

Adopted: 11.26.14

Revised: _____

210.1: Conflict of Interest

CONFLICT OF INTEREST — CHARTER SCHOOL BOARD MEMBERS

I. PURPOSE

The purpose of this policy is to observe state statutes regarding conflict of interest for charter school board members and to engage in charter school business activities in a fashion designed to avoid any conflict of interest or the appearance of impropriety.

II. GENERAL STATEMENT OF POLICY

It is the policy of the charter school board to contract for goods and services in conformance with statutory conflict of interest laws and in a manner that will avoid any conflict of interest or the appearance thereof. Accordingly, the Board of Directors (BOD) will contract under the statutory exception provisions only when it is clearly in the best interest of the school because of limitations that may exist on goods or services otherwise available to the school.

III. CONFLICT OF INTEREST - STATUTORY REQUIREMENTS

The board will update this policy regularly to ensure compliance with the current Minnesota statutory requirements regarding conflict of interest (Minn. Stat. § 124D.10, subd. 4a), which reads as follows:

Subd. 4a. Conflict of interest.

(a) An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. An individual is prohibited from serving as a board member if an immediate family member is an employee of the school. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation.

(b) The conflict of interest provisions under this subdivision do not apply to compensation paid to a staff member employed by the charter school

IV. GENERAL PROHIBITIONS AND RECOGNIZED STATUTORY EXCEPTIONS

- A. A BOD member who is authorized to take part in any manner in making any sale, lease, or contract in his or her official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially there from.
- B. In the following circumstances, however, the BOD may as an exception, by unanimous vote, contract for goods or services with a BOD member:
 - 1. In the designation of a bank or savings association, in which a BOD member is interested, as an authorized depository for school funds and as a source of borrowing, provided such deposited funds are protected in accordance with Minn. Stat. Ch. 118A. Any BOD member having said interest shall disclose that interest and the interest shall be entered upon the minutes of the BOD. Disclosure must be made when such bank or savings association is first designated as a depository or source of borrowing, or when such BOD member is elected, whichever is later. Disclosure serves as notice of the interest and must only be made once;
 - 2. The designation of an official newspaper, or publication of official matters therein, in which the school board member is interested when it is the only newspaper complying with statutory requirements relating to the designation or publication;
 - 3. A contract with a cooperative association of which the school board member is a shareholder or stockholder but not an officer or manager;
 - 4. A contract for which competitive bids are not required by law. A contract made under this exception will be void unless the following procedures are observed:
 - a. The BOD must authorize the contract in advance of its performance by adopting a resolution setting out the essential facts and determining that the contract price is as low as or lower than the price at which the goods or services could be obtained elsewhere.
 - b. In the case of an emergency when the contract cannot be authorized in advance, payment of the claims must be authorized by a like resolution wherein the facts of the emergency are also stated.
 - c. Before a claim is paid, the interested BOD member must file with the clerk of the BOD an affidavit stating:
 - (1) The name of the BOD member and the office held;

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- (2) An itemization of the goods or services furnished;
 - (3) The contract price;
 - (4) The reasonable value;
 - (5) The interest of the BOD member in the contract; and
 - (6) That to the best of the BOD member's knowledge and belief, the contract price is as low as, or lower than, the price at which the goods or services could be obtained from other sources.
5. A BOD member may contract with the BOD to provide construction materials or services, or both, when the sealed bid process is used. When the contract comes before the BOD for consideration, the interested BOD member may not vote on the contract.
 6. A BOD member may rent space in a public facility at a rate commensurate with that paid by other members of the public.

V. CONFLICTS PRIOR TO TAKING OFFICE

- A. A BOD member with personal financial interest in a sale, lease, or contract with the school which was entered before the BOD member took office and presents an actual or potential conflict of interest, shall immediately notify the BOD of such interest. It shall thereafter be the responsibility of the BOD member to refrain from participating in any action relating to the sale, lease, or contract. At the time of renewal of any such sale, lease, or contract, the BOD may enter into or renew such sale, lease, or contract only if it falls within one of the enumerated exceptions for contracts relating to goods or services provided above and if the procedures provided in this policy are followed.

VI. DETERMINATION AS TO WHETHER A CONFLICT OF INTEREST EXISTS

The determination as to whether a conflict of interest exists is to be made by the BOD. Any BOD member who has an actual or potential conflict shall notify the BOD of such conflict immediately. The BOD member shall thereafter cooperate with the BOD as necessary for the BOD to make its determination.

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Annual Disclosure Statement

i. I am a member of the Board of Directors, a member of a committee with Board- delegated duties, or an Officer of New Century School (the "Corporation").

ii. I have received a copy of the current Conflict of Interest Policy adopted by the Corporation.

iii. I have read and I do understand the Policy.

iv. I agree to comply with the Policy.

v. I understand that the Corporation is a Minnesota public (charter) school and charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. I agree to refrain from any conflicts of interest or appearance of conflicts of interest between the Corporation and myself, and to disclose any such conflicts of interest or appearance of conflicts of interests prior to any decision by the Board of Directors or any committee of the Corporation.

_____ I am not aware of any conflict of interest.

_____ I have, or potentially have, a conflict of interest in the following area(s):

Name: _____ Signature: _____

Date: _____