

Toledo-Lucas County CareNet

Conflict of Interest Policy

Section 1.01 - Purpose

The purpose of the Conflict of Interest Policy (the “Policy”) is to protect the interest of Toledo-Lucas County CareNet (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the personal interest of an officer or Director of the Corporation. This policy is intended to supplement rather than replace any applicable state laws governing conflicts of interest applicable to nonprofit, charitable corporations, including, but not limited to, Ohio Revised Code 1702.301.

Section 1.02 - Definitions

(a) **Interested Person.** Any Director, principal officer, or member of a committee with board delegated powers who has a direct or indirect Financial Interest, as defined below, in a matter before the Board or committee is an interested person (“Interested Person”). If a person is an Interested Person with respect to any entity under the direct or indirect control of the Corporation, he or she is an interested person with respect to all entities of the Corporation.

(b) **Disinterested.** For purposes of this policy a person shall not be considered Disinterested if any of the following applies: (i) the person is the Interested Person; (ii) the Person has an employment relationship subject to the discretion or control of the Interested Person; (iii) the person receives compensation or other payments subject to the approval of the Interested Person; or (iv) the person has a material Financial Interest, as defined below, affected by the transaction or arrangement.

(c) **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

(1) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or

(2) a compensation arrangement with the Corporation or with any entity or individual with which 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.

(d) **Compensation.** Any direct or indirect remuneration as well as gifts or favors that are substantial in nature.

Section 1.03 - Procedures

(a) **Duty to Disclose.** In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence and nature of his or her Financial

Interest and all material facts to the Directors and, when applicable the members of committees with board delegated powers, considering the proposed transaction or arrangement.

(b) Determining whether a conflict exists. After disclosure of the Financial Interest and all material facts, and after any necessary presentation by the Interested Person, he or she shall leave the board or committee meeting while the determination of a whether a conflict of interest is discussed and voted upon. The remaining Disinterested board or committee members shall decide if a conflict of interest exists.

(c) Addressing the Conflict of Interest.

(1) After the Interested Person makes any necessary presentation at the board or committee meeting, he/she shall leave the meeting while the remaining Disinterested board or committee members discuss the Financial Interest, determine if a conflict of interest exists, and vote upon the Financial Interest.

(2) The chairperson of the board or committee shall, if appropriate, appoint a Disinterested Director or committee to investigate alternatives to the proposed transaction or arrangement. If the chairperson is the Interested Person, then another officer of the board shall so act.

(3) After exercising due diligence, the board or committee shall determine whether the Corporation 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.

(4) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the Disinterested Directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(5) The board must obtain and rely upon data that supports the reasonableness and comparability of the transactions. The comparable data must be sufficient, given the knowledge and expertise of the Directors, for the board or committee to determine that the compensation was reasonable or that the transaction was at fair market value. In the case of compensation, such data may include: (a) information regarding compensation levels paid by similarly situated organizations, both taxable and tax-exempt for functionally comparable positions; (b) the availability of similar services in the geographic area of the organization; (c) compensation surveys compiled by independent firms; or (d) written offers from similar organizations competing for the services of a particular individual. In the case of property transactions, such data may include: (a) independent appraisals; or (b) offers received as part of an open and competitive bidding process.

(d) Violations of the Conflict of Interest Policy

(1) If the board or 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.

(2) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or 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.

Section 1.04 - Records of the Proceedings

The minutes of the board and all committees with board-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 board's or committee's decision as to 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 therewith.

(c) A clear record of the decision-makers' evaluation of the proposed transaction is required, including:

(a) the terms of the transaction or arrangement that was approved, and the date it was approved;

(b) the members of the governing body or committee who were present during the debate on the transaction or arrangement, and those who voted on it;

(c) the comparability data obtained and relied upon by the governing body or committee, and an explanation of how the data was obtained; and

(d) the actions taken with respect to consideration of the transaction by anyone who is otherwise a member of the board or committee but had a conflict of interest with respect to the transaction or arrangement.

If the board or committee determines that reasonable compensation or fair market value is higher or lower than the range specified in the comparability data, it shall also record the basis for its decision.

Annual Statement on the Toledo/Lucas County CareNet Conflict of Interest Policy

Each Director, principal officer, and member of a committee with board-delegated powers shall annually sign a statement which affirms that such person:

(1) has received a copy of the Conflict of Interest Policy,

- (2) has read and understands the Policy,
- (3) has agreed to comply with the Policy, and
- (4) understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Periodic Review

To ensure that the Corporation 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:

1. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
2. Whether any transactions will result in inurement or impermissible private benefit.
3. Whether partnership and joint venture arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.
4. Whether arrangements to provide health care and agreements with other health care providers, employees, and third-party payors further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

Use of Outside Experts

In conducting the periodic reviews provided for above, the Corporation 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.

Review of Policy

This policy will be reviewed annually by the Executive Committee of Corporation. All material changes to the policy shall be approved by the Executive Committee and submitted to the Corporation's Board of Directors for final approval.

Annual Statement

I, _____,

serve CareNet in the capacity of a: _____ and affirm that I have received has received a copy of the Conflict of Interest Policy (the "Policy"), have read and understand the Policy, agree to comply with the Policy, and understand that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signed:

_____ Date: _____

Print Name: _____ Title: _____

Please return to:

Shannon Anderson
Toledo-Lucas County CareNet
3231 Central Park West Drive Suite 200
Toledo, OH 43617

Or Via Email at:

Shannon@nwocarenet.org