

Region VI Workforce Investment Board

Conflict of Interest Statement

Every Member must comply with ARTICLE X, Conflicts of Interest and Excess Benefits section of the Incorporated By Laws of the Region VI Local Elected Officials board. Please read and sign where indicated.

ARTICLE X

Conflicts of Interest and Excess Benefits

10.1 No Preclusion The corporation shall not be precluded from conducting business with a partnership, firm or company with which one or more Directors is associated, provided any business relationship is established and maintained on an arm's length basis and the subsequent provisions of the Section are met.

10.2 Identification An actual or potential conflict of interest arises when any of the following circumstances exist or are threatened:

- (a) a proposed transaction or arrangement under consideration by the Board, or any ongoing business relationship, involves a Contracting Entity with respect to which there is an Interested Director;
- (b) an opportunity within the scope of activities of the corporation could be exploited by the Director, the Director's Family Member, or a Contracting Entity with respect to which there is an Interested Director; or
- (c) a proposed transaction or compensation arrangement involves a Disqualified Person.

10.3 Procedure for Determining Whether a Conflict Exists

(a) Disclosure Statements. Each Director shall complete an annual Conflict of Interest Disclosure Statement, describing any connections of the Director or the Director's Family Member with a Contracting Entity. It is his or her duty to make a full, frank and fair disclosure of the circumstances giving rise to an actual or potential conflict of interest. Each Director is also obligated to file a supplementary Disclosure Statement if, during the year, there is any change in circumstances that alters or makes incomplete the information provided in the original Disclosure Statement. It shall be the responsibility of the Chairman to review each of the Disclosure Statements and bring any perceived conflicts of interest to the attention of the Board of Directors.

(b) Additional Disclosure. If, during the course of a meeting of the Board of Directors, a Director is aware that he or she has or may have an actual or a potential conflict of interest in a matter under discussion, the Director shall immediately disclose the material facts about his or her interest in the matter to the Board of Directors. If, during the course of a meeting, the Chairman or any Director believes that another Director has or may have an actual or potential conflict of interest in a matter under discussion, such person shall immediately make such concern known to the Board of Directors.

(c) Analysis of Conflict Issue The determination of whether there is a conflict of interest in any particular circumstances shall be made by the Chairman. In the event that the question involves the Chairman, the ranking officer present shall make the decision regarding whether a conflict of interest exists. The review shall be subject to the following process:

(i) Questioning of the Involved Director. It is the Involved Director's duty to respond fully and frankly to any questions from the Chairman or other Directors relating to the actual or potential conflict of interest.

(ii) Exclusion of the Involved Director. At the Chairman's direction, or upon motion and majority vote of the other Directors present (excluding the Involved Director), the Involved Director shall leave the Board meeting while the question of whether a conflict exists is discussed and, if a conflict is determined to exist, the Involved Director shall leave the Board meeting while the substantive issue which is the subject of the conflict is discussed and shall not vote on said substantive matter.

(d) Disqualified Persons. Notwithstanding the foregoing, any proposed transaction or compensation arrangement with a Disqualified Person shall be deemed to present a conflict of interest and shall be dealt with in accordance with the procedures forth in subsection (i), below.

(i) Procedure After Determining the Existence of a Conflict.

(1) Appointment of Disinterested Individual or Committee to Investigate. In the event the Board of Directors concludes that a conflict exists, the Chairman or a majority of the disinterested Directors present may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement which presents the conflict.

(2) Board Action. Alternatively, the Board may approve the transaction or arrangement which is the subject matter of the conflict by an affirmative of a majority of the disinterested Directors present, provided that they have determined (i) that the transaction or arrangement is in the corporation's best interest and for its own benefit; (ii) that it is fair and reasonable to the corporation; and (iii) after exercising due diligence, that the corporation could not obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances. In addition, with respect to any proposed transaction or compensation arrangement with a Disqualified Person, the Board or any applicable Committee shall have obtained and relied upon appropriate comparability data in making their determination. Any Involved Director or any Disqualified Person shall leave the Board meeting while the substantive issue which is the subject of the conflict is discussed and shall not vote on said substantive matter.

(3) Solely for purposes of the Section, the term "disinterested Director" shall mean a Director who is unrelated to and not under the control of the Involved Director, officer or Disqualified Person, as the case may be.

(e) Minutes. The minutes of the Board meetings and Board committee meetings shall reflect (i) the names of the persons who disclosed any Interests; (ii) the determination as to whether an actual or potential conflict of interest exists; (iii) the names of the persons who were present for discussions and votes relating to the transaction or arrangement (iv) the content of the discussions, including any alternatives to the proposed transaction or arrangement and, with respect to a transaction or compensation arrangement with a Disqualified Person, the basis for the determination of the Board, including any comparability data; (v) the voting record, including any abstention from voting; and (vi) any action to be taken.

(f) Violation of Policy. Any Director or Disqualified Person who violates the corporation's conflict of interest policy, irrespective of whether he or she is doing so to protect the corporation's best interests, shall be subject to disciplinary action by the Chairman or the

Board of Directors, up to and including termination of employment, if applicable, or removal from the Board or a committee thereof.

(g) Definitions.

(i) Contracting Entity. Any entity engaged in a transaction or arrangement with the corporation.

(ii) Disqualified Person. An individual who qualifies as a Disqualified Person as that term is defined in Internal Revenue Code 4958(f)(1) or any successor provision. As a general principle, Disqualified Persons are persons who have (or at any time during the preceding 5-year period had) substantial influence over the corporation and the Family Members of such individuals. Disqualified Persons also include organizations (corporation, partnerships, trusts and estates) which are controlled by persons who have or have had substantial influence over the corporation. Control is established when the influential individual owns 35% or more of the organization. By way of illustration, the following categories of persons are likely Disqualified Persons (i) each voting Director; (ii) each officer of the corporation with primary authority to initiate executive decisions and who is responsible directly to the Board; (iii) the employees of the corporation who received from the corporation and/or its affiliates remuneration greater than \$80,000 annually; and (iv) substantial contributors to the corporation.

(iii) Family Member. A spouse, sibling (whether by whole or half blood), lineal ancestors (parents, grandparents, great grandparents, etc.), lineal descendants (children, grandchildren, great grandchildren, etc.) and the spouse of any sibling (whether by whole or half blood) or lineal ancestor or descendant.

(iv) Financial Interest. Possessing directly or indirectly, through business, investment or a Family Member.

(1) An ownership or investment interest in any Contracting Entity;

(2) A compensation arrangement with the corporation, with any Contracting Entity or with any individual with whom the corporation has a transaction or arrangement; or

(3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

(4) The term "compensation" includes direct and indirect remuneration and substantial gifts and favors. In the event the Director is not certain if a particular gift or favor is substantial, disclosure should be made. A Director who has a Financial Interest in any affiliate of the corporation shall be deemed to have a Financial Interest with respect to the corporation as well.

(5) Interest. A financial interest or service, directly or by a Family Member, without compensation as a director, trustee or officer of any Contracting Entity.

(6) Interested Director. A Director who has a Financial Interest or who serves or whose Family Member serves without compensation as a director, trustee or officer of a Contracting Entity.

(7) Involved Director. A Director who is implicated in an actual or potential conflict of interest.

STATEMENT OF CERTIFICATION

I have read the Region VI Local Elected Official Board bylaws on Conflict of Interest and understand that I must adhere to the above.

Signature: _____

Printed Name: _____ Date Signed: _____

CONFIDENTIALITY STATEMENT

I will withhold confidential information from persons, including, but not limited to: relatives, friends, colleagues, and others, not accorded access to privileged information that I have received by virtue of my position on the Region VI Local Elected Official Board.

Statement of Certification

I acknowledge that I have read and understand the confidentiality statement.

Signature: _____

Printed Name: _____ Date Signed: _____

DISCLOSURES

(Please answer the following questions as they relate to Calendar Year 20__.)

Did you receive or accrue compensation from any organization for services rendered to Region 6?

____ No ____ Yes (If Yes, please attach a separate page listing the amount of compensation and a description of the services rendered.)

Did you, as an officer, director, board member, or key employee of the Region VI Workforce Investment Board, have a family relationship or a business relationship with any other officer, director, trustee, or key employee of the Region VI Workforce Investment Board?

____ No ____ Yes (If Yes, please attach a separate page describing the relationship.)

Signature: _____

Printed Name: _____ Date: _____