

Regional Development Company  
Code of Conduct Policy  
Revised 11/6/2014

The purpose of the Code of Conduct Policy is to assure that all Participants (as defined below) associated with the Corporation act ethically and exhibit good character throughout their affiliation with the Corporation. This policy is intended to supplement, but not replace, any applicable state or federal laws, the requirements of the SBA, or the requirements of any other employment or contractual agreements.

Definitions:

For purpose of this Policy, the following terms shall have the following meanings:

- a) "Code of Conduct" shall mean the policies as outlined within this document including all provisions regarding Conflict of Interest and the inappropriate disclosure of Confidential Information.
- b) "Confidential Information" shall mean any information not generally known to the persons outside of the Corporation or the entity or organization with whom the information is about, whereas the Corporation and/or such entity or organization considers the information confidential and the disclosure of such information has an impact upon some party's competitive advantage.
- c) "Compensation" shall mean direct or indirect remuneration as well as gifts or favors that are not insubstantial.
- d) "Financial Interest" shall mean any person who has, directly or indirectly, through business, investment, or family relationship, any of the following:
  - (i) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement; or
  - (ii) A Compensation arrangement with any entity or individual with which the Corporation has a transaction or arrangement; or
  - (iii) 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.

A Financial Interest is not necessarily a conflict of interest. Under this Policy a person who has a Financial Interest may have a conflict of interest only if the Governance Committee decides that a conflict of interest exists.

- e) "Interested Person" shall mean any Participant who has a direct or indirect Financial Interest.
- f) "Participant" shall mean a member, director, officer, committee member or employee of the Corporation.

Conduct:

A Participant may not:

- a) Self-deal;
- b) Have a real or apparent conflict of interest with the Corporation;
- c) Own an equity interest in a business that has received or is applying to receive financing assistance from the Corporation;
- d) Be incarcerated, on parole, or on probation;
- e) Knowingly misrepresent or make a false statement to the Corporation;
- f) Engage in conduct reflecting a lack of business integrity, taking into consideration such factors as the magnitude, repetition, harm caused, and remoteness in time of the activity or activities in question;
- g) Fail to disclose to the Corporation all relationships between the Participant and the Corporation and/or any other entities doing business with the Corporation; and
- h) Disclose Confidential Information outside of the Corporation.

#### Conflict of Interest:

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence and nature of his or her Financial Interest to the Governance Committee. Such disclosure shall include a full explanation of all material facts surrounding the Financial Interest. Upon receipt of such information, the Governance Committee may discuss the Financial Interest with the Interested Person. After such discussion, the Interested Person shall leave the committee meeting while the determination of a possible conflict of interest is further discussed and voted upon. The Committee shall decide if a conflict of interest exists. If a conflict of interest is found to exist the Governance Committee shall, if appropriate, investigate alternative to the proposed transaction or arrangement. After exercising due diligence, the Governance 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. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Governance Committee shall determine whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether the transaction or arrangement is fair and reasonable to the Corporation. In conformity with the above procedures, the Governance Committee shall make its decision as to whether to enter into the transaction or arrangement.

If the Governance Committee has reasonable cause to believe that a participant has failed to disclose an actual or possible conflict of interest, it shall inform the Participant of the basis for such belief and afford the Participant an opportunity to explain the alleged failure to disclose the actual or possible conflict of interest. If, after hearing the Participant's response, and after making such further investigation as may be warranted by the circumstances, the Governance Committee determines that the Participant has failed to disclose an actual or possible conflict of interest, it shall recommend appropriate disciplinary and/or corrective action to the Executive committee, who in turn will after deliberation, bring a recommendation to the full Board.

#### Confidentiality

Upon the report of the possible release of Confidential Information, the Governance Committee shall meet to determine whether Confidential Information has been inappropriately disclosed. If the Governance Committee has reasonable cause to believe that a Participant did, in fact, disclose Confidential Information, it shall inform the Participant of the basis for such belief and afford the

Participant an opportunity to explain the release of the Confidential Information. If, after hearing the Participant's response, and after making such further investigation as may be warranted by the circumstances, the Governance Committee determines that the Participant has failed to disclose an actual or possible conflict of interest, it shall recommend appropriate disciplinary and/or corrective action to the Executive committee, who in turn will after deliberation, bring a recommendation to the full Board.

**Annual Statements**

Each Participant shall annually sign a statement which affirms that such person has received a copy of the Corporation's Code of Conduct as detailed herein, has read and understands the Code of Conduct, and has agreed to comply with the Code of Conduct. I affirm that I have received a copy of the Corporation's Code of Conduct, have read and understand the Code of Conduct and agree to comply with the Code of Conduct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Board Members**

As a member of the Board of Directors of the Regional Development Company, I have read and understand the SBA SOP 120.823, updated March 21, 2014 regarding the duties and responsibilities of Certified Development Company Board Membership.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date