

The Public Education Foundation

Conflict of Interest Policy

Article I

Purpose

The purpose of the conflict of interest policy is to protect The Public Education Foundation (the “Foundation”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable local, state and federal laws governing conflict of interest applicable to non-profit and charitable corporations.

Article II

Definitions

1. **Interested Person** Any director, officer, or member of a committee with governing board delegated powers, or employee 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 the Foundation has a transaction or arrangement,

b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or

c. 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 Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate Executive Committee, and if deemed necessary the Board of Directors, decides that a conflict of interest exists, in accordance to this policy.

3. **Nonfinancial Interest** A person has a nonfinancial interest if the interest influences participation or vote in an action of the person’s duties.

a. The person’s relationship as an unpaid volunteer, officer or director of an organization that may be affected, directly or indirectly, by action to be taken, or not taken.

b. The person’s personal, political, religious, friendship, or personal relationships which may be affected by an action to be taken or not taken.

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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 Executive Committee to consider the proposed transaction or arrangement.
2. Disclosure of Nonfinancial Interest Board of Director members shall disclose nonfinancial interests generally in their annual statement, and specifically as individual interests arise. Nonfinancial interests are expected, and shall not be reviewed unless a Board member (including the affected member) requests that the interest be reviewed under the Conflict of Interest Policy.
3. Recusal of Self Any Board member may recuse himself or herself at any time from involvement in any decision or discussion in which the Board member believes he or she may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
4. 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, the potentially conflicted Board member 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.
5. Procedures for Addressing the Conflict of Interest
 - a. The Executive Committee, and if deemed necessary the Board of Directors, will make a final determination on the transaction or arrangement involving the possible conflict of interest.
 - b. The chairperson of the Board of Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
6. Violations of the Conflicts of Interest Policy
 - a. If the 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. All communications shall in in writing.
 - b. If, after reading the member's response and after making further investigation as warranted by the circumstances, the Executive Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall

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take appropriate disciplinary and corrective action.

Article IV *Compensation*

- a.** A voting member of the 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.
- c.** No voting member of the 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.

Article V *Annual Statements*

Upon initial or re-election each director, officer and member of a committee with 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 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.

Article VI *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 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.
- b.** Whether partnerships, joint ventures, and arrangements with management Foundations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further

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charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VII

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, 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 are conducted.