

LARC CONFLICT OF INTEREST POLICY

Article I Purpose

The purpose of the conflict of interest policy is to protect LARC's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of LARC or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, or their family member, an employee, volunteer or major donor or their family member who is in a position of control over LARC or who has a personal interest that is in conflict with the interest of LARC, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Family Member

A "Family Member" is a spouse, parent, child or spouse of a child, brother, sister, or spouse or spouse of a brother or sister, of an interested person.

3. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which LARC has a transaction or arrangement;
- b. A compensation arrangement with LARC or with any entity or individual with which LARC has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which LARC is negotiating a transaction or arrangement.

4. Independent Director

A director shall be considered "independent" for the purposes of this policy if he or she is "independent" as defined in the instructions for the IRS 990 form or, until such definition is available, the director:

- a. is not, and has not been for a period of at least three years, an employee of LARC or any entity in which LARC has a financial interest;
- b. does not directly or indirectly have a significant business relationship with LARC, which might affect independence in decision making;
- c. is not employed as an executive of another corporation where any of LARC's executive officers or employees serve on that corporation's compensation committee;
- d. does not have an immediate family member who is an executive officer or employee of LARC or who holds a position that has a significant financial relationship with LARC.

Compensation includes direct or indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Board members must meet certain standards of legal conduct including the duty of loyalty – which means putting personal and professional services aside for the good of LARC.

Article III **Procedures**

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

In the event it is not entirely clear that a conflict of interest exists, the individual with the potential conflict shall disclose the circumstances to his or her supervisor or the Chair or the Chair's designee, who shall determine whether full board discussion is warranted or whether there exists a conflict of interest that is subject to this policy.

2. Determining Whether a Conflict of Interest Exists

After disclosing of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she 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 governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether LARC can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstance not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in LARC's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violation of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe 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.

- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action up to and including termination of the member from the LARC Board of Directors.

Article IV **Records of Proceedings**

The minutes of the governing 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 governing board's or committee's decision as to whether a conflict or interest in fact existed.
- b. The names of the person 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 with the proceedings.

Article V **Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from LARC for services is precluded from voting on matters pertaining that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from LARC for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from LARC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI **Annual Statements**

1. Each director, principal officer and member of a committee with governing board delegate powers shall annually sign a statement which affirms such person:
 - a. Has received a copy of the conflicts of interest policy;
 - b. Has read and understands the policy;
 - c. Has agreed to comply with the policy and
 - d. Understands LARC is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The signing will be within the first quarter of the Fiscal Year.

1. Each voting member of the board shall annually sign a statement which declares whether such person is an independent director.

2. If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
3. The Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VII **Periodic Reviews**

To ensure LARC operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, 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.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to LARC'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.

Article VIII **Use of outside Experts**

When conducting the periodic reviews as provided for in Article VII, LARC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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