**NE MN 504 Continuum of Care**

**Governance Board**

**Conflict of Interest Policy**

**Article I – Purpose**

1. The purpose of this conflict of interest policy is to protect NE MN CoC 504’s interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a board member or stakeholder of CoC or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to charitable coalitions.
3. This policy is also intended to identify “independent” directors.

**Article II – 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 financial interest if the person has, directly or indirectly, through business, investment, or family:
   1. An ownership or investment interest in any entity with which CoC has a transaction of agreement,
   2. A compensation arrangement with CoC or with any entity or individual with which CoC has a transaction of arrangement with, or
   3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CoC is negotiating a transaction or arrangement.

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

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 the Governing Board decides that a conflict of interest exists, in accordance with this policy.

1. **Independent Director** – A director shall be considered “independent” for the purposes of this policy if he or she:
   1. is not, and has not been for a period of at least three years, an employee of any entity in which the CoC has a financial interest;
   2. does not directly or indirectly have a significant business relationship with the CoC, which might affect independence in decision-making;
   3. is not employed as an executive of another corporation where any of the CoC’s executive officers or employees serve on that corporation’s compensation committee; and
   4. does not have an immediate family member who is an executive officer or employee of the CoC or who holds a position that has a significant financial relationships with the CoC.

**Article III – 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 meeting.
4. **Procedures for Addressing the Conflict of Interest** 
   1. An interested person may take a presentation at the Board meeting, but after the presentations, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
   2. The President of the Board shall, if appropriate, appoint a disinterested person or commit to investigate alternatives to the proposed transaction or arrangement.
   3. After exercising due diligence, the Board shall determine whether the CoC 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.
   4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the CoC’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** 
   1. If the Governing Board 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.
   2. If, after hearing the member’s response and after making further investigation as warranted by the circumstances, the Governing Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Article IV – Records of Proceedings**

The minutes of the Board shall contain:

1. 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 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 decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and vote 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 connect with the proceedings.

**Article V – Compensation**

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

**Article VI – Annual Statements**

1. Each director, principal officer and member of a committee with Governing Board delegated powers shall annually sign a statement which affirms such person:
   1. Has received a copy of the conflict of interest policy,
   2. Has read and understands the policy,
   3. Has agreed to comply with the policy, and
   4. Understands the NE MN CoC 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.
2. Each voting member of the Governing Board shall annually sign a statement which declares whether such person is an independent director.
3. If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
4. The Governing Board shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary are effective oversight.

**Article VII – Periodic Reviews**

To ensure the NE MN CoC operates in a manner consistent with 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm’s length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to the NE MN CoC’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

**Article VIII – Use of Outside Experts**

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

**NE MN CoC 504**

**Governing Board**

**Annual Conflict of Interest Statement**

In accordance with the Conflicts of Interest Policy of the NE MN 504 Continuum of Care, I hereby affirm that:

1. I have received a copy of the NE MN CoC 504 Conflicts of Interest Policy (the “Policy”).
2. I have read and understand the Policy.
3. I agree to comply with the terms of the Policy.
4. To my present knowledge neither I nor any member of my immediate family has any relationship, involvements, activities, or arrangements that could create a Potential Conflict, as defined in the Policy, except as follows:

(If there is none, write “None” below. Otherwise, list each applicable business or organization and the office or relationship of you or any member of your immediate family with such entity.)

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In the vent that at any future date I believe I may have a Potential Conflict, as described in NE MN 504 CoC’s Conflicts of Interest Policy, I will promptly disclose such matter to the Chairperson of the NE MN 504 CoC’s Governing Board.

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

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020**