

Eagan Athletic Association (EAA)'s Conflict of Interest Policy

Purpose

The purpose of the conflict of interest policy is to protect EAA's tax-exempt status and interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, board of director or program board member of the organization. In addition, it might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Financial Interest

Because a financial interest is not necessarily a conflict of interest, a person who has a financial interest may have a conflict of interest only if EAA decides that a conflict of interest exists. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which EAA has a transaction or arrangement,
- A compensation arrangement with EAA or with any entity or individual with which EAA has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which EAA is negotiating a transaction or arrangement.

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

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to EAA members considering the proposed transaction or arrangement.

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, he/she shall leave the governing board, committee or program board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board, committee or program board members shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the EAA board, committee or program board meeting, 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. The EAA board, committee or program board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether EAA 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.
- d. 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 by a majority vote of the disinterested directors whether the transaction or arrangement is in EAA'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.

Violations of the Conflicts of Interest Policy

If the EAA Board of Directors has reasonable cause to believe that anyone has failed to disclose actual or possible conflicts of interest, it shall inform that person of the basis for such belief and afford that person an opportunity to explain the alleged failure to disclose. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the EAA Board of Directors determines that person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Compensation Matters

Anyone who receives compensation, directly or indirectly, from EAA et al for goods or services is precluded from voting on matters pertaining to those goods or services. Further, a voting member of any board, committee or program board whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from EAA et al for good or services is precluded from any discussions, fact gathering or vote on matters pertaining to that compensation. Finally, no person who receives compensation, directly or indirectly, from EAA et al, either individually or collectively, is prohibited from providing information to any board or committee regarding compensation for goods or services.

Annual Disclosure Statement

Each board of director, officer and program board member shall annually sign a statement, which affirms that person:

- Has received a copy of the conflicts of interest policy,
- Has read and understands the policy,
- Has agreed to comply with the policy, and
- Has disclosed any potential conflicts of interest.

Periodic Reviews

To ensure that EAA operates in a manner consistent with its 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 a minimum, include the following subjects:

- a. Whether any compensation arrangements and benefits are reasonable, based upon survey information and/or the result of arm's length bargaining elsewhere.
- b. Whether individuals, partnerships, joint ventures or arrangements with any organization conform to EAA's written policies, are properly recorded and reflect reasonable investment or payments for goods and services.