

BOARD POLICY: CONFLICT OF INTEREST

Purpose

~~The purpose of the Conflict of Interest policy is to protect the Thompson Education Foundation's 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.~~ **The purpose of this Conflict of Interest Policy is to protect the integrity, reputation, and charitable mission of the Thompson Education Foundation ("TEF") and to support the Board's fiduciary duty of loyalty.** This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Definitions

~~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. This policy also applies to an interested person's immediate family.~~ **Any director, principal officer, key employee, or member of a committee with governing board-delegated powers who has a direct or indirect financial or personal interest as defined below. This policy also applies to immediate family and household members.**

Financial interest – A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

An ownership or investment interest in any entity with which the foundation has or is contemplating a transaction or arrangement.

A compensation arrangement with the foundation or with any entity or individual with which the foundation has or is contemplating a transaction or arrangement.

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 remunerations as well as gifts or favors that are valued at over \$50.00.

A financial or personal interest also includes any relationship or circumstance that could reasonably be perceived as influencing judgment.

~~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.~~ **A financial interest is not necessarily a conflict of interest. A person may have an actual, potential, or perceived conflict of interest as determined by the governing board.**

Procedures

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 directors and members of committees considering the proposed transaction or arrangement.~~

Interested persons must disclose any actual, potential, or perceived conflict as soon as it arises and shall complete an annual written Conflict of Interest Disclosure Statement.

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 meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board members shall decide if a conflict of interest exists.

~~The governing board shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the best interest of the foundation and whether it is fair and reasonable.~~ **The Board shall also consider alternative transactions and comparable market information when appropriate.** In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

Violations of the Conflict of Interest Policy

If the governing board has reasonable cause to believe a member has failed to disclose an actual or possible conflict 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.

~~If, after hearing the member's response and making further investigation as warranted by the circumstances,~~ **If the governing board determines the member has failed to disclose an actual or possible conflict of interest, it shall take such disciplinary and corrective action as the board or committee shall determine. Corrective action may include removal from office or Board service when warranted.**

Records of Proceedings

The minutes of such meeting shall contain the names of the persons who disclosed or were found to have had a financial interest in connection with the 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. **The minutes shall also reflect that the interested person was not present for discussion or voting and that alternative options were considered when applicable.**

Annual Disclosure Statement

Each Interested Person shall annually sign a written statement affirming review and compliance with this policy.

Training and Acknowledgment

Board members and officers shall receive this policy upon appointment and acknowledge understanding in writing.

END OF POLICY