

**CONFLICTS OF INTEREST POLICY
OF
SHANÉL VALLEY ACADEMY**

**ARTICLE I
PURPOSE**

Section 1. **PURPOSE.** The purpose of the Conflict of Interest Policy is to protect this tax-exempt organization's (Corporation) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to charter schools.

**ARTICLE II
DEFINITIONS**

Section 1. **INTERESTED PERSON.** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

Section 2. **FINANCIAL INTEREST.** Financial interest for purposes of this policy shall be defined by state conflict of interest laws.

**ARTICLE III
PROCEDURES**

Section 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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

Section 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/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. If necessary, legal counsel shall be sought. If entering into the contract would violate Government Code 1090 or the Political Reform Act, the contract shall not be entered into. If exceptions to these laws allow a contract to be entered into, the procedures under Section 3 still must be complied with.

Section 3. **PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST.** The procedures for addressing the conflict of interest are:

- a. Other than the disclosure of the nature of the financial interest and all material facts relating to the potential or actual conflict, an interested person shall not influence or attempt to influence the governing board or administration or make a presentation at the governing board or committee meeting. They shall leave the meeting during any discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chair of the governing 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 governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation'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.

Section 4. VIOLATIONS OF THE CONFLICT OF INTEREST POLICY.
Violations of the Conflict of Interest Policy include:

- a. If the governing board or committee has reasonable cause to believe 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, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV RECORDS OF PROCEEDINGS

Section 1. RECORDS OF PROCEEDINGS. The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.

- 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 with the proceedings.

ARTICLE V COMPENSATION

Section 1. COMPENSATION.

- a. In the event that the Corporation permits employees to serve on the governing board, a member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- b. A member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- c. A member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI ANNUAL STATEMENTS

Section 1. ANNUAL STATEMENTS. Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms 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 Conflict of Interest Policy, and
- d. Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII PERIODIC REVIEWS

Section 1. PERIODIC REVIEWS. To ensure the Corporation 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 the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation'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.

**ARTICLE VIII
USE OF OUTSIDE EXPERTS**

Section 1. USE OF OUTSIDE EXPERTS. When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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The Board of Directors hereby adopts this Conflict of Interest Policy, which shall apply to all Board members, officers, candidates for membership and office on the Board, and committee members with governing Board delegated powers.

[NAME]

**ACKNOWLEDGEMENT OF THE TERMS OF THE SHANÉL VALLEY ACADEMY'S
CONFLICT OF INTEREST POLICY**

I _____, Board director, officer, or committee member with governing Board delegated powers of Shanél Valley Academy, have received a copy of the Corporation's Conflict of Interest Policy. I have read and understand the Conflict of Interest Policy, and I agree to the terms and conditions that are set out in this Policy.

I understand the Corporation is charitable and in order to maintain its tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Date: _____

Director/Officers/Committee Member's Signature