

Monroe County Art in Public Places Committee

Conflict of Interest Policy

Adopted August 18, 2008

Revised March 21, 2016

1. Purpose: The purpose of the conflict of interest policy is to protect the interests of the AIPP when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of AIPP. This policy is intended to supplement, but not replace, any applicable state or federal laws governing conflicts of interest applicable to nonprofit corporations.

2. Definitions:

- a. **Interested Person:** Any person who is a “disqualified person” within the meaning of Treas. Reg. 53.4958-3 is an “interested person” for purposes of this policy. Thus, any person who is, or during the preceding 2 years was, in a position to exercise substantial influence over the affairs of AIPP is an “interested person.” If an individual or entity is an interested person with respect to AIPP or any entity affiliated with AIPP, he or she is an interested person with respect to all affiliated entities.
- b. **Particular Persons:** Any person who is, or who was during the past 2 years, a director, principal officer, or member of a committee with board delegated powers, and who has a direct or indirect financial interest, as defined below, is an “interested person.” In addition, the spouse, ancestors, siblings, and descendants (and spouse of any ancestor, sibling, or descendant) of any such person is an interested party. Finally, any business, trust, or estate, at least 35% of which is owned by one or more interested persons, is itself an interested person. Other factors, e.g., being the founder of AIPP, a substantial contributor to AIPP, or a key executive who is not an officer, will also be taken into account in determining whether an individual or entity is an interested person.
- c. **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
 - i. An ownership or investment interest in any entity with which AIPP has a transaction or arrangement;
 - ii. A compensation arrangement with AIPP or with any entity or individual with which AIPP has a transaction or arrangement; or
 - iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which AIPP is negotiating a transaction or arrangement.
- d. **Compensation:** Compensation includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature.

3. Procedures:

- a. **Duty to Disclose:** In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest, and must be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers that are considering the proposed transaction or arrangement.
- b. **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 committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining committee members shall decide if a conflict of interest exists.
- c. **Procedures for Addressing the Conflict of Interest:**
 - i. An interested person may make a presentation at the committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of and the vote on the transaction or arrangement that result in the conflict of interest.
 - ii. The Chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- iii. After exercising due diligence, the committee shall determine whether AIPP can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- iv. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the committee shall determine by a majority vote of the disinterested directors or committee members whether the transaction or arrangement is in AIPP's best interest and for its own benefit, and whether the transaction is fair and reasonable to AIPP. The committee shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
- v. For purposes of this policy, a disinterested person is one who is not an interested person with respect to the transaction, who is not in an employment or other financial relationship with any disqualified person with respect to the transaction, and who does not have any other material financial interest that may be affected by the transaction.

d. Violations of the Conflict of Interest Policy:

- i. If the committee has reasonable cause to believe that 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.
- ii. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. Records of Proceedings: The minutes of the committees with board authority shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with a transaction or arrangement, and the nature of the financial interest; and
- 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 therewith.

5. Compensation Committees: A voting member of the board, or of any committee whose jurisdiction includes compensation matters, and who receives compensation, directly or indirectly, from AIPP for services is precluded from discussing and voting on matters pertaining to that member's compensation. However, such a person is not prohibited from providing information to the board of directors or any committee regarding compensation of similarly situated persons.

6. Annual Statements: Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person:

- a. Has received a copy of this conflict of interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and

7. Use of Outside Experts: In conducting the periodic reviews provided, AIPP may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

APPROVED: August 18, 2008 and Revised March 21, 2016
by the Committee Members of the Monroe County AIPP