



Southern Tier Network, Inc. Conflict of Interest Policy

1. **Purpose.** The purpose of a conflict of interest policy is to protect the interest of the Southern Tier Network, Inc. (STN) when it is contemplating entering into a transaction or relationship between STN and its directors, officers, appointees with administrative responsibilities, employees, and volunteers is one, which carries with it a strict duty of loyalty, honesty, and fidelity. Such persons shall exercise the utmost good faith in all transactions touching upon their duties at STN and its property. They shall not use their position or knowledge gained therefrom so that a conflict might arise between the interests of STN and that of the individual director, officer, appointee, employee or volunteer. All acts of STN's directors, officers, appointees, employees and volunteers, shall be for the benefit of STN in any dealings which may affect it adversely.

This Policy is intended to supplement but not replace any applicable New York State laws governing conflicts of interest applicable to non-profit and charitable corporations.

2. **POLICY DEFINITIONS**

- a) **Interested Person.** Any director, officer, or member of a committee with Board delegated power who has a direct or indirect financial interest, as defined below, is an interested person.
- b) **Financial Interest.** A person has a financial interest if he or she personally has, directly or indirectly, through business, investment or family:
 1. An ownership or investment interest in any entity with which STN engages in a business transaction, or arrangement, or
 2. A compensation arrangement with STN and any entity or individual with which the STN has a transaction or arrangement, or
 3. A potential ownership or investment interest in, or compensation arrangement with, any entity, or individual with which STN is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as any gifts exceeding \$75 in value.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board or committee decides that a conflict of interest exists.

3. **PROCEDURES**

- a) Disclosure. The form attached is to be used for disclosure purposes and must be completed prior to initial appointment to the Board and annually thereafter.
- b) Duty to Disclose. In connection with any actual or perceived conflicts of interest, an interested person must annually disclose the existence 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 considering the proposed transaction or arrangement.
- c) 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 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.
- d) Procedures for Addressing the Conflict of Interest.
 - 1) An interested person may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
 - 2) The Chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - 3) After exercising due diligence, the Board or committee shall determine whether STN 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 board members whether the transaction or arrangement is in STN's best interest and for its own benefit and whether the transaction is fair and reasonable to STN and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
 - 5) If the actual or possible conflict of interest arises from a relationship between an interested person and STN, the disclosure by such interested person shall be referred to the Executive Committee of STN for review and/or forwarding (if required for action) to the appropriate Board or committees.

- e) Violations of the Conflicts 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, including removal from the Board.

4. **RECORDS OF 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 perceived 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: 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.**

- a) A voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters who receives compensation, directly or indirectly, from STN for services is precluded from voting on matters pertaining to that member's compensation.

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 the Conflict of Interest Policy of STN;
- b) Has read and understands that Policy;
- c) Has agreed to comply with that Policy;
- d) Understands that STN 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; and
- e) Discloses any potential conflicts of interest in writing.

7. **ANNUAL REVIEWS**. To ensure that the STN 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, annual reviews will be conducted. The periodic reviews will include whether compensation arrangements and benefits are reasonable and are the result of arm's length bargaining. On an annual basis, all transactions discussed and identified as Conflicts of Interest will be evaluated by the disinterested persons as to whether the transaction meets the requirements of a fair and reasonable transaction in accordance with the NYS Attorney General's guidance.
8. **USE OF OUTSIDE EXPERTS**. In conducting the annual reviews provided for in this Policy, STN 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 annual reviews are conducted.
9. **LOANS**. No loans, other than through the purchase of bonds, debentures, or similar obligations of the type customarily sold in public offerings, or through the ordinary deposit of funds in a bank, shall be made by STN to its directors or officers, or to any other corporation, firm, association or other entity in which one or more of its directors or officers are directors or officers or hold a substantial financial interest.
10. **COMPLIANCE WITH LAWS**. It is the intention of STN that in all matters related to FLRTDC, all members of the Board, corporate officers and members of committees with Board delegated powers shall adhere to applicable federal and state laws and regulations. If there is doubt as to the legality of any action or transaction, reasonable legal assistance should be obtained.
11. **POLITICAL ACTIVITY**. STN respects the rights of members of the Board, corporate officers, and members of committees with Board delegated powers to be or not to be involved on an individual basis with political activities of their own choosing. No STN funds may be used in connection with any such activity and no individual may make political contributions on behalf of STN.