



Conflict of Interest Policy

The purpose of this conflict of interest policy is to protect the interests of the Foundation as a tax-exempt organization (the “Foundation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of the Foundation 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 conflict of interest applicable to non-profit and charitable organizations. **To assure the Foundation maintains the integrity of its endeavors, members of its board of trustees, officers, staff members, and volunteers should avoid situations in which such associations or interests could compromise or reasonably appear to compromise the important values or decisions of the Foundation.**

1. Definitions.

A. Interested Person

Any trustee, 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.

B. Financial Interest

A person has a 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 the Foundation has a transaction or arrangement;
- (2) a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
- (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation 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. Under Section 3, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

2. Standard.

The standard of behavior is that all Foundation Interested Persons shall scrupulously avoid any conflict of interest, or the appearance of any conflict of interest, between each of their personal,

professional and business interests (including, those of their immediate family or employer), and the interests of the Foundation. Under this standard, a conflict of interest occurs in instances in which any of the Foundation Interested Persons' private or personal interests interfere, or appear to interfere, with the interests of the Foundation as a whole.

This standard of behavior includes avoiding conflicts, benefits, gains, or undue influence for the personal or professional benefit of any of the Foundation Interested Persons and, also, for the

benefit of the family of any of the Foundation Interested Persons whether or not in the household, the employer, and the personal friends and the business associates of any of the Foundation Interested Persons.

This standard of behavior requires a careful adherence to and compliance with both the letter and the spirit of this Conflicts of Interest Policy. All Foundation Interested Persons are to act for and in the best interests of the Foundation and remain independent and impartial from external, private, or personal interests and considerations.

3. Procedures.

A. 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 trustees and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

In the course of the Foundation meetings or activities, each Interested Person is to disclose any direct or indirect interests in a transaction or decision that potentially could be a conflict of interest; *e.g.* whenever the family, employer or close associates of the Interested Person will receive a benefit or gain, or an opportunity or potential for benefit arises, or an opportunity for unfair influence arises, or an opportunity for detriment or harm to the Foundation or for benefit or gain to a third party at the expense of the Foundation arises. Interested Persons should err on the side of prudence, and declare an actual or potential conflict if in doubt as to a relationship or interest. **This will prevent tainting the decisions, the reputation, and integrity of the Foundation.**

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

In cases where disclosure is or may be required pursuant to the terms of this policy but Interested Persons believe such disclosure would violate legal, ethical or contractual duties by which they are bound, an actual conflict of interest should be presumed to exist requiring abstention from all related discussion, actions to influence and voting on the matters, individuals or entities as to which disclosure is prohibited.

C. Procedures for Addressing the Conflict of Interest

- (1) An interested person may make a presentation at the governing 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.
- (2) 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.
- (3) After exercising due diligence, the governing board or committee shall determine whether the Foundation 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 governing board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the Foundation'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.

D. Violations of the Conflicts of Interest Policy

- (1) If the governing board or 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.
- (2) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. Records of Proceedings.

The minutes of the governing 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 governing board's or committee's decision as to whether a conflict of interest in fact existed; and
- 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.

5. Ex-Officio Members Who Are University Employees

The Foundation is an independent 501(c)(3) corporation organized to support the University and its educational programs, and the Foundation must fulfill its mission in a reasonable and prudent manner with due consideration to the Foundation's obligation to operate in a financially sound and prudent manner. Certain University employees, including the President, the Vice President of Advancement, and other individuals, may be designated as ex-officio members of the Board of Trustees, officers, or committee members established by the Board. Participation by these individuals is essential to the function of the Foundation as an independent organization in that it ensures transparency and promotes communication among the Foundation and University;

however, participation by these individuals in activities of the Board of Trustees and/or committees established by the Board could present a conflict of interest between University's financial needs and the obligation that the Foundation operate in a financially sound and prudent manner.

Therefore, ex-officio members who are University employees shall make an annual disclosure of any financial interest with the University. An initial disclosure shall be completed within thirty days of the adoption of this policy or appointment as an ex-officio member of the Foundation, whichever occurs first. Annual disclosure forms shall be disseminated by the Chairman to ex-officio members who are University employees on July 1st of each calendar year and completed within thirty days. Ex-officio members who are University employees shall have an obligation to comply with the Conflicts of Interest policy with respect to any financial interest not disclosed on the annual statement so that a case-by-case analysis can be completed by the Board of Trustees and the procedure set forth in Section 3 will be followed. At all times, ex-officio members should err on the side of prudence, and declare an actual or potential conflict if in doubt as to a relationship or interest. This will prevent the possibility of tainting the decisions, the reputation, and integrity of the Foundation. Ex-officio Members of the Board of Trustees, officers, and committee members established by the Board who are University employees shall be guided by the following considerations.

Ex-Officio Members of the Board of Trustees, officers and committee members established by the Board comprised of University employees are of great assistance to the Foundation given their ability to accurately convey information on University programs, priorities and needs. In communicating such information, University employees must endeavor to do so in an objective manner with appropriate recognition of the Foundation's obligation to operate in a financially sound and prudent manner and the obligation of Interested Persons to exercise independent business judgment. In addition to making appropriate disclosures and abstaining from discussions in circumstances involving conflicts of interest, University employees will leave meetings for the duration of discussions involving: (i) consideration of the proposed payment of salary supplements or similar employee benefits by the Foundation for the benefit of the University employee; and (ii) the appropriation of private funds that may be utilized to reimburse or pay expenses of the University employee. University employees may participate in discussions but shall not vote on matters involving the consideration of the proposed payment of salary supplements or similar employee benefits by the Foundation for the benefit of other

University employees and the appropriation of private funds that may be utilized to reimburse or pay expenses of other University employees.

6. Compensation.

- A. A voting member of the governing board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.
- B. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.
- B. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the

Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

7. Annual Statements.

Each trustee, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- A. has received a copy of the conflicts of interest policy;
- B. has read and understands the policy;
- C. has agreed to comply with the policy; and
- D. understands that the Foundation 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.

8. Periodic Reviews.

To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews of the Conflict of Interest Policy shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining; and
- B. whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

9. Outside Advisors.

When conducting the periodic reviews as provided for in Section 8, the Foundation 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 of the Conflict of Interest Policy are conducted.

Manager, Officer and Board Member Annual Conflict of Interest Statement

1. **Name:** _____ **Date:** _____

2. **Position:** _____

Are you a voting Board Member? Yes No (*circle one*) Are you an Officer? Yes No (*circle one*)

If you are an Officer, which Officer position do you hold? _____

3. I affirm the following:

I have received a copy of the Foundation Conflict of Interest Policy: _____ (*initial*)

I have read and understand the policy: _____ (*initial*)

I agree to comply with the policy: _____ (*initial*)

I understand that the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more tax-exempt purposes: _____ (*initial*)

4. Disclosures:

- a) Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest Policy with the Foundation? Yes No (*circle one*)

If yes, please describe it: _____

If yes, has the financial interest been disclosed, as provided in the Conflict of Interest Policy
Yes No (*circle one*)

- b) In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest Policy with the Foundation? Yes No (*circle one*)

If yes, please describe it, including when (approximately): _____

If yes, has the financial interest been disclosed, as provided in the Conflict of Interest Policy?
Yes No (*circle one*)

- c) Are you independent? Yes No (*circle one*)

If no, why not? _____

- d) Have you, or has any business enterprise with which you have been associated as an officer, director or principal shareholder ever been convicted of a violation of law involving fraud, dishonesty or financial impropriety? Yes No (*circle one*)

If yes, please explain (including when): _____

Signature of Manager, Officer or Board Member

Date

Date Reviewed by Executive Committee: _____