

GRIFFISS UTILITY SERVICES CORPORATION

CONFLICT OF INTEREST AND CONFIDENTIALITY POLICY

ARTICLE I **PURPOSE**

The purpose of this conflict of interest policy is to protect the interest of Griffiss Utility Services Corporation (hereinafter "GUSC"), a tax-exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer, Director or Key Employee of GUSC or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace, supersede or negate any provisions of GUSC's Certificate of Incorporation, its Bylaws, and/or any applicable local, state and federal laws governing conflict of interest applicable to charitable and non-charitable not-for-profit corporations. This policy is also intended to serve as a general guideline for addressing conflicts of interest; it is not intended to cover every possible situation that may arise.

ARTICLE II **DEFINITIONS**

1. **Affiliate**

"Affiliate" means any entity controlled by, in control of or under common control with GUSC.

2. **Audit Committee**

"Audit Committee" means the committee of the Board whose function, among other things, is to assure that GUSC's Board fulfills its responsibilities for GUSC internal and external audit process and financial reporting process and whose members are comprised solely of independent Directors.

3. **Board**

"Board" means GUSC's Board of Directors.

4. **Director**

"Director" means any voting Director of GUSC.

5. **Key Employee**

"Key Employee" means any person who is in a position to exercise substantial influence over the affairs of GUSC.

6. **Officer**

"Officer" means any officer or authorized representative of GUSC.

7. **Related Party**

"Related Party" means (i) any Director, Officer or Key Employee of GUSC or any Affiliate of GUSC; (ii) any Relative of any Director, Officer or Key Employee of GUSC or any Affiliate of GUSC; or (iii) any entity in which any individual described in clauses (i) and (ii) above has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

8. **Relative**

"Relative" of an individual means his or her (i) spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren and spouses of brothers, sisters, children, grandchildren and great-grandchildren, or (ii) domestic partner.

**ARTICLE III
STANDARDS OF CONDUCT**

1. **Interested Person**

Any Director, Officer, Key Employee or member of a committee with Board delegated powers, who has a direct or indirect financial or other interest, as defined below, is an interested person. A conflict of interest will be deemed to exist whenever an interested person is in the position to approve, disapprove or influence GUSC policies or actions which involve:

- a. said interested person;
- b. a Relative; and/or
- c. a Related Party.

2. **Financial or Other Interest**

A person has an interest if such person has, directly or indirectly, through business, investment, or a Related Party:

- a. An ownership or investment interest in any entity with which GUSC has a transaction or agreement,
- b. A compensation arrangement with GUSC or with any entity or individual with which GUSC has a transaction or arrangement,

- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which GUSC is negotiating a contract or arrangement, or
- d. Any other relationship that might reasonably tend to conflict with the proper discharge of an individual's duties to GUSC.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

Notwithstanding anything to the contrary contained in this policy, an ownership or investment interest of 1% or less of the securities of any publicly traded company shall not be deemed an "interest".

A financial or other interest is not necessarily a conflict of interest. Under Article IV, Section 2 herein, a person who has a financial or other interest may have a conflict of interest only if the Audit Committee, if any, or otherwise the full Board, decides that a conflict of interest exists.

ARTICLE IV 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 or other interest to the Audit Committee, if any, or otherwise to the full Board.

2. Determining Whether a Conflict of Interest Exists

After disclosure by an interested person of his or her financial or other interest, and all material facts relating thereto, the Audit Committee, if any, or otherwise the full Board shall decide if a conflict of interest exists in accordance with the procedures set forth below.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may, with the prior consent of the Audit Committee, if any, or otherwise the full Board, make a presentation at a meeting of the Audit Committee, if any, or otherwise the full Board, 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. An interested person may not attempt to influence improperly the deliberation or voting in the matter giving rise to such conflict.

- c. The chairperson of the Audit Committee, if any, or otherwise the full Board shall, if he or she deems it appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- d. After exercising due diligence, the Board or committee shall determine whether GUSC 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.
- e. If a more advantageous transaction of arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Audit Committee, if any, or otherwise the full Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in GUSC'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 into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

- a. If the Audit Committee, if any, or otherwise the full Board has reasonable cause to believe that a Director, Officer or Key Employee has failed to disclose actual or possible conflicts of interest, it shall inform such Director, Officer or Key Employee of the basis for such belief and afford such Director, Officer or Key Employee an opportunity to be heard to explain the alleged failure to disclose.
- b. If, after hearing such Director's, Officer's or Key Employee's response and after making further investigation as warranted by the circumstances, the Audit Committee, if any, or otherwise the full Board determines that such Director, Officer or Key Employee has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, which may include, but is not limited to, termination of employment and/or removal from office and/or termination of the underlying agreement in question, if feasible.

ARTICLE V
RECORDS OF PROCEEDINGS

The minutes of the Audit Committee, if any, or otherwise the full Board shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial or other interest involving an actual or possible conflict of interest, the nature of the financial or other interest, any action taken to determine whether a conflict of interest was present, and the decision of the Audit Committee, if any, or otherwise the full Board 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 notes taken in connection with the proceedings.

ARTICLE VI **ANNUAL STATEMENTS**

Each Director, prior to his or her election or appointment to office, shall sign and deliver to GUSC's Secretary a statement, which affirms that such Director:

- a. Has received a copy of the Conflict of Interest Policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and
- d. Understands that GUSC is a not-for-profit organization and in order to maintain the state and federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes, and is further prohibited from engaging in activities which may jeopardize its tax-exempt status.

Each Director and Officer holding office, and each Key Employee, annually shall sign the above statement and deliver the same to GUSC's Secretary.

The refusal or failure by any current or prospective Director, or by any Officer, or Key Employee to sign and deliver the above statement to GUSC's Secretary when required to do so may result in the discipline of such person or the termination, or removal of such person from his or her position at GUSC. No such corrective or disciplinary action shall be taken without giving such person a fair opportunity to be heard regarding said refusal or failure to complete the requisite form.

ARTICLE VII **PERIODIC REVIEWS**

To ensure GUSC operates in a manner consistent with the 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 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 business, development or management organizations conform to GUSC's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further not-for-profit 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 herein, GUSC may, but need not, use outside advisors to accomplish this purpose. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE IX
CONFIDENTIALITY

Confidential and proprietary information is crucial to the operation of GUSC. Such information includes, but is not limited to, grant information, financial information belonging to GUSC and/or to companies or individuals with whom GUSC is doing business, economic development proposals, criteria or decisions made with regard to the business of GUSC. GUSC, its officers, authorized representatives, employees and committee members have an ethical and legal obligation to protect confidential and proprietary information obtained in the course of their duties, and to preserve the restricted nature of this information except where it becomes publicly available, is authorized pursuant to Court Order or by operation of law, or is otherwise lawfully obtained.

- a. Best efforts shall be made by the Board ensuring that Conflict of Interest Disclosure Statements containing personal, financial and/or vocational information shall be kept confidential and access to such statements shall be limited to persons who have a reasonable need to know their contents.
- b. Board members, officers, employees, authorized representatives and committee members shall be prohibited from utilizing any confidential information acquired in connection with that person's work for GUSC, for their personal benefit or to the detriment of GUSC. If it is discovered that such confidential information has been disclosed for personal benefit or to the detriment of GUSC, appropriate disciplinary and corrective action may be taken, including, but not limited to, termination, removal and/or restitution, after giving such member a fair opportunity to be heard on the matter. Notwithstanding the foregoing, Board members, non-employee officers, employees, authorized representatives and committee members shall not be prohibited from utilizing confidential information for their personal benefit after such confidential information becomes publicly available provided, however, that such confidential information did not become publicly available because it was improperly disclosed by GUSC or any of its Board members, committee members, officers, employees, agents or representatives (collectively, the "GUSC Parties") or otherwise became publicly available through some misconduct or wrongdoing on the part of any of the GUSC Parties or on the part of any other person or entity.
- c. Nothing in this Article shall be deemed to restrict or prohibit the release of information pursuant to a lawful Court Order or as required by local, state or federal laws.

GRIFFISS UTILITY SERVICES CORPORATION
CONFLICTS OF INTERESTS QUESTIONNAIRE

1. Do you or any related person have any relationship or engage in any activities that might impair your independence of judgment concerning GUSC business?

Yes _____ No _____

2. Do you or does any related person have any personal financial interest that might impair your independence of judgment or influence your decisions or actions concerning GUSC business in the directions of such personal financial interests?

Yes _____ No _____

3. Have you accepted any gifts, benefits, or unusual hospitality that might tend in any way to impair your independence of judgment or affect your decisions or actions concerning GUSC business?

Yes _____ No _____

PLEASE NOTE: If you answered "Yes" to any of the foregoing questions, please disclose any exceptions, conflicts or potential conflicts below and/or follow the reporting procedures as outlined in the Conflict of Interest Policy.

As a director, prospective director, officer or key employee, I realize that I have an obligation to disclose and eliminate (if necessary) any potential or actual duality of interest or conflict of interest.

I hereby certify that I have read, understand and voluntarily agree to GUSC's policies as described in this statement, with respect to conflict of interest, and that the information given in this statement is complete and accurate to the best of my knowledge.

Date: _____

Name (printed or typed)

Signature

Position