

THE TOWERS OF JACKSONVILLE, INC.

CONFLICTS OF INTEREST POLICY

Article I

Purpose

The purpose of the conflicts of interest policy is to protect the interest of The Towers of Jacksonville, Inc. (the "Corporation") when it is contemplating entering into a transaction or arrangement which might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II

Definitions

1. Interested Person

Any director, principal officer or member of a committee with Board delegated-powers who has a direct or indirect financial interest, as defined below, is an Interested Person. If a person is an Interested Person with respect to any entity of which the Corporation is a part, he or she is an Interested Person with respect to all entities in the Corporation.

2. Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business, investment or family:

- a. an ownership of investment interest in any entity with which the Corporation has a transaction or arrangement, or
- b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation 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 Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration and gifts or favors which 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 the appropriate Board or Committee decides that a conflict of interest exists.

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 determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate action, which action may include the acceptance of the member's abstention, requiring that his conflict of interest be terminated or recommending to the corporate member which appointed him that his appointment be terminated.

5. Annual Procedure

In addition to the duty to disclose as set forth in Section 1 of this Article 111, any duality of interest or possible conflict of interest shall be disclosed by Directors and Officers and members of committees with Board delegated powers to the Board of Directors and made a matter of record through an annual disclosure procedure.

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

Compensation Committees

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

Directors who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No Director, either individually or collectively, is prohibited from providing information to any committee

regarding a Director's compensation.

Article VI

Annual Statements

Each Director, principal officer and member of a committee with board-delegated powers shall annually sign a statement which affirms that such Person:

- a. has received a copy of the Conflicts of Interest Policy,
- b. has read and understands the Policy,
- c. has agreed to comply with the Policy, and
- d. understands that the Corporation is a charitable organization 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 VII

Periodic Reviews

In order to ensure that the Corporation is operating in a manner consistent with accomplishing its charitable purposes and that it is not engaged in activities which 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 partnership and joint venture arrangements and arrangements with management services organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes, and do not result in impermissible private benefit.
- c. Whether agreements with Directors, Employees, and third-party payers further the Corporation's charitable purposes and do not result in impermissible private benefit.

Article VIII

Use of Outside Experts

In conducting the periodic reviews provided for in Article VII, the Corporation 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.