

# BARREN COUNTY ECONOMIC AUTHORITY

## **CONFLICT OF INTEREST POLICY**

### PURPOSE

The purpose of this Conflict of Interest Policy is to protect the interests of the Barren County Economic Authority when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee of the Barren County Economic Authority 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 non-profit and charitable organizations.

### ARTICLE I DEFINITIONS

1. INTERESTED PERSON. Any director, officer, or employee of the Barren County Economic Authority, who has a direct or indirect interest, as defined below, is an Interested Person.

2. INTEREST. A person has an interest if the person, directly or indirectly, through business, investment, or family: a) has an ownership or investment interest in any entity with which the Barren County Economic Authority has a transaction or arrangement; b) has a compensation arrangement with the Barren County Economic Authority or with any entity or individual with which the Barren County Economic Authority has a transaction or arrangement; c) has a potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the organization is negotiating a transaction or arrangement; d) is a member, director, officer, or employee of an organization with which the Barren County Economic Authority has entered into or is contemplating entering into a transaction or arrangement.

“Compensation” includes direct and indirect remuneration as well as significant gifts, favors, or contributions.

An Interest is not necessarily a conflict of interest. Under Article II, a person who has an interest may have a conflict of interest only if the person so concludes or if the Board of the Barren County Economic Authority decides that a conflict of interest exists. A transaction is not prohibited simply because a conflict of interest exists.

“Family” includes spouse, parents, siblings, children, in-laws, and step relations.

### ARTICLE II PROCEDURES

1. DUTY TO DISCLOSE. In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence of his or her Interest and must be given the opportunity to disclose all material facts to the Board of Directors.

2. DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS. A person may determine that he or she has a Conflict of Interest. Otherwise, after disclosure of the Interest and all material facts, and after any discussion with the Interested Person, the Interested Person will leave the meeting while the determination of a conflict of interest is discussed and voted upon by the remaining directors.

3. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST.

A. An Interested Person may make a presentation to the Board, but after such presentation, he or she will leave the meeting during the discussion of, and vote on, the transaction or arrangement under consideration.

B. The Board may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

C. After any due diligence deemed appropriate by the Board, the Board will determine whether the Barren County Economic Authority 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 will determine by a majority vote of disinterested directors whether the transaction or arrangement is in the Barren County Economic Authority's best interest, for its own benefit, and fair and reasonable to the Barren County Economic Authority. It will make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY.

A. If the Board has reasonable cause to believe that a person has failed to disclose an actual or possible conflict of interest, it will inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

B. If, after hearing the response of the person and making such further investigation as may be warranted under the circumstances, the Board determines that the person has in fact failed to disclose an actual or possible conflict of interest, it will take any and all action including, if appropriate, disciplinary action or corrective action.

ARTICLE III  
RECORDS OF PROCEEDINGS

The minutes of the Board will contain:

1. Names of persons who disclose or otherwise were found to have an interest in connection with an actual or possible conflict of interest, the nature of the interest, and any action taken to determine whether the conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed;

2. Names of persons who were present for discussions and votes relating to the transaction or arrangement, a summary of the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken.

#### ARTICLE IV WRITTEN STATEMENTS

Each director, officer, or employee subject to this conflict of interest policy will sign a statement once each year with respect to this policy and with respect to any amendments to this policy that affirms that such person:

- A. Has received a copy of this policy;
- B. Has read and understands the policy;
- C. Has agreed to comply with the policy;
- D. Has disclosed all known actual and possible conflict of interest involving such person and his or her family members; and
- E. Understands that the Barren County Economic Authority is charitable and that in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

#### ARTICLE V ANNUAL REVIEWS

To ensure that the Barren County Economic Authority operates in a manner consistent with his charitable purposes and does not engage in activity that could jeopardize its tax-exempt status, annual reviews will be conducted with respect to contracts, arrangements, agreements for services, loans, and similar arrangements with respect to the Barren County Economic Authority, its officers, directors, and employees, to monitor compliance with this policy. In connection therewith, the Barren County Economic Authority may, but need not, use outside consultants or advisors, in which case the Board shall not in any event be relieved of its responsibility under this policy.

#### ARTICLE VI DUTY TO REPORT

Any Interested Person shall have a duty to report any conflict of interest or potential conflict of interest which such Interested Person shall perceive unless such conflict of interest shall have otherwise been disclosed as provided in this Conflict of Interest Policy. Such report may be made to any member of the Board, and such Board member shall have a duty to bring the matter to the full attention of the Board for the Board's consideration consistent with Article II, Paragraph 3 of this Conflict of Interest Policy.