

Region 3 RCC Conflict of Interest Policy

A. PURPOSE

1. The Members and Officers of the Region 3 Regional Coordinating Council may only serve for the public purposes of the Council. It is contemplated that the RCC shall not enter into a transaction or arrangement that might benefit the private interest of an officer or member of the RCC or might result in a possible excess benefit transaction.

2. The purpose of this Conflict of Interest Policy is to protect the Region 3 RCC's interest in the event it should consider such a transaction or arrangement. This policy is intended to supplement but not replace any applicable New Hampshire and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

B. DEFINITIONS

1. Interested Person – Any trustee, principal officer, or member of a committee with governing board delegated powers, who has 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, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which the RCC has a transaction or arrangement,
 - b. A compensation arrangement with the RCC or with any entity or individual with which the RCC has a transaction or arrangement,
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the RCC is negotiating. 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 appropriate governing board or committee decides that a conflict of interest exists.

C. PROCEDURES

1. Duty to Disclose –In connection with any actual or possible conflict of interest, an interested person must disclose in writing the existence of the financial interest and be given the opportunity to disclose all material facts to the governing board and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. 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 governing 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.

3. Procedures for Addressing the Conflict of Interest– If the Board or Committee decides that a conflict of interest exists, it shall follow these procedures:

a. An interested person may make a presentation at the governing 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 governing 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 governing board or committee shall determine whether the RCC 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. If it can do so with reasonable efforts, the governing board or committee shall choose a more advantageous transaction or arrangement that does not give rise to a conflict of interest over one that does.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a vote of the disinterested board members:

(1) whether the transaction or arrangement is in the RCC's best interest, for its own benefit; (2) whether it is fair and reasonable, notwithstanding the conflict of interest.

In conformity with the above determinations, the governing board or committee shall make its decision as to whether to enter into the transaction or arrangement, notwithstanding the conflict of interest, by the following procedures:

- (i) For a transaction less than \$500 in a fiscal year, a simple majority vote of the disinterested board members or committee members is needed.
- (ii) For a transaction involving more than \$500, but less than \$5,000 in a fiscal year, a two-thirds vote of the disinterested board members or committee members is needed.
- (iii) For a transaction involving more than \$5,000 in a fiscal year, a two-thirds vote of the disinterested board members or committee members is needed and, if there is a two-thirds majority vote of the disinterested board members or committee members to proceed with a transaction or arrangement involving more than \$5,000 in a fiscal year, publication in a newspaper in general circulation in the Region 3 area before consummating the transaction or arrangement is also required.

In general, it is not considered a prohibited transaction or arrangement if an interested person receives:

- (1) Reasonable compensation for services as an executive director or expenses incurred in connection with official duties as a trustee or officer,
- (2) A benefit provided by the RCC if:
 - (i) The benefits are provided or paid as part of programs, benefits, or payments to members of the general public; and
 - (ii) The RCC has adopted written eligibility criteria for such benefit in accordance with its bylaws or applicable laws; and
 - (iii) The interested person meets all of the eligibility criteria for receiving such benefit.
- (3) A benefit pursuant to a continuing transaction entered into by the RCC, merely because a person with a financial interest therein subsequently become an officer, or trustee of the RCC, but the votes specified in section 3 of this policy must still be conducted.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall

inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

D. PROHIBITED TRANSACTIONS

1. Loans – The RCC shall not lend money or property to any interested person.
2. Real Estate Transactions – The RCC shall not give to, sell to or lease (for a term greater than five (5) years) any real estate or any interest in real estate from any interested person.

E. RECORDS OF PROCEEDINGS

1. Minutes – The minutes of the meetings of the RCC and all committees with 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 governing board's or committee's decision 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.
2. Reports – The RCC shall maintain a list disclosing each and every transaction or arrangement with an interested person in which a conflict of interest was found, including the names of those to whom the benefit accrued and the amount of the benefit. Such list shall be available for inspection by members and the public.

F. COMPENSATION

1. RCC Member Cannot Vote on Own Compensation

A voting member of the RCC who receives compensation, directly or indirectly, from the RCC for services, is precluded from voting on matters pertaining to that member's compensation.

2. Committee Member Cannot Vote on Own Compensation

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the RCC for services, is precluded from voting on matters pertaining to that member's compensation.

3. No Prohibition on Disclosure of Compensation

No voting member of the RCC or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the RCC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

G. ANNUAL STATEMENTS

Receipt and Understanding of Policy – Each trustee, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement that affirms such person:

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

H. PERIODIC REVIEWS

Biannual Reviews by Board – To ensure the RCC operates in a manner consistent with public purposes and does not engage in activities that could jeopardize its exempt status, periodic reviews shall be conducted at least biannually by the Executive Committee. The periodic reviews shall, at a minimum, including the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and are the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with RCC's management conform to the RCC's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the RCC's

public purposes and do not result in private inurement, impermissible private benefit, or in an excess benefit transaction.

I. USE OF OUTSIDE EXPERTS

Assistance –When conducting the periodic reviews as provided for in section H of this policy, the RCC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.