ANTIOCH UNIVERSITY

CONFLICTS OF INTEREST POLICY FOR TRUSTEES AND OFFICERS

This conflicts of interest policy has been adopted to protect the University's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or trustee of the University. This policy is intended to supplement but not replace applicable federal and state laws governing conflicts of interest.

This policy applies to each member of the Board of Trustees and to all officers of the University. It is intended to serve as guidance for all persons employed by the University in positions of significant responsibility on a regular, interim or acting basis.

I. <u>Introduction</u>

Members of the Board, officers, and employees of the University serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. All decisions of the Board and officers of the administration and faculty are to be made solely on the basis of a desire to promote the best interests of the University and the public good. The University's integrity must be protected and advanced at all times.

Men and women of substance inevitably are involved in the affairs of multiple institutions and organizations. An effective board, administration, and faculty cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most such potential conflicts are and will be deemed to be inconsequential, everyone has the responsibility to ensure that the Board is made aware of situations that involve personal, familial, or business relationships that could be troublesome for the University. Thus, the Board requires each trustee and institutional officer annually 1) to review this policy; 2) to disclose any possible personal, familial, or business relationships that reasonably could give rise to a conflict involving the University; and 3) to acknowledge by his or her signature that he or she is in compliance with the letter and spirit of this policy.

II. Definitions

A. "Officer or trustee" means an officer or trustee of the University.

B. "Financial interest" means an interest in a transaction exceeding $500 in value of any officer or trustee on an annual aggregate basis. A person has an ongoing financial interest if the person has, directly or indirectly, through business, investment or family 1) an ownership or investment interest in any entity with which the University has a transaction or arrangement, or 2) a compensation arrangement with the University or with any entity or individual with which the University has a transaction or arrangement, or 3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the University is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

An "indirect" financial interest arises where the transaction involves a person or entity of which an officer or trustee or a member of the immediate family of an officer or trustee, is a proprietor, partner, employee or officer.

C. "Pecuniary benefit transaction" means a transaction with the University in which an officer or trustee of the University has a financial interest, direct or indirect. However, the following shall not be considered as pecuniary benefit transactions:

1. Reasonable compensation for services of an officer and expenses incurred in connection with official duties of an officer or trustee; or

2. A benefit provided to an officer or trustee or member of the immediate family thereof if:

   a. The benefits are provided or paid as part of programs, benefits, or payments to members of the general public; and

   b. The University has adopted written eligibility criteria for such benefit in accordance with its bylaws or applicable laws; and

   c. The officer, trustee or family member meets all of the eligibility criteria for receiving such benefit; or

3. A continuing transaction entered into by the University merely because a person with a financial interest therein subsequently becomes an officer or trustee of the University.

D. "Interested person" means any trustee, officer, or member of a committee with board-delegated powers who has a direct or indirect financial interest.

E. "Business relationship" means a relationship in which a trustee, officer or a member of his or her family serves as an officer, director, employee, partner, trustee or controlling stockholder of an organization that does substantial business with the University.

F. "Family member" means a spouse, parents, siblings, children, or any other relative if the latter resides in the same household as the trustee or officer.

G. "Substantial benefit" exists when a trustee, officer, or a member of his or her family 1) is the actual or beneficial owner or more than 5 percent of the voting stock or controlling interest of an organization that does substantial business with the University or 2) has other direct or indirect dealings with such an organization from which the trustee, officer, or member of the family benefits directly, indirectly, or potentially from cash or property receipts totaling $10,000 or more annually.

III. <u>Prohibition on Pecuniary Benefit Transaction</u>

A pecuniary benefit transaction is prohibited unless it is in the best interest of the University <u>and</u> <u>all</u> of the following conditions are met:

A. The transaction is for goods or services purchased or benefits provided in the ordinary course of the business of the University for the actual or reasonable value of the goods or services or for a discounted value, and the transaction is fair to the University; <u>and</u>

B. The transaction is approved by a two-thirds majority of the Board of Trustees of the University:

1. After full and fair disclosure of the material facts of the transaction to the Board and after notice and full discussion of the transaction by the Board; <u>and</u>

2. Without participation, voting, or presence of any officer or trustee with a financial interest in the transaction or who has had a

pecuniary benefit transaction with the University in the same fiscal year, except as the Board may require to answer questions regarding the transaction; <u>and</u>

3. A record of the action on the matter is made and recorded in the minutes of the Board; <u>and</u>

C. The University maintains a list disclosing each and every pecuniary benefit transaction, including the names of those to whom the benefit accrued and the amount of the benefit, and keeps such list available for inspection by members of the Board and contributors to the University;[1] <u>and</u>

D. If the transaction, or the aggregate of transactions with the same officer or trustee within one fiscal year, is in the amount of $5,000 or more, the University publishes notice thereof in a newspaper of general circulation in the community in which the University's principal New Hampshire office is located and gives written notice to the New Hampshire Director of Charitable Trusts, <u>before consummating the transaction</u>. Such notice shall state that it is given in compliance with this section and shall include the name of the University, the name of the officer or trustee receiving pecuniary benefit from the transaction, the nature of the transaction, and the specific dollar amount of the transaction.

IV. <u>Other Prohibitions</u>

These prohibitions do not apply to transactions between the University and its incorporators, members, or other contributors who are not also officers or trustees, provided that such transactions are fair to the charitable trust.

A. The University shall not lend money or property to its officers or trustees. Any officer or trustee who assents to or participates in the making of any such loan shall be jointly and severally liable to the University for the amount of such loan until it is repaid.

B. The University shall not sell, lease for a term of greater than 5 years, purchase, or convey any real estate or interest in real estate located in the State of New Hampshire to or from an officer or trustee without the prior approval of the appropriate New Hampshire Probate Court after a finding that the sale or lease is fair to the University. However, this paragraph shall

[1]The list shall also be reported to the New Hampshire Director of Charitable Trusts each year as part of the annual report required under New Hampshire law.

not apply to a bona fide gift of an interest in real estate to the University by an officer or trustee of the University.

C. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the University for services shall not vote on matters pertaining to that member's compensation.

V. Mandatory Disclosure of Ongoing Financial Interest

Each trustee and officer shall use the form attached as Appendix I to promptly disclose those substantive relationships that he or she maintains (or that members of the family maintain) with organizations that do business with the University or otherwise could be construed to potentially affect independent, unbiased judgment in light of his or her decision-making authority or responsibility. If an officer or trustee is uncertain as to the appropriateness of listing a particular relationship, the chair of the Board of Trustees or the chancellor should be consulted. He or she, in turn, may elect to consult with legal counsel, the executive committee, or the of trustees. Such information, including information provided on the form, shall be held in confidence except when, after consultation with the officer or the trustee, the institution's best interests would be served by disclosure.

VI. Annual Statement

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 University is an Internal Revenue Code Section 501(c)(3) 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.

VII. Records of Proceedings

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

A. 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; <u>and</u>

B. 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.

VIII. <u>Procedures for Raising New or Immediately Pertinent Conflict of Interest</u>

A. <u>Duty to Disclose Specific Financial Interest</u>

In connection with any new or immediately pertinent conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the trustees and members of committees with board-delegated powers considering the proposed transaction or arrangement. Such disclosure must be confirmed in writing as soon as practicable, if written disclosure has not already been made.

B. <u>Determining Whether a Conflict of Interest Exists</u>

After disclosure of the financial interest, the interested person shall leave the Board or committee meeting while the financial interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

C. <u>Addressing the Conflict of Interest</u>

1. The chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
2. After exercising due diligence, the Board or committee shall determine whether the University 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.

3. 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 directors whether the transaction or arrangement is in the University's best interest and for its own benefit and whether the transaction is fair and reasonable to the University and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination and in conformity with the foregoing provisions of this policy.

IX. Failure to Disclose Potential Conflicts of Interest

A. If the Board or committee has reasonable cause to believe that a member or officer has failed to disclose actual or potential 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 response of the person and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the person has in fact failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action.