

CONFLICT OF INTEREST POLICY
OF
REGIONAL ACCELERATOR & INNOVATION NETWORK
An Oregon Nonprofit Public Benefit Corporation

ARTICLE 1 INTRODUCTION AND PURPOSE

Section 1.1 Adoption. The Board of Directors (the “**Board**”) of Regional Accelerator & Innovation Network (“**RAIN**”), recognizing that it is entrusted with resources devoted to tax-exempt purposes, has adopted this Conflict of Interest Policy (the “**Policy**”) consistent with its requirement that its directors, officers, employees, and agents observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

Section 1.2 Purpose. The purpose of this Policy is to protect RAIN’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or other person in a position of authority within RAIN (including, but not limited to, a member of a committee exercising Board-delegated authority (“**Committee**”)), each referred to hereafter as an “**Interested Person.**” RAIN strives to manage conflicts of interest to ensure that it continues to operate in accordance with its tax-exempt purpose. The Board expects to recruit potential Board members from time to time who are actively engaged as investors in the business startup community. This Policy should be construed and applied in a manner that facilitates participation by such investors in RAIN activities, including membership on the Board.

Section 1.3 Legal Context. This Policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to nonprofit and tax-exempt organizations, and may impose additional requirements pursuant to ORS 65.361(7). This Policy should not be applied or construed to provide a lesser or weaker standard for conflict of interest transactions than that required under Oregon Revised Statutes Chapter 65, the Oregon Nonprofit Corporation Act.

ARTICLE 2 DEFINITIONS

Section 2.1 General Standards of Conduct. An Interested Person shall discharge his or her duties (a) in good faith; (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (c) in a manner the person reasonably believes to be in the best interests of RAIN. (ORS 65.357)

Section 2.2 Duty of Loyalty of Interested Persons. The duty of loyalty requires that an Interested Person discharge his or her duties in a manner the person believes to be in the best interest of RAIN; refrain from using his or her position for personal gain; and avoid acting on issues in which his or her personal or financial interests could conflict with the interests of RAIN.

Section 2.3 Direct and Indirect Conflicts of Interest. Conflicts of interest may arise from personal relationships or from a financial interest in transactions in which an Interested Person has either a direct or an indirect interest.

2.3.1 Except as described in Section 2.3.3, an Interested Person has a **direct interest** if the Interested Person has a personal or financial interest in any matter involving RAIN, or has a financial or agency relationship (i.e., is a director, officer, manager, partner, associate, trustee or in a similar agency relationship) with an entity involved in a transaction or other business with RAIN. Investment by an Interested Person in an entity before, during, or after such entity participates in a business accelerator program affiliated with RAIN in either Eugene or Corvallis does not by itself constitute a direct interest giving rise to a potential conflict of interest within the meaning of this Policy.

2.3.2 Except as described in Section 2.3.3, an Interested Person has an **indirect interest** if someone related to an Interested Person by business affiliation or as a Family Member has a personal relationship with, or a financial interest in, RAIN or an entity involved in a transaction or other business with RAIN. A **"Family Member"** includes spouse, parents-in-law, 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 of the Interested Person.

2.3.3 Exceptions

(a) Investment in startup entities by an Interested Person before, during, or after such entities participate in any business accelerator program affiliated with RAIN in Eugene or Corvallis, does not by itself constitute a direct or indirect interest giving rise to a potential conflict of interest in the absence of factors described within this Policy.

(b) An Interested Person does not have a direct or indirect personal or financial interest for purposes of this Policy if the interest arises out of the following:

(i) an interest, membership, or position in a particular industry, occupation, or public body required as a prerequisite for the holding by the Interested Person of his or her position with RAIN; or

(ii) Any action in the person's capacity as an Interested Person that would affect to the same degree a class consisting of all inhabitants of the state, or a smaller class consisting of an industry, occupation, or public body, including one with which the Interested Person is associated or engaged.

2.3.4 A conflict of interest transaction is not voidable or the basis for imposing liability on the Interested Person if the transaction is fair to RAIN at the time it was entered into, or is approved as provided in Article 3. (ORS 65.361(1))

Section 2.4 Potential and Actual Conflicts of Interest. Except as described in Section 2.3.3, acts that mix the personal or financial interests of an Interested Person with the interests of RAIN are potential conflicts of interest. Not every potential conflict is an actual conflict. An Interested Person who has a direct or indirect financial interest in a matter involving RAIN may have a conflict of interest requiring application of the mitigating procedures described in this Policy only if the appropriate body (Board or Committee) decides that such a potential conflict of interest is actual and material.

Section 2.5 Disclosure. The primary obligation of any Interested Person who may be involved in a conflict of interest situation is to disclose the conflict under the disclosure procedures in Article 3 so that the potential conflict can be evaluated and addressed. An Interested Person should not unilaterally make the decision that a conflict of interest does not exist.

ARTICLE 3 PROCEDURES TO DISCLOSE AND RESOLVE CONFLICTS

Section 3.1 Duty to Self-Disclose.

3.1.1 An Interested Person shall make an appropriate disclosure of all material facts, including the existence of any personal or financial interest, at any time that any potential conflict of interest arises. This disclosure obligation includes instances in which the Interested Person plans not to attend a meeting of the Board or a Committee at which he or she has reason to believe that the Board or Committee will act regarding a matter about which he or she may have a conflict. Depending on the circumstances, disclosure may be made to the Chair of the Board, or, if the potential conflict of interest first arises in the context of a Board or Committee meeting, to the entire Board or the members of the Committee considering the proposed transaction or arrangement that relates to the potential conflict of interest.

3.1.2 In addition, Interested Persons shall, in accordance with Article 6.2, make an annual disclosure of on-going relationships and interests that may present a conflict of interest.

Section 3.2 Disclosure of Conflicts of Others. If an Interested Person becomes aware of any potential conflict of interest involving another Interested Person, he or she should report it in accordance with the requirements of this Article 3.

Section 3.3 Evaluation of Potential Conflict.

3.3.1 After disclosure of all material facts and any follow-up discussion with the Interested Person having a potential conflict of interest in accordance with this Article 3, a determination shall be made about whether a material financial interest or other kind of actual conflict exists. For purposes of this Policy, **material financial interest** shall mean an interest reasonably expected to exceed \$1,000 in value to any party.

3.3.2 If the potential conflict is first disclosed during a Board or Committee meeting at which the Interested Person with the potential conflict is in attendance, the Interested Person shall leave the meeting while the determination of whether a conflict of interest exists is either discussed and voted upon or referred to a committee for further consideration. In either event, the decision-making body will evaluate the disclosures by the Interested Person, and will determine on a case-by-case basis whether the disclosed activities constitute an actual and material conflict of interest. If the disclosure is made outside of the context of a meeting, then the determination of whether a conflict exists will be referred to the Board for decision and action.

3.3.3 Factors the decision-making body may consider when determining whether an actual conflict exists include but are not necessarily limited to (i) the proximity of the Interested Person to the decision-making authority of the other entity involved in the transaction; and (ii) whether the amount of the financial interest, although material, is nonetheless *de minimis* relative to the overall financial situation of RAIN, and an insubstantial byproduct of the proposed action that is otherwise consistent with RAIN's tax-exempt purpose.

3.3.4 After exercising due diligence, the Board or Committee shall determine whether RAIN could 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.

3.3.5 If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine whether the transaction or arrangement is in RAIN's best interest and for its own benefit, whether it is fair and reasonable, and whether the benefit to the Interested Person or Family Member is an insubstantial byproduct of the public benefit reasonably expected from the transaction. The decision whether to enter into the transaction or arrangement shall be made in the manner provided in Section 3.4.

Section 3.4 Approval of Conflict of Interest Transaction. After disclosure and consideration as required in this Article 3, a transaction in which an actual material conflict of interest exists may be approved:

3.4.1 By the majority vote of the disinterested directors or members of the Board or the Committee entitled to vote, as the case may be, in the absence of and not including the vote of the Interested Person; or

3.4.2 By obtaining approval of the Oregon Attorney General, or the Circuit Court for the State of Oregon in an action in which the Attorney General is joined as a party.

3.4.3 Any decision made by a Committee shall be subject to review and affirmation or reversal by the Board upon the request of any member of the Committee, including the member with the alleged conflict of interest.

Section 3.5 Violations of the Conflict of Interest Policy.

3.5.1 If the Board has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

3.5.2 If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE 4 RECORDS OF PROCEEDINGS

The minutes of the Board or Committee meeting convened to consider a transaction subject to the mitigating procedures described in Article 3 shall contain:

Section 4.1 The names of the Interested Persons who disclosed or whom otherwise were found to have a financial or other interest in connection with a 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 Board's or Committee's decision as to whether a conflict of interest in fact existed.

Section 4.2 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 5 COMPENSATION

Section 5.1 Any Interested Person who receives compensation, directly or indirectly, from RAIN for services is precluded from voting on matters pertaining to that member's compensation.

Section 5.2 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from RAIN for services is precluded from voting on matters pertaining to that member's compensation.

Section 5.3 No member of the Board or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from RAIN, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

ARTICLE 6 ANNUAL STATEMENTS

Section 6.1 Acknowledgement of Policy. Each person subject to this Policy shall annually sign a statement on a conflict of interest disclosure form adopted by the Board, which at a minimum 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 RAIN is tax exempt and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 6.2 On-Going Interests. In addition, Interested Persons shall make an annual disclosure of on-going relationships and interests that may present a conflict of interest described in this Policy. Disclosures should address current affiliations, as well as past affiliations for the prior two years. Conflict of interest disclosure forms will be submitted to the Executive Director annually, and when appropriate, at or prior to action on relevant business transactions.

Date of Adoption: November 10, 2015