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MSBA/MASA Policy 210.1

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210.1 CONFLICT OF INTEREST – CHARTER SCHOOL BOARD MEMBERS

I. PURPOSE

The purpose of this policy is to observe state statutes and common law regarding conflicts of interest for Yinghua Academy charter school board members and to engage in charter school business activities in a fashion designed to avoid any conflict of interest or the appearance of impropriety.

II. GENERAL STATEMENT OF POLICY

The policy of the Yinghua Academy charter school board is to conform with statutory conflict of interest laws and common law, and act in a manner that will avoid any conflict of interest or the appearance thereof.

III. STATEMENT OF NO CONFLICT

Each member of the board of directors must complete a conflict of interest statement for review by the board of directors within thirty (30) days of his or her election, and shall annually complete such a statement on the anniversary of his or her election or on such an annual date that the board of directors may select. The board of directors will provide all such conflict of interest statements to its authorizer.

IV. CONFLICTING BUSINESS RELATIONSHIPS

- A. An individual is prohibited from serving as a member of the board of directors of a charter school if the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. An individual is prohibited from serving as a board member if an immediate family member is an employee of the school. A violation of this prohibition renders a contract voidable at the option of the Commissioner of Education (Commissioner) or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation. An individual may serve as a member of the board of directors if no conflict of interest under this paragraph exists.
- B. No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A

conflict exists when: (1) the board member, employee, officer, or agent; (2) the immediate family of the board member, employee, officer, or agent; (3) the partner of the board member, employee, officer, or agent; or (4) an organization that employs, or is about to employ, any individual in clauses (1) to (3), has a financial or other interest in the entity with which the charter school is contracting. A violation of this provision renders the contract void.

- C. Any employee, agent, or board member of the authorizer of a charter school who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision is ineligible to serve on the board of directors of a school chartered by that authorizer.

~~The charter school is prohibited from entering into a contract or transaction with (1) any of its board members or a member of the family of any of its board members; (2) a board member of a related organization, or a member of the family of a board member of a related organization; or (3) an organization in or of which the charter school's board member, or a member of the family of its board member, is a member of the board of directors, an officer, or a legal representative or has a material financial interest **unless** the following criteria in (a), (b), or (c) are met **and no other conflicts of interest exist under this policy**: (a) the contract or transaction was fair and reasonable as to the charter school when it was authorized, approved, or ratified; (b) the material facts as to the contract or transaction and as to the board member's interest are fully disclosed or known to the board, and the board authorizes, approves, or ratifies the contract or transaction in good faith by a majority vote, provided that the interested board member does not vote (the interested board member may not be considered present for purposes of a quorum but if, as a result, the number of remaining board members is insufficient to reach a quorum, the number of remaining board members will be a quorum for purposes of considering the contract or transaction); or (c) the contract or transaction is a merger or consolidation.~~

~~D. A member of the board of directors may not participate in proceedings in a decision-making capacity when he or she has a direct personal interest in the outcome of those proceedings. The following factors will be analyzed to determine whether the board member's direct interest in the outcome of the proceedings disqualifies him or her from participating: (1) the nature of the decision being made; (2) the nature of the pecuniary interest; (3) the number of officials making the decision who are interested; (4) the need, if any, to have interested persons make the decision; and (5) the other means available, if any, such as the opportunity for review, that serve to ensure that officials will not act arbitrarily to further their selfish interests.~~

~~D. An interested director may be present at a board meeting to answer questions, but must exit from the meeting room during the discussion or vote and shall not otherwise participate in the discussion or vote. The minutes of all actions taken on such matters shall clearly reflect that the requirements of this policy were met.~~

E.D. The charter school board member conflict of interest provisions do not apply to compensation paid to a teacher employed as a teacher by the charter school or a teacher who provides

instructional services to the charter school through a cooperative formed under Minn. Stat. Ch. 308A when the teacher also serves on the charter school board of directors.

F.E. A charter school board member, employee, or officer is a local official with regard to the receipt of gifts. A board member, employee, or officer must not receive compensation from a group health insurance provider.

Legal References: Minn. Stat. § 10A.071, Subd. 1 (Certain Gifts by Lobbyists and Principals Prohibited)
Minn. Stat. § 124E.07 (Board of Directors)
Minn. Stat. § 124D.10, Subd. 4a (Charter Schools; Conflict of Interest)
~~Minn. Stat. § 317A.255 (Nonprofit Corporations; Director Conflicts of Interest)~~
Minn. Stat. § 471.895 (Certain Gifts by Interested Persons Prohibited)

Cross References: