



LEGACY
FOUNDATION

Conflict of Interest Policy

Article I – Purpose

The purpose of this Conflict of Interest Policy is to protect the Ottumwa Regional Legacy Foundation's (ORLF's) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer, director or employee of ORLF 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 conflicts of interest applicable to nonprofit and charitable organizations.

Article II – Responsibility

Directors, officers and staff serve the public interest and thus have a clear obligation to this concept. All decisions of the board, officers, and employees of ORLF are to be made solely on the basis of a desire to promote the best interests of the organization and the public good.

1. **Interested person** – Any member of the Board, principal officer, member of a committee with governing board delegated powers and all persons employed by ORLF, regardless of position, who have 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, throughout business, investment, or family:

- a) An ownership or investment interest in any entity with which ORLF has a transaction or arrangement,
- b) A compensation arrangement with ORLF or with any entity or individual with which ORLF has a transaction or arrangement, or
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which ORLF 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. A person who has a financial interest may have a conflict of interest only if the Board, Executive Committee or, if by employees the President, decide that a conflict of interest exists.

3. **Positions with Charitable Grantees** – Any management or board level position that interested person, or a family member of interested person living in the same household has or had during the last five (5) years in any organization that has received or is likely to receive grants from the Foundation is considered a potential conflict of interest.

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 financial interest and be given the opportunity to disclose all material facts to the Board, Executive Committee or, if by employees, the President.

2. **Recusal of Self** – Any interested person may recuse him or herself at any time from involvement in any decision or discussion whereas he or she believes there is a potential conflict of interest, without going through the process for determining whether a conflict of interest exists.

3. **Determining Whether a Conflict of Interest Exists** -- After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the 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 exists. Those potential conflicts of interest including staff shall be referred to the President for review.

4. Procedures for Addressing the Conflict of Interest

- a) An interested person may make a presentation at the 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.
- b) The chairperson of the 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 Board or committee shall determine whether ORLF 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 Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in ORLF'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.
- e.) With respect to restraint on participation by staff, the President, or, where applicable, the Board Chair shall take such action as is necessary to assure that the transaction is completed in the best interests of ORLF without the substantive involvement of the person who has the possible conflict of interest.

5. Violations of the Conflicts of Interest Policy

- a) If the Board, committee or President has reasonable cause to believe 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 the interested person an opportunity to explain the alleged failure to disclose.
- b.) If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the Board, committee or President determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV – Records of Proceedings

The minutes of the 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, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or Executive 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 Board who receives compensation, directly or indirectly, from ORLF 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 ORLF for services is precluded from voting on matters pertaining to that member's compensation.
- c.) No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from ORLF, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI – Annual Statements

1. Each director, principal officer, member of a committee with Board delegated powers and employee shall annually sign a statement which affirms such person:

- a) Has received a copy of the Conflict of Interest Policy,
- b) has read and understands the policy, and
- c) has agreed to comply with the policy.

2. If at any time during the year, the information in the annual statement changes materially, the interested person shall disclose such changes and revise the annual disclosure form.

4. The Executive Committee and President shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VII – Periodic Reviews

To ensure ORLF 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 (if reasonably available), and the result of arm's length bargaining.
- b) Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to ORLF's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or 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, ORLF may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.