

**SMARTZONE LDFA
CONFLICT OF INTEREST POLICY**

ANNUAL STATEMENT

As a member of the Board of the Ann Arbor-Ypsilanti SmartZone Local Development Financing Authority (the “**Authority**”), an employee, or a member of a committee with powers delegated by such Board, in each case in the capacity indicated below, I do hereby affirm as of the date set forth below that:

1. I am affiliated with the Authority in the following described way(s) (check and complete all that are applicable):
 - Member of the Authority’s Board
 - Employee of the Authority
 - Member of the following committee (s): _____
 - I have received a copy of the Conflict of Interest Policy of the Authority (the “**Policy**”);
2. I have read and I understand the Policy;
3. I agree to comply with the Policy; and
4. Except as indicated as follows, I have no real or potential conflict of interest with the Authority, determined as provided in the Policy:

Describe any perceived real or potential conflict of interest (use and attached additional sheets, if necessary):

Signature: _____

Print Name: _____

Date: _____

SmartZone LDFA Conflict of Interest Policy

Article I Purpose

The duty of loyalty owed by members of the Board of the Ann Arbor-Ypsilanti SmartZone Local Development Financing Authority, a Michigan Authority (the "**Authority**") requires that Board members exercise their power in the interest of the Authority. As a tax exempt organization, the Authority also is obligated to promote publicly supported organizations that it benefits, rather than private interests.

It is the policy of the Authority that all Board members shall scrupulously avoid any conflict, or the appearance of any conflict, between their own interests and the interests of the Authority. The purpose of this Conflict of Interest Policy is to protect the Authority's interest when contemplating a transaction or arrangement that might benefit the private interest of a Board member of the Authority.

This policy is intended to supplement but not replace the Bylaws of the Authority. If any conflict exists between this Policy and the Bylaws of the Authority, the Bylaws shall control.

This Policy is further intended to supplement and not replace (a) any applicable state law governing conflicts of interest concerning authorities, and (b) any conflicts of interest policy that governs the conduct of any Board member of the Authority. In the event of any conflict between this Policy and either of the foregoing, the foregoing shall control.

Article II Definitions

1. Interested Person

A Board member or member of a committee with 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, 1 or more of the following:

a. An ownership or investment interest in any entity with which the Authority has a transaction or arrangement;

b. A compensation arrangement with the Authority or with any entity or individual with which the Authority 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 Authority is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

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 a determination is made that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an Interested Person shall disclose the existence and nature of his or her Financial Interest and must be given the opportunity to disclose all material facts to the Board members or members of committees with 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, the Interested Person shall leave the board or committee meeting.

3. Procedures for Addressing the Conflict of Interest

a. An Interested Person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

b. A member of the Board shall not vote on, or otherwise participate in or attempt to influence debate on, a question in which he or she has a financial interest other than the general public interest, or on any question involving his or her own conduct. If a question is raised under this policy concerning the eligibility of a Board member to vote on any matter, such question shall be determined by the concurring vote of at least majority Board members, not including the vote of the member whose eligibility has been questioned.

c. The chairperson of the board or committee shall, if 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 the Authority can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

e. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested Board members whether the transaction or arrangement is in the Authority's best interest and for its own benefit and whether the transaction is fair and reasonable to the Authority and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy

a. If the board or committee has reasonable cause to believe that 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 response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact 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 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 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 therewith.

Article V Annual Statements

Each Board member and member of a committee with board delegated powers shall annually sign a statement which affirms that such person in the form attached hereto as Exhibit A:

- 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 the Authority is an organization exempt from taxation and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VI Periodic Reviews

To ensure that the Authority operates in a manner consistent with its exempt purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- b. Whether any of its activities result in inurement or impermissible private benefit.
- c. Whether partnership and joint venture arrangements and arrangements with publicly supported and private organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Authority's exempt purposes and do not result in inurement or impermissible private benefit.

Article VII Use of Outside Experts

In conducting the periodic reviews provided for in Article VI, the Authority may, but need not, use outside advisors. If outside experts are used their use shall

not relieve the board of its responsibility for ensuring that periodic reviews are conducted.