

# PACIFIC COAST ATHLETIC LEAGUE CONFLICT OF INTEREST POLICY

Adopted September 28, 2017

## Article I: Purpose

This conflict of interest policy is designed to foster public confidence in the integrity of PACIFIC COAST ATHLETIC LEAGUE (the "Organization") and to protect the Organization's interest when it is contemplating entering a transaction (defined below) that might benefit the private interest of an interested person as defined below..

## Article II: Definitions

**Interested Person:** Each of the following is considered an "interested person" for the purposes of this policy: (1) Each member of the Board of Managers; and (2) the League Commissioner.

**Financial Interest:** A person has a financial interest if the person has, directly or indirectly, means any commitment, investment, relationship, obligation, or involvement, financial or otherwise, direct or indirect, that may influence a person's judgment, including receipt of compensation from the Organization, a sale, loan, or exchange transaction with the Organization.

**Conflict of Interest:** A conflict of interest is present when, in the judgment of the Board of Directors, an interested person's stake in the transaction is such that it reduces the likelihood that an interested person's influence can be exercised impartially in the best interests of the Organization.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2 hereinbelow, a person who has a financial interest may have a conflict of interest only if the appropriate governing board of committee decides that a conflict of interest exists.

## Article III: Procedures

1. **Duty to Disclose:** Each interested person shall disclose to the Board all material facts regarding his or her interest in the transaction, promptly upon learning of the proposed transaction.

2. **Determining Whether a Conflict of Interest Exists:** With regard to an interested person, the Board shall determine if a conflict of interest exists. The interested person involved with the transaction shall not be present during the Board's discussion or determination of whether a conflict of interest exists, except as provided in Article IV below.

3. **Procedures for Addressing a Conflict of Interest:** The Board shall follow the procedures set forth in Article IV in order to decide what, if any, measures are needed to protect the Organization's interests in light of the nature and seriousness of the conflict, to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are appropriate.

## Article IV: Review by the Board

The Board may ask questions of and receive presentation(s) from the interested person, but shall deliberate and vote on the transaction in their absence. The Board shall ascertain that all material facts regarding the transaction and the interested person's conflict of interest have been disclosed to the Board and, if appropriate, shall compile appropriate data, such as comparability studies, to determine fair market value for the transaction.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Board shall determine whether the transaction is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable to the Organization; the majority of disinterested members of the Board then in office may approve the transaction.

#### **Article V: Records of Proceedings**

The minutes of any meeting of the Board pursuant to this policy shall contain the name of each interested person who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the Board who were present during the deliberations on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Board and how the information was obtained; and the result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

#### **Article VI: Annual Disclosure and Compliance Statements**

Each interested person as defined above shall annually sign a statement on the form attached, affirming that the person:

- a. Has received a copy of this conflict of interest policy;
- b. Has read and understood the policy;
- c. Has agreed to comply with the policy; and
- d. Understands the Organization is charitable and 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: Violations**

If the Board has reasonable cause to believe that an interested person of the Organization has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, it shall inform such interested person of the basis for this belief and afford the interested person an opportunity to explain the alleged failure to disclose. If, after hearing the interested person's response and making further investigation as warranted by the circumstances, the Board determines that the interested person has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action.

#### **Article VIII: Annual Reviews**

To ensure that the Organization operates in a manner consistent with its status as an organization exempt from federal income tax, the Board shall authorize and oversee an annual review of the administration of this conflict of interest policy. The review may be written or oral. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified and improved.

**[Attachment follows.]**

**PACIFIC COAST ATHLETIC LEAGUE CONFLICT OF INTEREST POLICY**

**ANNUAL ACKNOWLEDGMENT OF RECEIPT AND UNDERSTANDING**

**PACIFIC COAST ATHLETIC LEAGUE (the "Organization") follows a conflict of interest policy designed to foster public confidence in our integrity and to protect our interest when we are contemplating entering a transaction or arrangement that might benefit the private interest of a director, or any corporate officer.**

**I hereby acknowledge as follows:**

- a. That I have received a copy of this conflict of interest policy;
- b. That I have read and understand the policy;
- c. That I am an interested person as defined by the conflict of interest policy;
- d. That I agree to comply with the policy; and
- e. That I understand the Organization is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_