



**The University Corporation
San Francisco State**

Room ADM 361
1600 Holloway Ave.
San Francisco, CA 94132

ucorp.sfsu.edu

Conflict of Interest Policy- Fiscal Year 2019/20

On May 20, 1987, in accord with Section 89906 of the California State Education Code, the Board of Directors adopted the Conflict of Interest Policy delineated below. The purpose of this conflict of interest policy is to protect The University Corporation, San Francisco State'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 federal laws governing conflicts of interest applicable to nonprofit and charitable corporations.

1. Conflict of Interest Prohibition

In accord with Education Code, Section 89906, it is the policy of the Corporation that no member of the Board of Directors, Corporation officers and Managers shall be financially interested in any contract or other transaction entered into by the Board.

2. Definitions

- a. "Contract" means a written or oral agreement between two or more persons or entities to do or refrain from doing any particular thing.
- b. "Transaction" means an event, or series of events, which may culminate in the achievement of a particular object or objects.
- c. "Financially interested": A Board member, officer or manager is "financially interested" in a contract or transaction if it is reasonably foreseeable that the contract or transaction will have a material financial effect, directly or indirectly, on the public generally, on the Board member, officer, manager or a member of his immediate family or on:
 - 1) Any business entity or affiliate in which the Board member, officer and manager has a direct or indirect investment or ownership worth \$1000 or more;
 - 2) Any real property in which the Board member, officer and manager has a direct or indirect interest worth \$1000 or more;
 - 3) Any source of income, including, but not limited to, any compensation arrangement, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$250.00 or more in value provided to, received by or promised to the Board member, officer and manager within 12 months prior to the time when the decision as to the contract or transaction is made with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, planned or otherwise;
 - 4) Any business in which the Board member, officer and manager is a director, officer, partner, trustee, employee, agent or holds any position of management; or
 - 5) Any donor of, or any intermediary or agent for the donor of, a gift or gifts aggregating \$250 or more in value provided to be received by, or promised to the Board member, officer and manager within 12 months prior to the time the decision concerning the contract or transaction is made.
- d. "Indirect investment" or "investment": These terms mean any investment or interest owned by the spouse or dependent child of a Board member, officer and manager, by an agent on behalf of a Board member, officer and manager or by a business entity or trust in which the Board member, officer and manager the Board member's, officer's and manager's agents, spouse and dependent children own directly, indirectly or beneficially a 10% interest or greater.

- e. A financial interest is not necessarily a conflict of interest. Under Article 3, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

3. Procedures

Members of the Corporation Board of Directors, Corporation officers and managers shall notify the Chairperson of the Board or members of committees with board delegated powers, in writing if they are financially interested in any contract or transaction entered into by the Board or by the Corporation. Board Members, Corporation officers and managers with such a financial interest shall:

- a. Immediately disclose such interest to the Chairperson of the Board.
- b. Abstain from any discussion or voting with respect to such matters by abstaining themselves from the Board meeting at such times during which such matters are discussed.
- c. The Chairperson of the Board shall bring all conflict of interest disclosures to the prompt attention of the entire Board.
- d. 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.
- e. After exercising due diligence, the Board or committee shall determine whether the Corporation 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.
- f. 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 Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violation 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, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee 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.

5. Records of Proceedings

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

- a. The names of the person 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 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 therewith.

6. Compensation

- a. A voting 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.
- b. Individuals who receive compensation directly or indirectly from the Corporation, whether as an employee or independent contractor, are precluded from membership on any committee whose jurisdiction includes

compensation matters. No person, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

7. Annual Statements

Each director, principal officer, manager and member of a committee with board-delegated powers shall annually sign a statement that affirms such person(s):

- a. Has received a copy of the Conflicts of Interest Policy;
- b. Has read and understands that Policy;
- c. Has agreed to comply with that Policy; and
- d. Understands that the Corporation is a charitable 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.

8. Periodic Reviews

To ensure that the Corporation operated in a manner consistent with its exempt purpose and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic review shall be conducted. The periodic review shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of an arm's-length bargaining;
- b. Whether acquisition of provider services result in inurement or impermissible private benefit;
- c. Whether partnership and joint venture arrangements and arrangements with management service organizations or other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further Corporation's charitable purposes and do not result in inurement or impermissible private benefit; and
- d. Whether agreements to provide services further Corporation's exempt purpose and do not result in inurement or impermissible private benefit.

9. Use of Outside Experts

In conducting the periodic reviews provided for in item 8 above, the Corporation 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.

I understand and will adhere to the Corporation's Conflict of Interest Policy as outlined in this document.

Name: _____
Please print

Signature: _____

Date: _____



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Conflict of Interest Statement- Fiscal Year 2018/19

Please answer the following questions with respect to your capacity as an employee or director of The University Corporation, San Francisco State (Corporation).

1. Are you willing to disclose to the directors or board-delegated committees any direct or indirect material interest that you may have with respect to any proposed transaction or arrangement?

Yes

No

2. Will you permit the board of directors to appoint a disinterested person or committee to resolve a conflict of interest?

Yes

No

3. Do you agree to adhere to the following policies and procedures with respect to any potential conflict of interest:

- After making a presentation at a board or committee meeting, an employee or director will remove his/herself to permit discussion and voting with respect to any transaction that involves a conflict of interest;
- The chairperson of the board or committee may appoint a disinterested person or committee to investigate alternatives to any proposed transaction;
- After exercising due diligence, the board or committee will determine whether the Corporation can obtain a more advantageous transaction that will not involve a conflict of interest; and
- If a more advantageous transaction that will not involve a conflict of interest is not attainable, the board or committee will determine by majority vote of the disinterested directors whether any proposed transaction is fair, reasonable and in the Corporation's best interest?

Yes

No

4. Do you agree to abide by the following procedures if a violation occurs:

- If the board or committee has reasonable cause to believe that an employee or director has failed to disclose an actual or potential conflict of interest, it will inform the employee or director of the cause for such belief and afford the employee or director an opportunity to explain the alleged failure to disclose; and
- If, after hearing the employee's or director's response and investigating the matter any further, the board or committee determines that the employee or director has failed to

disclose an actual or potential conflict of interest, it will take appropriate disciplinary and corrective action?

Yes

No

If the answer to any of the above questions is "No", please attach a separate statement explaining your answer.

Name: _____
Please Print

Signature: _____

Date: _____