

THE HEALTH SCIENCE CENTER AT BROOKLYN FOUNDATION, INC.

POLICIES & PROCEDURES

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| | No. <u>HSCBF-0003</u> |
| Title: Conflict of Interest | Original Issue Date: <u>06/2005</u> |
| Reviewed by: Foundation Management | Revised Date: <u>12/2017</u> |
| Approved by: HSCBF Board | SUNY Policy Ref. No. <u>6001</u> |

I. Policy: Conflict of Interest

1. Each director of the Health Science Center at Brooklyn Foundation has a fiduciary obligation to act in the best interests of the Foundation.
2. A director may not participate in any vote on any matter relating to current or proposed Foundation business with any individual or entity with which the director has a direct or indirect personal or financial interest that may conflict with the proper discharge of the member's Board duties.
3. Any director who has a direct or indirect personal or financial interest that could create a conflict of interest with any Foundation agreement, transaction or relationship, shall disclose any relevant facts to the Board of Directors.
4. The Board of Directors will determine whether the facts, as disclosed by the director, constitutes a conflict of interest.
5. If the Board determines that a conflict exists, the affected director shall abstain from voting on the matter. The affected director may participate in discussions on the matter in question only if asked for information by a majority of the remaining Board members. The affected director must withdraw from the meeting concerning the matter in question if requested by the remaining Board members.
6. The minutes of the Board shall reflect the actions of the Board of Director and the affected director.

**THE HEALTH SCIENCE CENTER AT BROOKLYN FOUNDATION, INC.
CONFLICT OF INTEREST POLICY**

The purpose of this conflict of interest policy (the “Policy”) is to ensure that the Directors, Officers and Key Persons of The Health Science Center at Brooklyn Foundation, Inc. (the “Corporation”), and any other person who exercises the powers of Directors, Officers or Key Persons over the affairs of the Corporation (each, a “Covered Person”), act in the Corporation’s best interest and comply with applicable legal requirements. This Policy is also intended to protect the interests of the Corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Covered Person. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations. This Policy is designed to be consistent with the requirements of the New York Not-for-Profit Corporation Law as revised by the Non-Profit Revitalization Act of 2013 and subsequent amendments thereto (“NPCL”). Capitalized terms not defined herein are defined in the Definitions attached at the end of this Policy. The Board of Directors shall adopt and oversee the implementation of and compliance with this Policy.

1. POTENTIAL CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

A “Potential Conflict of Interest” may arise when: (i) a Covered Person has a Financial Interest in a transaction or arrangement of the Corporation which would trigger review as a Related Party Transaction; (ii) a Covered Person has a non-Financial Interest in a transaction or arrangement of the Corporation; (iii) a Covered Person receives compensation for services, directly or indirectly, from the Corporation; (iv) a Covered Person or a Relative of a Covered Person is an Officer, Director, trustee, Member, owner or employee of any entity with which the Corporation has a relationship; or (v) a Covered Person’s obligation to further the Corporation’s purposes and to act for the benefit of the Corporation is otherwise at odds with such Covered Person’s own interests, such as through personal relationships with family members, friends and employees with whom the Corporation has a relationship or who represent entities with which the Corporation has a relationship. Notwithstanding the foregoing, serving (without compensation) on the board of managers of Staffco of Brooklyn, LLC, a New York limited liability company of which the Corporation is the sole Member, shall not be a Conflict of Interest, except with respect to the election of such board of managers by the Corporation. If there is any uncertainty, a Covered Person is encouraged to treat the relationship as a Potential Conflict of Interest.

A “Related Party Transaction” is any transaction in which a Related Party has a Financial Interest and in which the Corporation or any Affiliate of the Corporation is a participant, except that a transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party’s Financial Interest is de minimis; (ii) the transaction would not customarily be reviewed by the Board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms; or (iii) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Corporation intends to benefit as part of the accomplishment of its mission, which benefit is available to all similarly situated members of the same class on the same terms. A Related Party Transaction is a type of Conflict of Interest.

2. DUTY TO DISCLOSE

Promptly upon becoming aware of any Potential Conflict of Interest, a Covered Person must disclose the existence of such Potential Conflict of Interest to the Board or an authorized committee thereof (the “Reviewing Body”) by submitting all material facts in written or electronic form to the Designated Compliance Officer of the Corporation. The Designated Compliance Officer shall provide such information to the president of the Board or the chair of an authorized committee thereof and to the other Directors considering the proposed transaction or arrangement. Such disclosures shall be made, as

appropriate: (i) prior to the Covered Person first becoming associated with the Corporation, including prior to a Director's election or appointment, (ii) at the time the Covered Person acquires the financial or other interest giving rise to the Potential Conflict of Interest, (iii) at the time of the Covered Person's annual disclosure statement, or (iv) at the time the Covered Person learns that the Corporation is considering a transaction or arrangement in which such Covered Person has a Potential Conflict of Interest. If the Covered Person is the Designated Compliance Officer, disclosure shall be made to another appropriate Officer.

3. **DETERMINING WHETHER A RELATED PARTY TRANSACTION OR OTHER CONFLICT OF INTEREST EXISTS**

A Covered Person may disclose a Potential Conflict of Interest as a Related Party Transaction, as a Related Party Transaction in which there is a substantial Financial Interest, or as an actual Conflict of Interest. Otherwise, such determination shall be made by the Reviewing Body. After disclosure of the Potential Conflict of Interest and all material facts, the Reviewing Body may request that the Covered Person present information or answer questions. After any discussion with the Covered Person, he/she shall leave the Reviewing Body meeting while the Potential Conflict of Interest is discussed and voted upon, and the remaining Reviewing Body members shall decide if the Potential Conflict of Interest requires review as a Related Party Transaction, requires additional scrutiny as a Related Party Transaction with a substantial Financial Interest, requires review as another Conflict of Interest, falls under one of the exceptions to Conflicts of Interest or Related Party Transactions set forth above, or otherwise does not represent a Conflict of Interest.

4. **PROCEDURES FOR RELATED PARTY TRANSACTIONS**

In accordance with the NPCL, any Related Party who has an interest in a Related Party Transaction shall disclose in good faith to the Reviewing Body the material facts concerning such interest. No Related Party may participate in deliberations or voting relating to a Related Party Transaction in which such party has an interest; provided, however, that nothing in this Policy shall prohibit the Reviewing Body from requesting that a Related Party present information as background or answer questions concerning a Related Party Transaction at a meeting of such Reviewing Body prior to the commencement of deliberations or voting relating to such transaction.

The Corporation shall not enter into any Related Party Transaction unless the transaction is determined by the Reviewing Body to be fair, reasonable and in the Corporation's best interest at the time of such determination. In addition, if the Related Party has a substantial Financial Interest in a Related Party Transaction, the Reviewing Body shall: (i) prior to entering into the transaction, consider alternative transactions to the extent available; (ii) approve the transaction by not less than a majority vote of the Directors or committee members present at a meeting; and (iii) contemporaneously document in writing, in accordance with Section 8 below, the basis for its approval, including its consideration of any alternative transactions.

Any transaction in violation of this section shall be voidable by the Corporation.

5. **PROCEDURES FOR ADDRESSING A CONFLICT OF INTEREST NOT INVOLVING A RELATED PARTY TRANSACTION**

If it has been determined that a Conflict of Interest not involving a Related Party Transaction exists: (i) the Covered Person may present information as background or answer question at the Reviewing Body meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the Conflict of Interest; and (ii) the Reviewing Body shall determine by a majority vote of the disinterested Directors present at the meeting (if a quorum is present)

whether to approve the transaction. In no event shall the person with the conflict attempt to influence improperly the deliberations or voting on the matter giving rise to the Conflict of Interest.

6. COMPENSATION AND REIMBURSEMENT

Transactions related to compensation of Directors, Officers, Key Persons or other employees or reimbursement of reasonable expenses incurred by a Related Party on behalf of the Corporation are not considered Related Party Transactions, unless the individual is otherwise a related party based on some other status, such as being a relative of another Related Party. However, such transactions must be reasonable and commensurate with services performed, and the person who may benefit may not be present at or participate in any Board or committee deliberation or vote concerning such person's compensation or reimbursement (although he or she may be present before deliberations at the request of the Board in order to provide information or answer questions). The fixing of compensation of Officers shall require the affirmative vote of a majority of the entire Board.

7. QUORUM

Directors who are present at a meeting but must leave the meeting at the time of a vote due to a Related Party Transaction or other Conflict of Interest shall be counted as present at the time of the vote.

For example, in the event of a seven-person Board with a majority quorum (four of seven), where four Directors attend a meeting, and a decision requires the vote of a majority of the Directors present (three of four):

- If one Director cannot participate in a decision due a Related Party Transaction or other Conflict of Interest, the meeting does not lose quorum, but the decision would require a unanimous vote of the remaining three Directors (a majority of the four Directors considered present).
- If two Directors cannot participate in a decision due a Related Party Transaction or other Conflict of Interest, the meeting still does not lose quorum, but it would be impossible to act on the decision at that meeting, since only two Directors would be eligible to vote and three votes would be needed (a majority of the four Directors considered present). Such a decision would need to be deferred to a meeting with greater attendance or delegated to an authorized committee.

8. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

If the Reviewing Body has reasonable cause to believe that a Covered Person has failed to disclose a Conflict of Interest or Potential Conflict of Interest, it shall inform such person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Reviewing Body determines the Covered Person has failed to disclose a Conflict of Interest or Potential Conflict of Interest, it shall take appropriate corrective action.

9. RECORDS OF PROCEEDINGS

The minutes of the Reviewing Body reviewing a Related Party Transaction, other Conflict of Interest or Potential Conflict of Interest shall be prepared on a contemporaneous basis and shall contain, as appropriate: (i) the names of the persons who disclosed or otherwise were found to have a Conflict of Interest or a Potential Conflict of Interest, the nature and material facts of the interest, any action taken to determine whether a Conflict of Interest was present, and the Reviewing Body's decision as to whether a Related Party Transaction or other Conflict of Interest in fact existed; (ii) 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; (iii) a statement that the transaction was found to be “fair, reasonable and in the Corporation’s best interest at the time of such determination” (required for Related Party Transactions); and (iv) if the Related Party has a substantial Financial Interest in a Related Party Transaction, the minutes must contain the basis for the approval, including a description of the alternative transactions considered.

10. CONFLICT OF INTEREST STATEMENTS

Promptly following adoption of this Policy, and thereafter prior to the initial election or appointment of any Director or Officer, or the initial hiring of any Key Person, each Covered Person shall complete, sign and submit to the Designated Compliance Officer a Conflict of Interest Statement in the attached form, or such other form as may be adopted by the Reviewing Body from time to time. At least annually thereafter, or upon any relevant change of circumstances, each Covered Person shall submit either (a) a revised Conflict of Interest Statement or (b) an Update of Conflict of Interest Statement which certifies that the prior statement remains unchanged except as disclosed therein, in the attached form. The Designated Compliance Officer shall provide a copy of all completed statements and certifications to the president of the Board or the chair of an authorized committee thereof, which shall review the disclosed information to assess whether the disclosed relationships raise Conflicts of Interest or Potential Conflicts of Interest and to determine appropriate steps to manage or resolve such conflicts. A copy of each disclosure statement shall be available to any Director of the Corporation on request.

11. ADOPTION

This Conflict of Interest Policy was adopted by the Board on _____, 20__.

CONFLICT OF INTEREST POLICY DEFINITIONS

“Affiliate”: Any entity controlled by, or in control of, the Corporation. *[NPCL § 102]*

“Board”: The body responsible for the management of the Corporation. *[NPCL § 102]*

“Conflict of Interest”: A Potential Conflict of Interest that has been disclosed as, or determined by the Reviewing Body to be, either a Related Party Transaction or an actual conflict of interest.

“Covered Person”: Any Director, Officer or Key Person of the Corporation.

“Designated Compliance Officer”: The secretary or other designated Officer of the Corporation. For purposes of this Policy, submissions to the Designated Compliance Officer may be made c/o the principal officer of the Corporation.

“Director”: Any member of an organization’s Board, whether designated as director, trustee, manager, governor or by any other title. *[NPCL § 102]*

“Financial Interest”: Any financial interest, including directly or indirectly, through business, investment, or family: (i) an ownership or investment interest in any entity with which the Corporation has, or is considering entering into, a transaction or arrangement; (ii) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has, or is considering entering into, 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. For these purposes, compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial in nature.

“Key Person”: A “Key Person” is any person other than a Director or Officer, whether or not an employee of the Corporation, who (i) has responsibilities, or exercises powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of Directors or Officers; (ii) manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; or (iii) alone or with others controls or determines a substantial portion of the Corporation’s capital expenditures or operating budget. *[NPCL § 102]*

“Member”: One having membership rights in a corporation in accordance with the provisions of its certificate of incorporation or by-laws. *[NPCL § 102]*

“Officer”: Any chair, president, vice-president, secretary, treasurer or other officer of an organization elected or appointed by the Board, as provided in the by-laws.

“Potential Conflict of Interest”: A potential conflict of interest as described in Section 1 of this Policy.

“Related Party”: Any (i) Director, Officer or Key Person of the Corporation or any Affiliate of the Corporation; (ii) Relative of any individual described in (i); or (iii) entity in which any individual described in (i) or (ii) 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%. *[NPCL § 102]*

“Relative”: An individual’s spouse or domestic partner as defined in Public Health Law § 2994(a), ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, or spouse or domestic partner of brothers, sisters, children, grandchildren and great-grandchildren. *[NPCL § 102]*

Name: _____

Date: _____

CONFLICT OF INTEREST STATEMENT

Directors, Officers and Key Persons (each, a "Covered Person") of The Health Science Center at Brooklyn Foundation, Inc. (the "Corporation") must complete, sign and submit a Conflict of Interest Statement in accordance with the Corporation's Conflict of Interest Policy, adopted as of _____ (the "Conflict of Interest Policy"), prior to his or her initial election or appointment (for Directors and Officers) or prior to his or her initial hiring or involvement (for Key Persons). At least annually thereafter, or upon any relevant change of circumstances, each Covered Person shall submit either (a) a revised Conflict of Interest Statement or (b) an Update of Conflict of Interest Statement which certifies that the prior statement remains unchanged except as disclosed therein. All such statements and certification shall be submitted to the Designated Compliance Officer, who shall provide a copy of all completed statements and certifications to the president of the Board or the chair of an authorized committee thereof. A copy of each disclosure statement shall be available to any Director of the Corporation on request.

Please answer the following questions to the best of your knowledge. If additional space is needed, please attach a separate sheet. Refer to the Conflict of Interest Policy for definitions of capitalized terms. If no information is required to answer a question, please answer "no," "none," "not applicable" or "NA."

A. INDEPENDENT DIRECTOR CRITERIA (for Directors only):

1. Foundations Guidelines Criteria: Are you currently faculty, staff or a student of the State University of New York Health Science Center at Brooklyn or any other state university health care facility? *If yes, please describe.*

YES NO

2. Are you currently, or have you been within the past three years, an employee or Key Person of the Corporation or an Affiliate, or do you have a Relative who is, or has been within the last three years, a Key Person of the Corporation or an Affiliate? *If yes, please describe.*

YES NO

3. Have you received, or do you have a Relative who has received, in any of the last three fiscal years, more than \$10,000 in direct compensation from the Corporation or an Affiliate (other than reasonable expense reimbursement or reasonable compensation as a Director)? *If yes, please describe.*

YES NO

4. Are you a current employee of or do you have substantial Financial Interest in, or do you have a Relative who is a current Officer of or has a substantial Financial Interest, an entity that has (or may have) provided payments, property or services to, or received payments, property or services from, the Corporation or an Affiliate, in an amount which, in any of the last three fiscal years, exceeds the thresholds set forth in the definition of "independent director" in NPCL § 102(a)(21), subject to the exclusions from "payment" set forth therein? *If yes, please disclose any such entities that may trigger the threshold and describe relevant status or Financial Interest.*

YES NO

B. RELATED PARTY TRANSACTION CRITERIA

5. List any entity in which you or any Relative have 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%, and with which the Corporation or any Affiliate has (or may likely have) a relationship. *Please describe the interest and the relationship.*

SEE ATTACHED NONE

6. List any transaction in which you, any Relative, or any entity disclosed in #5 above has a Financial Interest and in which the Corporation or any Affiliate of the Corporation is (or may likely be) a participant. *Please describe the financial interest.*

SEE ATTACHED NONE

7. Note whether any Financial Interest disclosed in #6 above is substantial.

C. OTHER POTENTIAL CONFLICTS OF INTEREST (if not disclosed above):

8. List any entity of which you are or any Relative is an Officer, Director, trustee, Member, owner (either as a sole proprietor or a partner), or employee and with which the Corporation or an Affiliate has (or may likely have) a relationship. *Please describe the position and the relationship.*

SEE ATTACHED NONE

9. List any transaction or arrangement in which the Corporation or an Affiliate is (or may likely be) a participant and in which you might have a conflicting interest. *Please describe the interest.*

SEE ATTACHED NONE

10. List any other circumstance in which your obligation to further the Corporation's purposes and to act for the benefit of the Corporation is otherwise at odds with your own interests, such as through personal relationships with family members, friends and employees with which the Corporation has a relationship or who represent entities with which the Corporation has a relationship. *Please describe the circumstance and the relationship.*

SEE ATTACHED NONE

D. CERTIFICATIONS: I hereby acknowledge that:

- (i) The answers to the foregoing questions are stated to the best of my knowledge.
- (ii) I have received, read and understand the Conflict of Interest Policy adopted as of _____, 20__.
- (iii) I have and will continue to comply with such Policy.

IN WITNESS WHEREOF, the undersigned has executed this Statement as of _____.

By: _____
Name: _____
Title: _____
(Director, Officer, Key Person, etc.)

Contact Information for Board Communications:

Name: _____

Title: _____

Address: _____

Email: _____

Facsimile: _____

Name: _____

Date: _____

UPDATE OF CONFLICT OF INTEREST STATEMENT

I have reviewed the Conflict of Interest Statement dated _____, as supplemented by additional Statements or Updates dated _____ (if any), which I previously submitted pursuant to the Conflict of Interest Policy of The Health Science Center at Brooklyn Foundation, Inc., and I confirm that such listed Statement(s) and Updates (if any) are currently correct, except as otherwise noted below:

I hereby confirm the accuracy of all certifications made in the Conflict of Interest Statement dated _____ as if such certifications were made as of the date of this Update.

IN WITNESS WHEREOF, the undersigned has executed this Update as of _____.

By: _____

Name: _____

Title: _____

(Director, Officer, Key Person, etc.)

Contact Information for Board Communications:

Name: _____

Title: _____

Address: _____

Email: _____

Facsimile: _____

**THE HEALTH SCIENCE CENTER AT BROOKLYN FOUNDATION, INC.
CONFLICT OF INTEREST POLICY- showing the edits**

The purpose of this conflict of interest policy (the “**Policy**”) is to ensure that the Directors, Officers and Key Persons of The Health Science Center at Brooklyn Foundation, Inc. (the “**Corporation**”), and any other person who exercises the powers of Directors, Officers or Key Persons over the affairs of the Corporation (each, a “**Covered Person**”), act in the Corporation’s best interest and comply with applicable legal requirements. This Policy is also intended to protect the interests of the Corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Covered Person. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations. This Policy is designed to be consistent with the requirements of the New York Not-for-Profit Corporation Law as revised by the Non-Profit Revitalization Act of 2013 and subsequent amendments thereto (“**NPCL**”). Capitalized terms not defined herein are defined in the Definitions attached at the end of this Policy. The Board of Directors shall adopt and oversee the implementation of and compliance with this Policy.

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A “**Potential Conflict of Interest**” may arise when: (i) a Covered Person has a Financial Interest in a transaction or arrangement of the Corporation which would trigger review as a Related Party Transaction; (ii) a Covered Person has a non-Financial Interest in a transaction or arrangement of the Corporation; (iii) a Covered Person receives compensation for services, directly or indirectly, from the Corporation; (iv) a Covered Person or a Relative of a Covered Person is an Officer, Director, trustee, Member, owner or employee of any entity with which the Corporation has a relationship; or (v) a Covered Person’s obligation to further the Corporation’s purposes and to act for the benefit of the Corporation is otherwise at odds with such Covered Person’s own interests, such as through personal relationships with family members, friends and employees with whom the Corporation has a relationship or who represent entities with which the Corporation has a relationship. **Notwithstanding the foregoing, serving (without compensation) on the board of managers of Staffco of Brooklyn, LLC, a New York limited liability company of which the Corporation is the sole Member, shall not be a Conflict of Interest, except with respect to the election of such board of managers by the Corporation.** If there is any uncertainty, a Covered Person is encouraged to treat the relationship as a Potential Conflict of Interest.

A “**Related Party Transaction**” is any transaction in which a Related Party has a Financial Interest and in which the Corporation or any Affiliate of the Corporation is a participant, except that a transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party’s Financial Interest is de minimis; (ii) the transaction would not customarily be reviewed by the Board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms; or (iii) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Corporation intends to benefit as part of the accomplishment of its mission, which benefit is available to all similarly situated members of the same class on the same terms. A Related Party Transaction is a type of Conflict of Interest.

2. DUTY TO DISCLOSE

Promptly upon becoming aware of any Potential Conflict of Interest, a Covered Person must disclose the existence of such Potential Conflict of Interest to the Board or an authorized committee thereof (the “**Reviewing Body**”) by submitting all material facts in written or electronic form to the Designated Compliance Officer of the Corporation. The Designated Compliance Officer shall provide such information to the president of the Board or the chair of an authorized committee thereof and to the other Directors

considering the proposed transaction or arrangement. Such disclosures shall be made, as appropriate: (i) prior to the Covered Person first becoming associated with the Corporation, including prior to a Director's election or appointment, (ii) at the time the Covered Person acquires the financial or other interest giving rise to the Potential Conflict of Interest, (iii) at the time of the Covered Person's annual disclosure statement, or (iv) at the time the Covered Person learns that the Corporation is considering a transaction or arrangement in which such Covered Person has a Potential Conflict of Interest. If the Covered Person is the Designated Compliance Officer, disclosure shall be made to another appropriate Officer.

3. **DETERMINING WHETHER A RELATED PARTY TRANSACTION OR OTHER CONFLICT OF INTEREST EXISTS**

A Covered Person may disclose a Potential Conflict of Interest as a Related Party Transaction, as a Related Party Transaction in which there is a substantial Financial Interest, or as an actual Conflict of Interest. Otherwise, such determination shall be made by the Reviewing Body. After disclosure of the Potential Conflict of Interest and all material facts, the Reviewing Body may request that the Covered Person present information or answer questions. After any discussion with the Covered Person, he/she shall leave the Reviewing Body meeting while the Potential Conflict of Interest is discussed and voted upon, and the remaining Reviewing Body members shall decide if the Potential Conflict of Interest requires review as a Related Party Transaction, requires additional scrutiny as a Related Party Transaction with a substantial Financial Interest, requires review as another Conflict of Interest, falls under one of the exceptions to Conflicts of Interest or Related Party Transactions set forth above, or otherwise does not represent a Conflict of Interest.

4. **PROCEDURES FOR RELATED PARTY TRANSACTIONS**

In accordance with the NPCL, any Related Party who has an interest in a Related Party Transaction shall disclose in good faith to the Reviewing Body the material facts concerning such interest. No Related Party may participate in deliberations or voting relating to a Related Party Transaction in which such party has an interest; provided, however, that nothing in this Policy shall prohibit the Reviewing Body from requesting that a Related Party present information as background or answer questions concerning a Related Party Transaction at a meeting of such Reviewing Body prior to the commencement of deliberations or voting relating to such transaction.

The Corporation shall not enter into any Related Party Transaction unless the transaction is determined by the Reviewing Body to be fair, reasonable and in the Corporation's best interest at the time of such determination. In addition, if the Related Party has a substantial Financial Interest in a Related Party Transaction, the Reviewing Body shall: (i) prior to entering into the transaction, consider alternative transactions to the extent available; (ii) approve the transaction by not less than a majority vote of the Directors or committee members present at a meeting; and (iii) contemporaneously document in writing, in accordance with Section 8 below, the basis for its approval, including its consideration of any alternative transactions.

Any transaction in violation of this section shall be voidable by the Corporation.

5. **PROCEDURES FOR ADDRESSING A CONFLICT OF INTEREST NOT INVOLVING A RELATED PARTY TRANSACTION**

If it has been determined that a Conflict of Interest not involving a Related Party Transaction exists: (i) the Covered Person may present information as background or answer question at the Reviewing Body meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote

on, the transaction or arrangement involving the Conflict of Interest; and (ii) the Reviewing Body shall determine by a majority vote of the disinterested Directors present at the meeting (if a quorum is present) whether to approve the transaction. In no event shall the person with the conflict attempt to influence improperly the deliberations or voting on the matter giving rise to the Conflict of Interest.

6. COMPENSATION AND REIMBURSEMENT

Transactions related to compensation of Directors, Officers, Key Persons or other employees or reimbursement of reasonable expenses incurred by a Related Party on behalf of the Corporation are not considered Related Party Transactions, unless the individual is otherwise a related party based on some other status, such as being a relative of another Related Party. However, such transactions must be reasonable and commensurate with services performed, and the person who may benefit may not be present at or participate in any Board or committee deliberation or vote concerning such person's compensation or reimbursement (although he or she may be present before deliberations at the request of the Board in order to provide information or answer questions). The fixing of compensation of Officers shall require the affirmative vote of a majority of the entire Board.

7. QUORUM

Directors who are present at a meeting but ~~not present~~ must leave the meeting at the time of a vote due to a Related Party Transaction or other Conflict of Interest shall be ~~considered~~ counted as present at the time of the vote.

For example, in the event of a seven-person Board with a majority quorum (four of seven), where four Directors attend a meeting, and a decision requires the vote of a majority of the Directors present (three of four):

- = If one Director cannot participate in a decision due a Related Party Transaction or other Conflict of Interest, the meeting does not lose quorum, but the decision would require a unanimous vote of the remaining three Directors (a majority of the four Directors considered present).
- = If two Directors cannot participate in a decision due a Related Party Transaction or other Conflict of Interest, the meeting still does not lose quorum, but it would be impossible to act on the decision at that meeting, since only two Directors would be eligible to vote and three votes would be needed (a majority of the four Directors considered present). Such a decision would need to be deferred to a meeting with greater attendance or delegated to an authorized committee.

8. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY

If the Reviewing Body has reasonable cause to believe that a Covered Person has failed to disclose a Conflict of Interest or Potential Conflict of Interest, it shall inform such person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Reviewing Body determines the Covered Person has failed to disclose a Conflict of Interest or Potential Conflict of Interest, it shall take appropriate corrective action.

9. RECORDS OF PROCEEDINGS

The minutes of the Reviewing Body reviewing a Related Party Transaction, other Conflict of Interest or Potential Conflict of Interest shall be prepared on a contemporaneous basis and shall contain, as appropriate:

3 Workshare Professional comparison of interwovenSite://VBWS/FirmDocs/14144443/5 and 14144443_6.doc. Performed on 12/12/2017.

(i) the names of the persons who disclosed or otherwise were found to have a Conflict of Interest or a Potential Conflict of Interest, the nature and material facts of the interest, any action taken to determine whether a Conflict of Interest was present, and the Reviewing Body's decision as to whether a Related Party Transaction or other Conflict of Interest in fact existed; (ii) 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; (iii) a statement that the transaction was found to be "fair, reasonable and in the Corporation's best interest at the time of such determination" (required for Related Party Transactions); and (iv) if the Related Party has a substantial Financial Interest in a Related Party Transaction, the minutes must contain the basis for the approval, including a description of the alternative transactions considered.

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11. ADOPTION

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“Affiliate”: Any entity controlled by, or in control of, the Corporation. *[NPCL § 102]*

“Board”: The body responsible for the management of the Corporation. *[NPCL § 102]*

“Conflict of Interest”: A Potential Conflict of Interest that has been disclosed as, or determined by the Reviewing Body to be, either a Related Party Transaction or an actual conflict of interest.

“Covered Person”: Any Director, Officer or Key Person of the Corporation.

“Designated Compliance Officer”: The secretary or other designated Officer of the Corporation. For purposes of this Policy, submissions to the Designated Compliance Officer may be made c/o the principal officer of the Corporation.

“Director”: Any member of an organization’s Board, whether designated as director, trustee, manager, governor or by any other title. *[NPCL § 102]*

“Financial Interest”: Any financial interest, including directly or indirectly, through business, investment, or family: (i) an ownership or investment interest in any entity with which the Corporation has, or is considering entering into, a transaction or arrangement; (ii) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has, or is considering entering into, 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. For these purposes, compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial in nature.

“Key Person”: A “Key Person” is any person other than a Director or Officer, whether or not an employee of the Corporation, who (i) has responsibilities, or exercises powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of Directors or Officers; (ii) manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; or (iii) alone or with others controls or determines a substantial portion of the Corporation’s capital expenditures or operating budget. *[NPCL § 102]*

“Member”: One having membership rights in a corporation in accordance with the provisions of its certificate of incorporation or by-laws. *[NPCL § 102]*

“Officer”: Any chair, president, vice-president, secretary, treasurer or other officer of an organization elected or appointed by the Board, as provided in the by-laws.

“Potential Conflict of Interest”: A potential conflict of interest as described in Section 1 of this Policy.

“Related Party”: Any (i) Director, Officer or Key Person of the Corporation or any Affiliate of the Corporation; (ii) Relative of any individual described in (i); or (iii) entity in which any individual described in (i) or (ii) 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%. *[NPCL § 102]*

“Relative”: An individual’s spouse or domestic partner as defined in Public Health Law § 2994(a), ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, or spouse or domestic partner of brothers, sisters, children, grandchildren and great-grandchildren. *[NPCL § 102]*

Name: _____

Date: _____

CONFLICT OF INTEREST STATEMENT

Directors, Officers and Key Persons (each, a "Covered Person") of The Health Science Center at Brooklyn Foundation, Inc. (the "Corporation") must complete, sign and submit a Conflict of Interest Statement in accordance with the Corporation's Conflict of Interest Policy, adopted as of _____ (the "Conflict of Interest Policy"), prior to his or her initial election or appointment (for Directors and Officers) or prior to his or her initial hiring or involvement (for Key Persons). At least annually thereafter, or upon any relevant change of circumstances, each Covered Person shall submit either (a) a revised Conflict of Interest Statement or (b) an Update of Conflict of Interest Statement which certifies that the prior statement remains unchanged except as disclosed therein. All such statements and certification shall be submitted to the Designated Compliance Officer, who shall provide a copy of all completed statements and certifications to the president of the Board or the chair of an authorized committee thereof. A copy of each disclosure statement shall be available to any Director of the Corporation on request.

Please answer the following questions to the best of your knowledge. If additional space is needed, please attach a separate sheet. Refer to the Conflict of Interest Policy for definitions of capitalized terms. If no information is required to answer a question, please answer "no," "none," "not applicable" or "NA."

A. INDEPENDENT DIRECTOR CRITERIA (for Directors only):

1. Foundations Guidelines Criteria: Are you currently faculty, staff or a student of the State University of New York Health Science Center at Brooklyn or any other state university health care facility? *If yes, please describe.*

YES NO

2. Are you currently, or have you been within the past three years, an employee or Key Person of the Corporation or an Affiliate, or do you have a Relative who is, or has been within the last three years, a Key Person of the Corporation or an Affiliate? *If yes, please describe.*

YES NO

3. Have you received, or do you have a Relative who has received, in any of the last three fiscal years, more than \$10,000 in direct compensation from the Corporation or an Affiliate (other than reasonable expense reimbursement or reasonable compensation as a Director)? *If yes, please describe.*

YES NO

4. Are you a current employee of or do you have substantial Financial Interest in, or do you have a Relative who is a current Officer of or has a substantial Financial Interest, an entity that has (or may have) provided payments, property or services to, or received payments, property or services from, the Corporation or an Affiliate, in an amount which, in any of the last three fiscal years, exceeds the thresholds set forth in the definition of "independent director" in NPCL § 102(a)(21), subject to the exclusions from "payment" set forth therein? *If yes, please disclose any such entities that may trigger the threshold and describe relevant status or Financial Interest.*

YES NO

B. RELATED PARTY TRANSACTION CRITERIA

5. List any entity in which you or any Relative have 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%, and with which the Corporation or any Affiliate has (or may likely have) a relationship. *Please describe the interest and the relationship.*

SEE ATTACHED NONE

6. List any transaction in which you, any Relative, or any entity disclosed in #5 above has a Financial Interest and in which the Corporation or any Affiliate of the Corporation is (or may likely be) a participant. *Please describe the financial interest.*

SEE ATTACHED NONE

7. Note whether any Financial Interest disclosed in #6 above is substantial.

C. OTHER POTENTIAL CONFLICTS OF INTEREST (if not disclosed above):

8. List any entity of which you are or any Relative is an Officer, Director, trustee, Member, owner (either as a sole proprietor or a partner), or employee and with which the Corporation or an Affiliate has (or may likely have) a relationship. *Please describe the position and the relationship.*

SEE ATTACHED NONE

9. List any transaction or arrangement in which the Corporation or an Affiliate is (or may likely be) a participant and in which you might have a conflicting interest. *Please describe the interest.*

SEE ATTACHED NONE

10. List any other circumstance in which your obligation to further the Corporation's purposes and to act for the benefit of the Corporation is otherwise at odds with your own interests, such as through personal relationships with family members, friends and employees with which the Corporation has a relationship or who represent entities with which the Corporation has a relationship. *Please describe the circumstance and the relationship.*

SEE ATTACHED NONE

D. CERTIFICATIONS: I hereby acknowledge that:

- (i) The answers to the foregoing questions are stated to the best of my knowledge.
- (ii) I have received, read and understand the Conflict of Interest Policy adopted as of _____, 20__.
- (iii) I have and will continue to comply with such Policy.

IN WITNESS WHEREOF, the undersigned has executed this Statement as of _____.

By: _____

Name: _____

Title: _____

(Director, Officer, Key Person, etc.)

Contact Information for Board Communications:

Name: _____

Title: _____

Address: _____

Email: _____

Facsimile: _____

Name: _____ Date: _____

UPDATE OF CONFLICT OF INTEREST STATEMENT

I have reviewed the Conflict of Interest Statement dated _____, as supplemented by additional Statements or Updates dated _____ (if any), which I previously submitted pursuant to the Conflict of Interest Policy of The Health Science Center at Brooklyn Foundation, Inc., and I confirm that such listed Statement(s) and Updates (if any) are currently correct, except as otherwise noted below:

I hereby confirm the accuracy of all certifications made in the Conflict of Interest Statement dated _____ as if such certifications were made as of the date of this Update.

IN WITNESS WHEREOF, the undersigned has executed this Update as of _____.

By: _____

Name: _____

Title: _____

(Director, Officer, Key Person, etc.)

Contact Information for Board Communications:

Name:

Title: _____
Address: _____
Email: _____
Facsimile: _____

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