

# ROCHESTER ECONOMIC DEVELOPMENT CORPORATION (REDCO)

## CONFLICT OF INTEREST POLICY

**Adopted June 18, 2020**

Section 1. Application. The Board of Directors (Board) of the Rochester Economic Development Corporation (REDCO) adopted the following policy for all current and future Directors and officers. This policy is also meant to provide guidance to all other persons employed by REDCO.

Section 2. Definition of Conflicts of Interest. A conflict of interest will be deemed to exist whenever an individual is in the position to approve or influence REDCO policies or actions that could ultimately harm or benefit financially: (a) the individual; (b) any member of his or her immediate family (spouse, parents, children, brothers or sisters and spouses of these individuals); or (c) any organization in which the individual or an immediate family member is a Director, trustee, officer, member, partner or more than 10% shareholder.

A conflict of interest also will be deemed to exist whenever an individual is in the position to approve or influence REDCO policies or actions that involve another organization in which the individual is a Director, trustee, officer, member, partner or more than 10% shareholder and the policy or action under consideration could ultimately harm or benefit in a significant financial, programmatic or competitive way either REDCO or the other organization. The preceding does not include potential conflicts that arise solely out of service by the individual as a Director, trustee or officer of an entity controlled by or at the request and for the benefit of REDCO. The preceding also does not include potential conflicts that arrive solely out of service by an individual as an employee or elected official of a governmental entity.

Section 3. Disclosure of Conflicts of Interest. A Director or officer shall disclose a conflict of interest: (a) prior to voting on or otherwise discharging his or her duties with respect to any matter involving the conflict which comes before the Board or any committee; (b) prior to entering into any contract or transaction involving the conflict; (c) as soon as possible after the Director or officer learns of the conflict; and (d) on the annual conflict of interest disclosure form. The Secretary of the Board shall distribute annually to all Directors and officers a form soliciting the disclosure of all conflicts of interest, including specific information concerning the terms of any contract or transaction with REDCO that involves a potential conflict of interest for the Directors or officers. Prior to joining the Board, all Directors must complete the REDCO Conflict of Interest Disclosure Form. The Secretary will refer all conflicts disclosed to the Chief Executive Officer (CEO) and General Counsel to the Board.

Section 4. Procedures for Addressing Conflicts of Interest. The CEO and General Counsel to the Board will review all disclosed conflicts and material facts associated with and refer them to the Executive Committee to the Board. The Executive Committee will conduct a review of the disclosed conflict which includes a meeting with the interested Director or officer. The Executive Committee will determine whether a conflict of interest exists.

Section 5. Approval of Contracts and Transactions Involving Potential Conflicts of Interest. Following receipt of information concerning a contract or transaction involving a potential conflict of interest, the Executive Committee to the Board shall consider the material facts concerning the proposed contract or transaction including the process by which the decision was made to approve or recommend entering into the arrangement on the terms proposed. The Executive Committee to the Board shall approve only those contracts or transactions involving conflicts in which the terms are fair and reasonable to REDCO and the arrangements are consistent with the best interests of REDCO. Fairness includes, but is not limited to, the concepts that REDCO should pay no more than fair market value for any goods, property or services that REDCO receives and that REDCO should receive fair market value consideration for any goods, property, or services that it furnishes others. In the event the Executive Committee to the Board proposes to enter the contract or transaction, the Executive Committee must refer the matter to the Board for consideration. If the Board proposes to and/or enters into a contract or transaction in which a Director has an indirect or direct interest, the Board must comply with the procedures outlined in Article XI Section 2 of the REDCO Bylaws. The Board, on the record, shall set forth the basis for its decision with respect to approval of contracts or transactions involving conflicts of interest in the minutes of the meeting at which the decision is made, including the basis for determining that the consideration to be paid is fair to REDCO. If it chooses, the Board can attach conditions to approval or mandate procedures to manage and/or lessen any effects of the conflict, including adverse perceptions that might arise because of the situation. No Director or officer shall in any manner influence or attempt to influence a vote on a transaction in which that Director or officer has a conflict. Such action may be subject to removal pursuant to Article IV Section 6 of the REDCO Bylaws.

Section 6. Validity of Actions. No contract or other transaction between REDCO and one or more of its Directors and/or officers, or between REDCO and any other corporation, firm, association or other entity in which one or more of its Directors and/or officers is a trustee, Director or officer, or has a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such Director and/or officer is present at the meeting of the Board of Directors or a committee thereof, that authorizes such contract or transaction, or that his or her vote is counted for such purpose, if the material facts as to such Director's and/or officer's interest and/or relationship are disclosed in good faith or known to the Board or committee, and the Board or committee authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Directors and/or officers. Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or committee which authorizes an action, contract or transaction. At the time of the final discussion and decision concerning the authorization of an action, contract or transaction involving a conflict of interest, the interested Director and/or officer should not be present in the meeting. No Director or officer shall in any manner influence or attempt to influence a vote on a transaction in which that Director or officer has a conflict. Such action may be subject to removal pursuant to Article IV Section 6 of the REDCO Bylaws.

Section 7. Violations of the Conflict of Interest Policy. If the Board or Executive Committee to the Board reasonably believes that a Director or officer has failed to disclose any actual or potential conflict, the Director or officer will be informed and be afforded the opportunity to explain the alleged failure to disclose. The Executive Committee to the Board will conduct a hearing, on the record, to investigate the alleged failure to disclose by the Director or officer. After such a hearing, the Executive Committee will determine whether a failure to disclose exists, and shall take appropriate disciplinary and corrective action which may include resignation according to Article IV Section 6 of the REDCO Bylaws.

Section 8. Record of Proceedings. All meetings relating to the disclosure of Director or officer conflicts of interest shall be recorded according to Article I Section 5 of the REDCO Bylaws. These minutes must include the following:

- (a) The names of persons who disclosed or otherwise were found to have an actual or potential conflict, and any action taken and decision made by the Executive Committee to determine whether the conflict exist.
- (b) The names of persons present for discussions and votes concerning the interested transaction and any alternatives to the transactions.

Section 9. Annual Statement. Each Director and officer shall annually sign a statement which affirms that they:

- (a) Have received a copy of this policy;
- (b) Read and understood this policy; and
- (c) Agrees to comply with this policy.