



## **Policy: Conflicts of Interest**

Effective Date: December 10, 2013

Policy No.: Board - 1

1. Purpose.

The purpose of the Conflicts of Interest Policy (the "**Policy**") is to protect the interests of JobsOhio (the "**Corporation**") when it is considering a transaction or arrangement that might benefit the private interest of a director, officer or employee of the Corporation or might directly benefit that individual in other than a *de minimis* manner. This policy is intended to supplement but not replace any applicable Ohio laws governing conflicts of interest applicable to the Corporation.

2. Definitions. For purposes of this Policy:

"**Board**" means the Corporation's Board of Directors.

"**Compensation**" includes direct and indirect remuneration as well as material gifts or favors.

"**Director**" means a member of the Board.

"**Family members**" include spouses or domestic partners and dependent children or other individuals claimed as a dependent on their most recent tax return.

Having a "**fiduciary role**" means a legal or ethical obligation on the part of an individual to act in the best interests (the financial success) of another, such as membership on a board of directors or a management role in a company or partnership.

"**Financial Interest**" means a financial **ownership or investment** interest consisting of one or more of the following interests of the Director, Officer or employee (and those of that person's Family Members):

- (i) An equity interest in a non-publicly traded entity or any financial remuneration received from the entity in the twelve (12) months preceding the disclosure that, when aggregated, exceeds \$10,000;
- (ii) An equity interest in a publicly traded company that in the aggregate is one percent (1%) or greater, or any financial remuneration received from the publicly traded company in the



twelve (12) months preceding the disclosure that in the aggregate exceeds \$10,000; and

- (iii) Income related to intellectual property rights and interests (*e.g.*, royalties).

“**Financial Interest**” does not include the following types of financial interests:

- (i) Compensation paid by the Corporation to the Director, Officer or employee, if such person is currently employed or otherwise appointed by the Corporation.
- (ii) Pension funds or diversified mutual funds in which the account holder or shareholder has no control over the selection of equities held by the fund.
- (iii) A bank account or similar depository account held on terms offered to the general public.

A financial ownership or investment interest that is not a Financial Interest shall be considered *de minimis*.

“**Interested Individual**” means a Director, Officer or employee of the Corporation who has, directly or indirectly, through business, investment, or family, any of the following:

- (a) a Financial Interest in any person with which the Corporation has a transaction or arrangement;
- (b) a compensation arrangement or fiduciary role with the Corporation or any person with which the Corporation has a transaction or arrangement; or
- (c) a potential Financial Interest in, or potential compensation arrangement or fiduciary role with, any person with which the Corporation is negotiating a transaction or arrangement.

“**Officer**” means the Chair, Chief Investment Officer, President, Secretary, and Treasurer of the Corporation, each of whom are Directors pursuant to Article 7.1 of the Corporation’s Articles of Incorporation (“**Articles**”).

### 3. Procedures.

- (a) Duty to Disclose. In connection with any actual or possible conflicts of interest with respect to a specific transaction or arrangement between an Interested



Individual and the Corporation, an Interested Individual shall disclose the existence and nature of his or her Financial Interest, Compensation arrangement, and/or fiduciary role, and all material facts related thereto, to the Compliance Officer of the Corporation and to the corporate body or Officer having final authority to approve the proposed transaction or arrangement (that is, either to the Board, to the members of the Investment Committee of the Board, or to the President and Chief Investment Officer, as applicable).

- (b) Determining Whether a Conflict Exists. Where such disclosure is properly made to the Board or the Investment Committee, and after disclosure of the Financial Interest and all material facts and any discussion with the Interested Individual, he or she shall leave the Board or Investment Committee meeting while the determination of a whether a conflict of interest exists is discussed and voted upon. The Board or the Investment Committee, as applicable, shall decide if an actual conflict of interest exists or whether, under the circumstances, the matter is either not a conflict of interest or is a *de minimis* one with insubstantial effect that does not necessitate the recusal of the Director, Officer or employee.

Where such disclosure is instead properly made to the President and Chief Investment Officer, and after disclosure of the financial interest and all material facts and any discussion with the Interested Individual, he or she shall recuse themselves from any further participation in the proposed transaction or arrangement while the determination of a whether a conflict of interest exists is made. The President and Chief Investment Officer, in consultation with the General Counsel and Compliance Officer, shall decide if an actual conflict of interest exists or whether, under the circumstances, the matter is either not a conflict of interest or is a *de minimis* one with insubstantial effect that does not necessitate the recusal of the Director, Officer or employee.

- (c) Procedures for Addressing the Conflict of Interest.
- i. If the Board or Investment Committee decides by a majority vote of the disinterested Directors that a conflict exists, then the disinterested Directors shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person that would not give rise to a conflict of interest.
- For vendor-type transactions or arrangements involving a person that provides products or services to the Corporation, this determination shall be guided by consideration of requests for quotes or bids from vendors that would not give rise to a conflict of interest.



- For transactions or arrangements involving the Corporation's grants or loans, this determination shall focus on whether another disinterested entity (such as a JobsOhio Regional Partner or the Ohio Development Services Agency) could successfully proceed with the transaction or arrangement without the Corporation's participation.
  - ii. If a more advantageous transaction or arrangement is not reasonably available under circumstances that would not give rise to a conflict of interest, the Board or Investment Committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether the transaction or arrangement is fair and reasonable.
  - iii. If the President and Chief Investment Officer determines, within the limits of his or her authority, that an actual non-*de minimis* conflict of interest exists and where the Interested Individual is an employee of the Corporation, the Interested Individual shall withdraw from participation in all aspects of the transaction or arrangement at issue. If the President and Chief Investment Officer determines that an actual non-*de minimis* conflict of interest exists and the Interested Individual is a Director or Officer, then the procedures set forth in part (c)(i) and (ii) above shall also be followed.
  - iv. The Corporation shall document in its project files relevant disclosures of potential non-*de minimis* conflicts of interest and the considerations or actions taken to address and/or mitigate any such actual, non-*de minimis* conflicts of interest that may appear to exist.
- (d) Violations of the Conflicts of Interest Policy. If the Board has reasonable cause to believe that a Director or Officer has failed to disclose an actual or possible conflict of interest, it shall inform such individual of the basis for such belief and provide such individual with an opportunity to explain the alleged failure to disclose. If, after hearing the response of the Director or Officer and making such further investigation as may be warranted in the circumstances, the Board determines that the Director or Officer has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, including, without limitation, initiating an action for breach of fiduciary duty.
4. Records of the Proceedings. The minutes of the Board meetings considering possible or actual conflicts of interest shall be kept and shall contain both of the following:
- (a) The names of the individuals 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 decision as to whether a conflict of interest existed; and

- (b) The names of the individuals 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.

5. Compensation Committees. An Officer or employee of the Corporation whose responsibility includes compensation matters and who receives Compensation directly or indirectly from the Corporation is precluded from voting or providing information to a compensation committee, if any, on matters pertaining to that individual's compensation.

6. Non-Solicitation. No Director shall solicit or accept employment with any person that receives or has received an incentive or other assistance as a result of a decision that such Director participated in as a Director of the Corporation.

7. Annual Statements. Each Director, Officer and employee of the Corporation shall annually sign a statement that affirms that such individual:

- (a) has received a copy of the Policy;
- (b) has read and understands the Policy;
- (c) has agreed to comply with the Policy, and
- (d) understands the Corporation's statutory purpose and that it is a nonprofit corporation.

8. Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its statutory and charitable purposes or contractual obligations and that it does not engage in activities that could jeopardize the status of the Corporation as an organization exempt from Federal income tax, the Board shall conduct periodic reviews of its operations. The periodic reviews shall, at a minimum, determine all of the following:

- (a) whether compensation arrangements and benefits are reasonable, based upon competent survey information, and the result of arm's length bargaining;
- (b) whether the Corporation's operations are consistent with the Articles, the Code of Regulations and contractual obligations, and are properly documented; and
- (c) whether transactions are fair to the Corporation, reflect reasonable investment or payments for goods and services, further the Corporation's statutory and charitable purposes or contractual obligations, and do not result in direct private benefit to Directors, Officers or other persons, in other than a *de minimis* manner.



9. Use of Outside Advisors. In conducting the periodic reviews provided for herein, the Corporation may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.