



## **Clinton Community College Board of Trustees Conflict of Interest Policy**

### **1. Purpose**

The purpose of the conflict of interest policy is to protect Clinton Community College's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or Trustee of Clinton Community College. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

### **2. Definitions**

Any Trustee, principal officer, or member of a Committee with Board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person. 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 Clinton Community College has a transaction or arrangement, or
- b. A compensation arrangement with the corporation or with any entity or individual with which Clinton Community College has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Clinton Community College is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Section 3.2 below, a person who has a financial interest may have a conflict of interest only if the appropriate Board or Committee decides that a conflict of interest exists.

### **3. Procedures**

#### **3.1 Duty to Disclose**

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Trustees and members of Committees with Board delegated powers considering the proposed transaction or arrangement.

#### **3.2 Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after discussion with the interested person, he/she shall leave the Board or Committee meeting while determination of a conflict of interest is discussed and voted upon. The remaining Board or Committee members shall vote to decide if a conflict of interest exists.

#### **3.3 Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the Board or Committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
- b. The Chairperson of the Board 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 the College can obtain a more advantageous transaction or arrangement with reasonable efforts 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 attainable under circumstances that would not give rise to a conflict of interest, the Board or Committee shall determine by a majority vote of the disinterested Trustees whether the transaction is fair and reasonable to the College and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

#### 3.4 Violations of the Conflicts of Interest Policy

- a. If the Board or Committee has reasonable cause to believe that 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
- b. If the Board or Committee, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, determines that the member has in fact 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 Board and all committees with board-delegated powers shall contain –

1. 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.
2. 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 therewith.

### 5. **Compensation**

1. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the College for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the College for services is precluded from voting on matters pertaining to that member's compensation.
3. No loan shall be made by the College to any Trustee, Officer, or employee of the College except as expressly approved by the Board of Trustees.

### 6. **Annual Statements**

Each Trustee, principal officer and member of a Committee with Board delegated powers shall annually sign a statement which affirms that 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 College is a nonprofit 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.

### 7. **Periodic Reviews**

Periodic reviews shall be conducted by the Board of Trustees to ensure that the College operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax. The periodic reviews shall also include a review of whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining. In conducting the periodic reviews provided for above, the College may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.