

## **CONFLICTS OF INTEREST POLICY**

Section 1.     Purpose.     The purpose of this conflicts of interest policy (this “Policy”) is to protect the interests of the Cuyahoga 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 or Director. A transaction or arrangement that provides a public benefit to a political subdivision with which an Officer or Director 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 applicable provisions of the Ohio Revised Code for public officials and public employees, including the following provisions set forth in the first paragraph of Section 1724.10(B)(1) thereof which address the issue of not only conflicts of interest but also the incompatibility of public offices:

*“...Membership on the governing board of a community improvement corporation does not constitute the holding of a public office or employment within the meaning of sections 731.02 and 731.12 of the Revised Code or any other section of the Revised Code. .... Membership on such governing boards shall not constitute an interest, either direct or indirect, in a contract or expenditure of money by any municipal corporation, township, county, or other political subdivision. No member of such governing boards shall be disqualified from holding any public office or employment, nor shall such member forfeit any such office or employment, by reason of membership on the governing board of a community improvement corporation notwithstanding any law to the contrary.”*

### Section 2.     Definitions.

Section 2.1.     Interested Person.     Any Director or Officer who has a direct or indirect financial interest, as defined below, is an “interested person” for purposes of this Policy.

Section 2.2.     Financial Interest.     A person has a financial interest if the person has, directly or indirectly, through business, investment or family: (i) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, (ii) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Section 2.3.     In General.     Words and terms with initial capital letters used as defined words and terms in this Policy and not otherwise defined herein shall have the same meaning given such words and terms in the Code of Regulations of the Corporation.

### Section 3.     Procedures.

Section 3.1.     Duty to Disclose.     In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the Board of Directors prior to its considering the proposed transaction or arrangement.

Section 3.2.     Duty to Recuse Oneself from Vote.     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.

Section 3.3. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest, the interested person shall leave the Board of Directors' meeting while the financial interest is discussed and voted upon. If such interested 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 conflict of interests 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.
- 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 3.4. Violations of the Conflicts of Interest Policy.

- a. If the Board of Directors has reasonable cause to believe that an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested 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 the interested person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

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 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 of Directors' 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 therewith.

Section 5. Annual Statements. Each Director and Officer shall annually sign a statement which affirms that such person:

- a. has received a copy of the most recent Conflicts 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.