

ALLIANCE OF ROUGE COMMUNITIES

Conflict of Interest Policy

ARTICLE I

PURPOSE

The purpose of this Conflicts of Interest Policy (the “*Policy*”) is to protect the interests of the Alliance of Rouge Communities (the “*Corporation*”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, member of the Executive Committee or other Committee or member of the Corporation. This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

ARTICLE II

DEFINITIONS

1. Interested Person.

Any officer, member or member of a committee with powers delegated by the members or the Executive Committee (the “*Executive Committee*”) who has a direct or indirect financial interest, as defined below, is an interested person

2. Financial Interest.

A person has a financial interest (“*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 the Corporation has a transaction or arrangement, or
- b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- c. 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.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest (“*conflict of interest*”). Under Article III, Section 2 of this Policy, a person who has a financial interest shall have a conflict of interest only if the Executive Committee or other appropriate committee decides that a conflict of interest exists.

ARTICLE III
PROCEDURES

1. Duty to Disclose.

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all material facts to the Executive Committee and the members of committees with Executive Committee-delegated powers considering the proposed transaction or arrangement.

2. 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 or she shall leave the Executive Committee or other committee meeting while the determination of whether a conflict of interest exists is discussed and voted upon. The remaining Executive Committee or other 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 Executive Committee meeting or other 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 may result in a conflict of interest.

b. If the Executive Committee or other committee determines that a conflict of interest does exist, then:

(i) The Chair shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(ii) After exercising due diligence, the Executive Committee or other 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.

(iii) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Executive Committee or other committee shall determine by a majority vote 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.

4. Violations of the Policy.

a. If the Executive Committee or other committee has reasonable cause to believe that a member, officer, member of the Executive Committee or member of another committee has failed to disclose actual or possible conflicts of interest, it shall inform such person of the basis for such belief and afford such person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the response of such person and making such further investigation as may be warranted in the circumstances, the Executive Committee or other committee determines that such person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV

RECORDS OF PROCEEDINGS

1. The minutes of the Executive Committee and all committees with Executive Committee-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 Executive Committee's or other 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.

ARTICLE V

COMPENSATION COMMITTEES

A voting member of the Executive Committee or any other committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

ARTICLE VI

ANNUAL STATEMENTS

Each officer, member, member of the Executive Committee, and member of a committee with Executive Committee-delegated powers shall annually sign a statement which affirms that such person:

a. has received a copy of the Policy,

- b. has read and understands the Policy,
- c. has agreed to comply with the Policy, and
- d. 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.

ARTICLE VII

PERIODIC REVIEWS

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:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- b. Whether partnership and joint venture arrangements and arrangements with other organizations 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.
- c. Whether agreements to provide services and agreements with other organizations further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

ARTICLE VIII

USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Executive Committee of its responsibility for ensuring that periodic reviews are conducted.

This Policy was adopted by the Alliance of Rouge Communities on the 5th day of May, 2009.

Executive Committee Member

Member Community
