

**CONFLICT OF INTEREST POLICY
FOR GRANT MAKING AND NON-GRANT MAKING TRANSACTIONS**

WEST HARLEM DEVELOPMENT CORPORATION

West Harlem Development Corporation (“WHDC” or the “Corporation”) is committed to operating in a fair and transparent manner and expects its directors, officers and employees to disclose Conflicts of Interest when they arise and to abide by this Conflict of Interest Policy for Grant Making and Non-Grant Making Transactions (this “Policy”) in all respects. This Policy governs the actions required of a “Covered Person” when such Covered Person knows, or should reasonably know, that he/she has a Conflict of Interest or Potential Conflict of Interest in connection with (i) the making of a grant (a “Grant Making Transaction”) or (ii) a compensation arrangement with a Covered Person and/or a transaction with a third party that does not involve grant making (each, a “Non-Grant Making Transaction”). This Policy also governs the actions of the Corporation when the Board of Directors or a committee of the Board of Directors makes a determination in good faith that there exists a Conflict of Interest. It is the duty of all Covered Persons to be aware of this Policy, and to identify and disclose Conflicts of Interest as directed in this Policy. This Policy provides guidelines for identifying Conflicts of Interest, disclosing Conflicts of Interest and sets forth procedures to be followed by WHDC to manage Conflicts of Interest in accordance with this Policy and applicable law.

Definitions

- *Apparent Conflict of Interest:* A circumstance in which a reasonable person would think that the decision-maker’s judgment is likely to be compromised or his or her ability to act in the best interest of the Corporation is likely to be impaired.
- *Board of Directors:* The board of directors of WHDC.
- *Business Relationship:* A direct or indirect ownership or investment interest, including, but not limited to, ownership of stocks, bonds, partnership or other equity interests; rights to patent or lease payments; receipt of consulting fees, salary, loans, gifts or other forms of compensation or remuneration; or service on the board of directors or similar governing body.
- *Closely Associated With:* Having a current or prospective Personal Relationship or Business Relationship with.
- *Conflict of Interest:* A situation in which a Covered Person (and, in the case of a Designated Director, his/her Elected Official) is Closely Associated With a third-party individual or entity, vendor, or grantee with whom WHDC is considering engaging in a Grant Making or Non-Grant Making Transaction. A Conflict of Interest is also present when a Covered Person’s

compensation arrangement with WHDC is being determined. In addition, an Apparent Conflict of Interest is a Conflict of Interest.

- *Committee Member*: An individual who serves on a committee of the Board of Directors and who is in a position, through his/her position on the committee, to influence Grant Making or Non-Grant Making Transactions.
- *Covered Person*: A Director, Officer, Committee Member, and/or Employee of WHDC.
- *Designated Director*: A Director who was designated by an Elected Official in accordance with WHDC's bylaws, to serve as such Elected Official's representative on the Board of Directors.
- *Director*: An individual who was elected by a plurality vote of the members of WHDC to serve currently on the Board of Directors or is an Elected Official.
- *Disinterested*: Having no Conflict of Interest or Potential Conflict of Interest with respect to the Grant Making or Non-Grant Making Transaction under consideration.
- *Elected Official*: An individual who is provided, in the bylaws of WHDC, the right, by virtue of his/her elected governmental office, to designate a representative to the Board of Directors.
- *Employee*: A person who is employed by WHDC.
- *Officer*: An individual who serves as an officer of WHDC.
- *Personal Relationship*: Related through family (including by marriage, blood, adoption, or domestic partnership) to a Director, Officer, Employee or paid consultant.
- *Potential Conflict of Interest*: A situation that may develop into a Conflict of Interest or an Apparent Conflict of Interest.

1. When Does a Conflict of Interest Arise? A Conflict of Interest arises when a Covered Person (and, in the case of a Designated Director, his/her designating Elected Official) has a direct or indirect personal or financial interest in connection with a particular Grant Making or Non-Grant Making Transaction. This can result in a situation where there is inappropriate personal or financial gain to a Covered Person. Similarly, a situation or transaction in which a Covered Person has divided loyalties can result in the appearance of a lack of integrity in the decision-making process of the Corporation. Both results are damaging to WHDC and are to be addressed in accordance with this Policy. By way of illustration only, note that a Conflict of Interest can arise in the following circumstances, which are not meant to be exhaustive:

- *Example #1:* A Covered Person is Closely Associated With a particular charity applying for a grant.
- *Example #2:* A Director is also a member of the board of directors of another non-profit or for-profit entity with which WHDC collaborates or conducts business.

2. Disclosure of Conflicts. With respect to Grant Making Transactions, prior to each meeting of the Board of Directors, WHDC will distribute to all Covered Persons a list of proposed grantees for the upcoming grant cycle. Covered Persons must review all proposed grantee lists and must disclose in writing any Conflicts of Interest as they arise as well as any Potential Conflict of Interest. If the Conflict of Interest relates to a Non-Grant Making Transaction, the Covered Person must disclose in writing any Conflict of Interest. In the case of Designated Directors, in addition to their own disclosures, such Designated Directors have a duty to inquire with their Elected Official as to whether the Elected Official has any Conflict of Interest or Potential Conflict of Interest relating to WHDC's activities or the proposed grant recipient. Advance disclosure must occur so that the Conflict of Interest can be managed in accordance with this Policy. Employees should disclose to their supervisor (who shall in turn disclose to the Chairperson of the Board of Directors of Directors), Officers and Directors should disclose directly to the Chairperson of the Board of Directors of Directors, and the Chairperson should disclose to any other Director, as soon as the Covered Person with the Conflict of Interest or Potential Conflict of Interest is aware of its existence.

3. Undisclosed Conflicts. Even if there has been no disclosure by a Covered Person, the Board of Directors or a committee of the Board of Directors shall have the authority to investigate and determine whether any Covered Person has a Conflict of Interest that should be disclosed and managed. The Chairperson of the Board of Directors or committee of the Board of Directors shall, if appropriate, appoint a disinterested person, or a committee composed of such persons, to investigate whether such conflicts exist.

4. Recusal from Deliberations and Voting. A Covered Person who has disclosed that he/she has a Conflict of Interest, or has been determined by the Board of Directors to have a Conflict of Interest, may make one presentation to the Board of Directors or the committee of the Board of Directors at which the Grant Making or Non-Grant Making Transaction is being discussed, but thereafter (i) must recuse him/herself from any discussions or deliberations relating to the proposed transaction and (ii) may not be involved in the decision of what action to take and may not participate in any vote concerning the matter in which the Conflict of Interest arises. The conflicted individual may not attempt directly or indirectly to influence the decision. In all cases, decisions will be made only by persons without a Conflict of Interest.

5. Consideration of Non-Grant Making Transactions. In a proposed Non-Grant Making Transaction in which a Covered Person has disclosed or been found by the Board of Directors to have a Conflict of Interest, the Covered Person with an interest in the transaction shall disclose to the Board of Directors all material facts concerning the proposed Non-Grant Making Transaction and the Covered Person's interest in the proposed Non-Grant Making Transaction. The Chairperson of the Board of Directors shall investigate or, if appropriate, appoint a disinterested person or committee to investigate

alternatives to the proposed transaction or arrangement. After exercising due diligence, the Board of Directors or committee of the Board of Directors shall determine whether the Corporation can obtain with reasonable efforts an equally or more advantageous transaction or arrangement from a person or entity that would not give rise to a Conflict of Interest. If an equally or more advantageous transaction or arrangement in which there would be no Conflict of Interest is not reasonably possible under the circumstances, the Board of Directors 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, and shall contemporaneously document the bases for that determination in the minutes recording such vote. In conformity with the above determination, the Board of Directors shall make its decision as to whether to enter into the transaction or arrangement.

6. Addressing Violations of the Conflict of Interest Policy.

(a) If the Board of Directors or a committee of the Board of Directors has reasonable cause to believe a Covered Person has failed to disclose a Conflict of Interest or Potential Conflict of Interest, it shall inform the individual of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee of the Board of Directors determines that the individual has deliberately or negligently failed to disclose a Conflict of Interest or Potential Conflict of Interest, it shall take appropriate disciplinary and/or corrective action, including rescission of an approved transaction and/or removal of the conflicted individual from positions in the Corporation, as determined by the Board of Directors.

7. Records of Proceedings. The minutes of the Board of Directors and all committees of the Board of Directors with powers delegated by the Board of Directors shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a Conflict of Interest, the nature of the Conflict of Interest, a description of any action taken to determine whether a Conflict of Interest was present, and the Board of Directors' or committee of the Board of Directors' decision as to whether a Conflict of Interest in fact existed, and if so, the actions taken to resolve or address it.

(b) The names of the persons who were present for discussions or votes relating to the transaction or arrangement; the content of the discussion, including any alternatives to the proposed transaction or arrangement discussed; and a record of any votes taken in connection with the proceedings, including the documentation required by paragraph 5 above if applicable.

8. Board Action. The Board of Directors or a committee of the Board of Directors may approve a Grant or a Non Grant-Making Transaction in which one or more of its members has disclosed a Conflict of Interest if such decision is made in good faith, in accordance with the WHDC bylaws, and provided that the requirements of this Policy have been followed.

9. Quorum. Covered Persons with a Conflict of Interest may be counted in determining the presence of a quorum at a meeting of the Board of Directors or committee of the Board of Directors

which authorizes a grant, contract or other transaction in which one or more Covered Persons are recused.

10. Annual Statements. Each Covered Person shall annually sign and deliver to the secretary of the Corporation a statement (the "Disclosure Statement"), attached as an addendum to this Policy, which affirms that such person:

- (a) Has received a copy of this Policy;
- (b) Has read and understands this Policy;
- (c) Agrees to comply with this Policy;
- (d) Has disclosed and/or will disclose all known Conflicts of Interest or Potential Conflicts of Interest in accordance with this Policy; and
- (e) Understands that WHDC is a charitable non-profit corporation, and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its charitable purposes.

Each individual who is a Covered Person as of the date of adoption of this Policy shall, within thirty days thereof, sign and deliver the Disclosure Statement to the secretary of the Corporation. Any individual who becomes a Covered Person following the date of adoption of this Policy, shall, prior to assuming such position, sign and deliver the Disclosure Statement to the secretary of the Corporation

11. Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its non-profit status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include a determination as to whether the Corporation's (i) Non-Grant Making Transactions are reasonable, based on competent survey information, and are the result of arm's length bargaining and (ii) decisions on Grant Making Transactions have been made in accordance with this Policy.

12. Use of Outside Experts. When conducting the periodic reviews provided for in this Policy, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring the periodic reviews are conducted in accordance with this Policy.

WEST HARLEM DEVELOPMENT CORPORATION

Disclosure Statement

Conflict of Interest Policy

I am a Director, Officer, Committee Member or Employee (each as defined in the Policy) of West Harlem Development Corporation (the "Corporation"), or an Elected Official (as defined in the Policy), and this will serve to confirm that I:

- A. have received a copy of the Corporation's Conflict of Interest Policy for Grant Making and Non-Grant Making Transactions (the "Policy");
- B. have read and understand the Policy;
- C. agree to comply with the Policy;
- D. have disclosed below all known Conflicts of Interest or Potential Conflicts of Interest in accordance with the Policy; and
- E. understand that the Corporation is a charitable non-profit corporation, and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its charitable purposes.

Attach additional pages as necessary.

Date:

Signature

Print name
