section 8. Amendments.** This Policy may be amended from time to time by the Directors of the Corporation acting in accordance with the provisions governing amendments to this Policy set forth in the Code of Regulations.

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Executive Director/Directors/Employee

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Date