

# THE CHARTER HIGH SCHOOL FOR LAW AND SOCIAL JUSTICE



**EXCELLENCE • CHARACTER • COURAGE • COMMITMENT**

## CONFLICT OF INTEREST POLICY

1. Purpose. The purpose of this conflict of interest policy (the “Policy”) is to protect the interests of the Charter High School for Law and Social Justice (the “School”) when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer, employee or trustee (“Trustee”) of the School or that might result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any relevant federal, state, or local laws governing conflicts of interest applicable to charter schools and charitable organizations. In particular, this Policy is intended to comply with the New York General Municipal Law sections 800 through 806, and the Nonprofit Revitalization Act of 2013, and shall be interpreted in accordance with those provisions and anything in the Policy that is contrary to those provisions herein shall be considered null and void (but only to the extent of any such contradictions). This Policy, along with the School’s code of ethics (the “Code of Ethics”), are incorporated by reference in the School’s duly adopted by-laws (the “By-laws”). Terms not defined herein shall have the meaning ascribed Definitions.
2. Interested Person. Any Trustee, officer, employee, or member of a committee with powers delegated by the School's Board of Trustees (the "Board"), who has a direct or indirect interest, as defined below, is an "Interested Person" to them in the By-Laws.
  - a. Interest. A person has an "Interest" if the person has, directly or indirectly, through business, investment, of Family (as defined in the Code of Ethics):
    - i. an ownership or investment interest, directly or indirectly, in any entity with which the School has a transaction or compensation arrangement
    - ii. a compensation arrangement with the School or with any entity or individual with which the School has a transaction or arrangement, or
    - iii. a potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the School is negotiating a transaction or compensation arrangement.
  - b. Compensation. "Compensation" is defined to include direct and indirect remuneration as well as gifts or favors that are not insubstantial. Except as specified in Section 3.f. ("Express Prohibitions"), a person who has an Interest shall have a Conflict of Interest only if the Board or the appropriate committee determines that a Conflict of Interest exists.
3. Procedures.



- a. Duty to Disclose. In connection with any actual or potential Conflict of Interest, an Interested Person shall disclose the existence of the Interest in writing to the Board as soon as they know of it and the Board shall give such Interested Person the opportunity to disclose all material facts related thereto to the Board or designated committee considering the proposed transaction or arrangement. Such written disclosure shall be made part of and outlined in the Board's meeting minutes.
- b. Determining Whether a Conflict of Interest Exists. After disclosure of the Interest and all material facts related thereto, the Interested Person shall leave the meeting of the Board or designated committee while a determination is made as to whether a Conflict of Interest ("Conflict of Interest") exists. No Interested Person shall vote on any matter in which they have a Conflict of Interest. No Interested Person shall coerce, manipulate, mislead, or fraudulently influence the Board in any matter on which the Interested Person could not deliberate or vote directly. For the avoidance of doubt, a Conflict of Interest exists with respect to any Interest when an Interested Person has the power or the duty to:
  - i. negotiate, prepare, authorize, or approve the transaction or arrangement, or authorize or approve payment under the transaction or arrangement;
  - ii. audit bills or claims related to the transaction or arrangement; or
  - iii. appoint an officer or employee who has any of the powers or duties discussed in clauses i. or ii. of this Section 3.b.
- c. Circumstances in Which Comparability Data is Necessary. An Interested Person may make a presentation at the Board or committee meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest.
  - i. If the transaction involves compensation for services of an individual deemed to be a disqualified person under the federal tax laws and regulations, or if the transaction involves the transfer of property or other benefits to a Trustee, senior executive or other individual deemed to be a disqualified person under the federal tax laws and regulations, the disinterested members of the Board or committee must determine that the value of the economic benefit provided by the School to the interested person or persons does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data ("Comparability Data").
  - ii. When considering the comparability of compensation, for example, the relevant data which the Board or committee may consider includes, but is not limited to, the following: (1) compensation levels paid by similarly situated schools; (2) the availability of similar services within the same geographic area; (3) current compensation surveys compiled by independent firms; and (4) written offers from similar institutions competing for the same



person's services. When the transaction involves the transfer of real property as compensation, the relevant factors include, but are not limited to, (1) current independent appraisals of the property and (2) offers received in a competitive bidding process.

- iii. Based on the Comparability Data, the Board or committee shall determine by a majority vote of the disinterested directors or committee members whether the transaction or arrangement is fair and reasonable to the School. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.
  - iv. If the Board or committee approves such transaction or arrangement, the Comparability Data and the approval shall be made part of and outlined in the Board minutes in accordance with Section 4 below.
- d. Violations of the Conflict of Interest Policy. If the Board or a committee thereof has reasonable cause to believe an Interested Person has failed to disclose an actual or possible Conflict of Interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board or a committee thereof determines the Interested Person has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.
- e. Exceptions to Conflicts of Interest. Notwithstanding anything to the contrary in this Policy, transactions or arrangements described in this Section 3(e) shall not be Conflicts of Interest but shall be subject to the disclosure and determination obligations set forth in Section 3 above:
- i. the designation of a bank or trust company as a depository, paying agent, registration agent or for the investment of funds of the School except when the Treasurer, or their deputy or employee, has an interest in such bank or trust company;
  - ii. a contract with a person, firm, corporation or association in which an Interested Person has an interest that is prohibited solely by reason of employment as an officer or employee thereof if the remuneration of such employment will not be directly affected as a result of such contract and the duties of such employment do not directly involve the procurement, preparation or performance of any part of such contract;
  - iii. the designation of a newspaper, including but not limited to an official newspaper, for the publication of any notice, resolution, ordinance or other proceedings where such publication is required or authorized by law;
  - iv. the purchase by the School of real property or an interest therein, provided the purchase and the consideration, therefore, is approved by order of the supreme court upon petition of the Board;



- v. the acquisition of real property or an interest therein, through condemnation proceedings according to law;
  - vi. a contract with a membership corporation or other voluntary non-profit corporation or association;
  - vii. the sale of lands and notes pursuant to Section 60.10 of the New York Local Finance Law;
  - viii. a contract in which an Interested Person has an interest if such contract was entered into prior to the time they were elected or appointed to the position by virtue of which they are an Interested Person, but this does not authorize a renewal of any such contract;
  - ix. employment of a licensed physician as school physician for the School upon authorization by a two-thirds vote of the Board;
  - x. a contract with a corporation in which an Interested Person has an Interest by reason of stockholdings when less than five percent (5%) of the outstanding stock of the corporation is owned or controlled directly or indirectly by such Interested Person;
  - xi. a contract for the furnishing of public utility services when the rates or charges therefor are fixed or regulated by the public service commission;
  - xii. a contract for the payment of a reasonable rental of a room or rooms owned or leased by an Interested Person when the same is used in the performance of their official duties and are so designated as an office;
  - xiii. a contract for the payment of a portion of the compensation of a private employee of an officer when such employee performs part-time service in the official duties of the office;
  - xiv. a contract in which an Interested Person has an interest if the total consideration payable thereunder when added to the aggregate amount of all consideration payable under contracts in which such Interested Person has an Interest during the fiscal year, does not exceed the sum of seven hundred and fifty dollars (\$750);
  - xv. a contract with a member of a private industry council established in accordance with the federal job training partnership act or any firm, corporation, or association in which such member holds an interest, provided the member discloses such interest to the council and the member does not vote on the contract.
- f. Express Prohibitions. Notwithstanding anything to the contrary in this Policy, there shall be a Conflict of Interest if an Interested Person:
- i. directly or indirectly solicits, accepts or receives any gift having a value of seventy-five dollars (\$75) or more, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could



reasonably be inferred that the gift was intended to or could reasonably be expected to influence them in the performance of their official duties, or was intended as a reward for any official action on their part;

- ii. discloses confidential information acquired in the course of their official duties or uses such information to further their personal interests;
- iii. receives or enters into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before any municipal agency of which they are an officer, member or employee or of any municipal agency over which they have jurisdiction or to which they the power to appoint any member, officer or employee; or
- iv. receives or enters into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before any agency of their municipality whereby the compensation is to be dependent or contingent upon any action by the agency. This does not prohibit the fixing of fees based upon the reasonable value of services rendered.

4. Records of Proceedings. The minutes of the Board's meetings and the meetings of all committees with Board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have an Interest in connection with any actual or possible Conflict of Interest, the nature of the interest, any action is 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 existed.
- b. The names of the persons who were present for discussions and votes relating to the actual or possible Conflict of Interest, 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.

5. Compensation.

- a. A voting member of the Board shall not be eligible to receive compensation, directly or indirectly, from the School for services they render to it.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School for services is precluded from voting on matters pertaining to that member's compensation. Board members serving on committees shall not be eligible for compensation from the School for such service.

6. Annual Statements. Each Trustee, officer, and member of a committee with Board-delegated powers shall annually sign a statement that affirms such person: (a) has received a copy of this Policy and the Code of Ethics, (b) has read and understands this Policy and the School's Code of Ethics, (c) has agreed to comply with this Policy and the School's Code of Ethics, (d) understands the School is charitable and in order to maintain its federal tax exemption it must engage primarily in activities



that accomplish one or more of its tax-exempt purposes, and (e) has identified (both prior to an election, and annually thereafter) to best of their knowledge, any entity of which they are an officer, director, Trustee, member, owner, or employee and with which the School has a relationship and any transaction in which the School is a participant and in which they might have a conflicting interest. Failure to receive a copy of this Policy and the Code of Ethics or failure to sign a statement that affirms such receipt annually, shall not affect the duty of compliance with this Policy or the Code of Ethics or in accordance with Article 18, Sections 800-806 of the New York General Municipal Law.

7. Periodic Reviews. To ensure that the School operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: (a) whether compensation arrangements and benefits are reasonable based on competent survey information, and are the result of arm's length bargaining; (b) whether partnerships, joint ventures, and arrangements with management organizations conform to the School's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
8. Use of Outside Experts. When conducting the periodic reviews as provided for in Section 7, the School may, but need not, use outside advisors. Any use of outside experts shall not relieve the Board of its responsibility to ensure that periodic reviews are conducted.
9. Penalties. Any contract willfully entered into by or with the School in which there is a prohibited Interest is void and unenforceable. In addition, any Trustee, officer, or employee who willfully and knowingly violates the foregoing provisions shall be guilty of a misdemeanor. The law further authorizes, in addition to any other penalty imposed, that any person who knowingly and intentionally violates the above may be fined, suspended, or removed from office or employment in the manner provided by law.

This Conflict of Interest Policy is adopted by \_\_\_\_\_ on \_\_\_\_\_.

Trustees

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