



VILLA LICCI
CONFLICT OF INTEREST POLICY

ARTICLE I

Purpose

The purpose of the conflict-of-interest policy is to protect the interest of this tax-exempt organization (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation 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, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **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 the Corporation has a transaction or arrangement,

(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 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.

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.

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/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 the Corporation 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 circumstances 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 the Corporation'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 the transaction or arrangement.

4. Violations 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.

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 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 with the proceedings.

ARTICLE V

Compensation

(a) A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any 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.

(c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI

Annual Statements

Each director, principal officer, and member of a committee with governing board delegated 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 the Corporation is charitable and 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 the Corporation 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 the Corporation'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, the Corporation 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.

Conflict-of-Interest Disclosure Statement

The Conflict of Interest Policy of Villa Licci (the “**Corporation**”) requires any Trustee or Officer of the Corporation to disclose any direct or indirect financial or other material interest, any co-investment interest or any grant-making interest that he or she has or reasonably expects to have in any proposed or existing contract, transaction, or arrangement with the Corporation, or in any other matter under consideration or to be considered by the Board of Trustees or any Board Committee.

Please initial each statement that applies to you:

- ___ I have read and am familiar with the Conflict-of-Interest Policy (the “**Policy**”).

- ___ I am not aware of any direct or indirect financial or other material interest, any co-investment interest or any grant-making interest that is required to be disclosed under the Policy.

- ___ I have described in the attached letter every direct or indirect financial or other material interest, co-investment interest and grant-making interest which is required to be disclosed under the Policy. (Please attach a letter providing complete details of any direct or indirect financial or other material interest, co-investment interest and grant-making interest subject to the Policy.)

During the time I am a Trustee or Officer of the Corporation, I agree to report promptly any future situation that might involve or appear to involve me or any of my relatives in any potential conflict of interest with the Corporation.

I am completing this disclosure statement based on the definitions below that are taken from the Policy.

Signature: _____ Date: _____

Please return this statement in the enclosed envelope not later than _____.

For the purposes of this Policy, a Trustee or Officer has a **direct or indirect financial or other material interest** in a proposed or existing contract, transaction, or arrangement (collectively, “**Arrangement**”) if he or she, or one of his or her relatives:

- (a) has a substantial financial interest directly in the proposed or existing Arrangement; or
- (b) has a substantial financial interest in any organization that i) is a party to the proposed or existing Arrangement; or ii) is in any way involved in the proposed or existing Arrangement, including through the provision of services in connection therewith (an “**involved organization**”); or
- (c) holds a position as trustee, director, officer, member, partner, shareholder, or employee in any such party or involved organization.

A Trustee’s or Officer’s financial interest will be considered substantial if it involves:

- (a) an ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately owned company with which the Corporation has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- (b) an ownership or investment interest, which produces a significant amount of income for or constitutes a significant part of the net worth of the Trustee or Officer, or a relative of the Trustee or Officer, as defined in the Policy, in any entity with which the Corporation has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- (c) a compensation arrangement of any kind with any entity or individual with which the Corporation has or is negotiating an Arrangement or with any involved organization with respect to the Arrangement.

Each Trustee and each Officer of the Corporation also is required to disclose whether he or she, or one of his or her relatives, has personal funds invested with an investment manager providing, or expected to provide, investment management services to the Corporation or in a professionally managed investment fund in which the Corporation is invested or is considering investing (a “**co-investment interest**”). For the purposes of this Conflicts Policy, a “professional managed investment fund” shall not include mutual funds or other similar investment vehicles generally available to the investing public.

For the purposes of this Policy, a Trustee or Officer has a grant-making interest required to be disclosed under the Policy if he or she, or one of his or her relatives, is affiliated or has a relationship with a current or prospective recipient of a grant or other award from the Corporation.