



Conflict of Interest Policy

Reason for Policy

The purpose of this conflict of interest policy is to protect New City School's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer, Executive Director or Board member. This policy is intended to conform to applicable state (*Minn. Stat. 124E.14*) and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Policy Statement

Board members shall govern NCS consistent with their fiduciary duties under applicable laws and policies, including NCS's conflict of interest policy.

A conflict of interest arises when a Board member or officer, who is in a position of authority over NCS, may benefit personally from a decision he or she could make. Board members are prohibited from serving on the Board of the corporation if they, or their family member or partner, is an owner, employee or agent of or a contractor with a for-profit or nonprofit entity with whom the charter school contracts, directly or indirectly, for professional services, goods or facilities.

This policy consists of a set of procedures to follow to avoid the possibility that those in positions of authority over the organization may receive an inappropriate benefit. Generally, the policy requires an Officer, Executive Director or Board member to refrain from participating in any discussions or vote involving an issue in which they have a material financial interest. For example, NCS's conflict of interest policy prevents a voting member of the Board of Directors who receives compensation, directly or indirectly, from NCS for services from voting on matters pertaining to that member's compensation

Definitions

1. **Interested Person**: Any Officer, Executive Director or Board member, or member of a committee with Board delegated powers, 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 NCS has a transaction or arrangement,
 - b. A compensation arrangement with NCS or with any entity or individual with which NCS has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NCS is negotiating a transaction or

arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

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 Officers, Executive Director or Board members or members of committees with Board delegated powers considering the proposed transaction or arrangement.
2. 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 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.
3. Procedures for Addressing the Conflict of Interest:
 - a. An Interested Person may make a presentation at the Board or committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The Board Chair or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board or committee shall determine whether NCS 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 or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in NCS'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.
1. Violations of the Conflicts of Interest Policy:
 - a. If the Board or committee has reasonable cause to believe a person has failed to disclose actual or possible conflicts of interest, it shall 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 person's response and after making further investigation as warranted by the circumstances, the Board or committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the Board and all committees with Board delegated powers shall contain:

- 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 Board's or committee's decision as to whether a conflict of interest in fact existed.

- 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.

Compensation

- A voting member of the Board who receives compensation, directly or indirectly, from NCS for services is precluded from voting on matters pertaining to that member's compensation.
- A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NCS for services is precluded from voting on matters pertaining to that member's compensation.
- No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NCS, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- Pursuant to Minn. Stat. 124E.14 (b), the conflict of interest provisions under this policy do not apply to compensation paid to a teacher employed as a teacher by the NCS (*or a teacher who provides instructional services to the charter school through a cooperative formed under chapter 308A*) when the teacher also serves on the NCS Board of Directors.

Adopted by the NCS Board of Directors, April 18, 2018