

## **Conflict of Interest Policy USSA Central Region 1**

For Directors and Officers and Members of a Committee with Board Delegated Powers

### **Purpose**

The purpose of this Board conflict of interest policy is to protect USSA Central, Region 1's (hereinafter Region 1's) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of Region 1 or might result in a possible excess benefit transaction.

This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

### **Definitions**

- 1) **Interested person** -- Any director, principal officer, or member of a committee with governing 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: (a) An ownership or investment interest in any entity with which Region 1 has a transaction or arrangement; (b) A compensation arrangement with Region 1 or with any entity or individual with which Region 1 has a transaction or arrangement; or (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Region 1 is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

### **Procedures**

- 1) **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 the Board.
- 2) **Recusal of Self** -- Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
- 3) **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 Board or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.
- 4) **Procedures for Addressing the Conflict of Interest**
  - a) An interested person may make a presentation at the Board or Committee 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 chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c) After exercising due diligence, the governing board or committee shall determine whether the Organization 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization'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.
- 5) Violations of the Conflicts of Interest Policy
- a) If the Board or Executive Committee has reasonable cause to believe 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 member's response and after making further investigation as warranted by the circumstances, the Board or Executive Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **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 Executive 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 with the proceedings.

### **Compensation**

- 1) A voting member of the Board who receives compensation, directly or indirectly, from Region 1 for services is precluded from voting on matters pertaining to that member's compensation.
- 2) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Region 1 for services is precluded from voting on matters pertaining to that member's compensation.
- 3) No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Region 1, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person: (i) has received a copy of the conflicts of interest policy; (ii) has read and understands the policy; (iii) has agreed to comply with the policy; and (iv) understands Region 1 is charitable and in order to maintain its federal tax exempt status it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Periodic Reviews**

To ensure Region 1 operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic review shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: (i) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and (ii) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods or services, further charitable purposes, and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, Region 1 may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

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