

CONFLICT OF INTEREST POLICY

OHIO PUBLIC FACILITIES MAINTENANCE ASSOCIATION

ARTICLE I - PURPOSE

The purpose of this conflict of interest policy (the “Policy”) is to assure that the affairs of **Ohio Public Facilities Maintenance Association** (the “Association”) and of its trustees and officers and employees are managed in an ethical manner, free from the temptations for personal gain, which conflicting desires may provide.

ARTICLE II - DEFINITIONS

2.1 “Interested Person” includes a trustee, officer, employee, volunteer, board member (or immediate family member of any of the foregoing) of the Association.

2.2 “Financial Interest” means an Interested Person who has, directly or indirectly, through business, investment, or immediate family, any of the following:

- (a) An ownership or investment interest in any entity with which the Association has a transaction or arrangement;
- (b) An interest in the profits or benefits of a transaction or arrangement entered into by or for the benefit of the Association;
- (c) A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement;
- (d) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement; or
- (e) A potential interest in the profits or benefits of a transaction or arrangement entered into by or for the benefit of the Association.

2.3 “Conflict of Interest” means any of the following when finally determined in accordance with Section 3.2 of this Policy:

- (a) An Interested Person is party to a contract, or involved in a transaction, with the Association for goods or services;

- (b) An Interested Person has an interest or right in any action, whether legal, judicial, investigative, or administrative, against the Association;
- (c) An Interested Person has a Financial Interest in a transaction between the Association and an entity in which the Interested Person is a trustee, officer, agent, partner, associate, employee, personal representative, receiver, guardian, custodian, or other legal representative;
- (d) An Interested Person is engaged in some capacity or has a Financial Interest in a business or enterprise that competes with the Association.

2.4 “Compensation” includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial, whether or not for such person’s own personal or business use.

2.5 Interpretation.

(a) A Financial Interest is not necessarily a Conflict of Interest. Under this Policy, a person who has a Financial Interest may have a Conflict of Interest only if determined according to this Policy.

(b) Other situations may create the *appearance of a conflict*, or present a *duality of interests* in connection with a person who has influence over the activities or finances of the nonprofit. All such circumstances should be disclosed to the Board or staff, as appropriate, and a decision made as to what course of action the organization or individuals should take so that the best interests of the Association are not compromised by the personal interests of stakeholders in the Association.

ARTICLE III - PROCEDURES

3.1 Duty to Disclose. An Interested Person must disclose the existence of any actual or possible Conflict of Interest.

3.2 Determining Whether a Conflict of Interest Exists. After disclosure of all material facts, and after any discussion with the Interested Person, the Board of Trustees (or other governing board or committee established for such purpose) will discuss the matter and render a decision as to whether a Conflict of Interest is deemed to exist.

3.3 Transactions Not Void. No contract, action or transaction between or affecting the Association and one or more of its trustees or officers, or between or affecting the Association and any other Association, partnership, association, or other organization in which one or more of its trustees or officers are trustees or officers, or have a Financial Interest or personal interest shall be void or voidable solely for such reason, or solely because the trustees or officers is present at or participates in the meeting of the Board or committee which authorizes

the contract, action or transaction, or solely because his, her, or their votes are counted for such purposes; *provided however*, that the contract or transaction is fair and reasonable as to the Association at the time it is authorized, approved, or ratified by the Board or committee.

3.4 Procedures for Addressing the Conflict of Interest.

(a) An Interested Person may make a presentation at the Board or committee meeting, but after such presentation, the Interested Person 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, action or arrangement of the Association.

(c) If the Board or committee determines not to appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement, the Board or committee, may in good faith authorize the contract, action or transaction by the affirmative votes of a majority of the disinterested trustees, even though the disinterested trustees are less than a quorum.

(d) After exercising due diligence, the Board or committee shall determine whether the Association can obtain, with reasonable efforts, a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to the Conflict of Interest.

(e) 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 the affirmative votes of a majority vote of the disinterested trustees, even though the disinterested trustees are less than a quorum, whether the transaction or arrangement is (i) in the Association's best interest, (ii) beneficial to the Association, and (iii) fair and reasonable. If these factors are met, the Association may choose to enter into the proposed transaction.

(f) In evaluating such a transaction or arrangement, the Association should pay no more than fair market value for any goods or services, which the Association receives and should receive fair market value consideration for any goods or services that it furnishes to others.

3.5 Quorum. Subject to the restrictions expressly set forth in Article V of this Policy, common or interested trustees may be counted in determining the presence of a quorum at a meeting of the Board or committee, which authorizes a contract, action or transaction specified or allowed by this Policy. A transaction or arrangement contemplated by this Policy may not be authorized, approved, or ratified by a single trustee.

3.6 Violations of the Conflict of Interest Policy.

(a) If the Board or committee has reasonable cause to believe that a person required to disclose a Conflict of Interest has failed to disclose an actual or possible conflict of interest, the Board or committee shall inform that person of the basis for such belief and also afford that 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 or committee determines that such person has in fact failed to disclose an actual or possible Conflict of Interest, the Board or committee 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 2721.02.

ARTICLE IV - RECORDS OF PROCEEDINGS

With respect to any proceedings of the Board of Trustees and all committees under this Policy, the minutes of such Board or committee shall contain the following:

4.1 Persons with a Financial Interest. 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 final decision by the Board or committee as to whether a Conflict of Interest was deemed to exist.

4.2 Record of Names, Content, and Votes. 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.

ARTICLE V - COMPENSATION

5.1 Voting Member of the Board of Trustees. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that person's compensation.

5.2 Voting Member of any Compensation Committee. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that person's compensation.

5.3 Other Voting Members who Receive Compensation. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI - AFFIRMING STATEMENTS

Each trustee, officer, and member of a committee with governing Board delegated powers shall sign a statement, a form of which is annexed hereto as **Exhibit A**, which affirms that such person:

- (1) Has received a copy of this conflicts of interest Policy;
- (2) Has read and understands this Policy;
- (3) Has agreed to comply with this Policy; and
- (4) Understands that the Association is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

ARTICLE VII - PERIODIC REVIEWS

7.1 Reviews to Preserve Charitable Purpose. To ensure that the Association operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, 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 and the result of arm's length bargaining; and

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

7.2 Ongoing Disclosure of Conflicts. Furthermore, periodically, the Secretary of the Association may distribute to all trustees and officers of the Association a form, the form of which is annexed hereto as **Exhibit B**, soliciting the disclosure of all Conflicts of Interest, including specific information concerning the terms of any contract or transaction with the Association and whether the process for approval set forth herein was used.

ARTICLE VIII - USE OF OUTSIDE EXPERTS

In conducting the periodic reviews as provided for in Article VII of this Policy, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board or committee of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE IX - AMENDMENTS

This Policy may be amended from time to time by the affirmative approval of a majority of the Directors of the Association acting in accordance with the Code of Regulations.