

<b>Board of Trustees Conflict of Interest Policy</b>	<b>BOT Approved:</b> May 19, 2008
--	-----------------------------------

Table of Contents

PURPOSE: ..... 2

POLICY STATEMENT: ..... 2

Presumed Conflict of Interest ..... 2

Disclosure of Financial or Business Interests ..... 3

Disclosure of Personal Interests ..... 3

Determination whether a conflict exists ..... 3

Exceptions to Trustee participation when conflict exists ..... 4

Record of Proceedings ..... 4

Gifts ..... 4

Appropriation of College Opportunities ..... 4

Confidentiality ..... 5

Actions not Void or Voidable ..... 5

**PURPOSE:** During the March 2008 Middle States Accreditation Team on-campus visit, the visiting team noted that the Board of Trustees did not have a Conflict of Interest Policy. Given recent history, it is imperative that all public entities have a prudent, practical, and current Conflict of Interest Policy.

There was no previous policy established. A statement regarding “Conflict of Interest” is included in the Garrett Community College By Laws of the Board of Trustees on page 5, Section 3, #3 which states *“Refrain from engaging in any activity that is, or could give the appearance of, a conflict of interest, and comply at all times with the Garrett College Policy on Trustee Conflict of Interest and other pertinent policies as adopted by the Board of Trustees and amended from time to time”*.

**POLICY STATEMENT:** Trustees of Garrett College have a wide range of associations within the regional community that span personal, financial, and business relationships. To assure the College’s many constituencies of the integrity of the institution Trustees should avoid situations and associations that could compromise or appear to compromise the academic values or the business decisions of the institution. It is therefore the policy of the Board of Trustees that all Trustees shall act in a manner consistent with their responsibilities to the College to avoid circumstances in which their financial, personal or business ties to other entities could present as actual, potential, or perceived conflict of interest or impair the College’s reputation.

No policy statement can address every possible situation that might be or appear to be a conflict of interest. As a general principle, Trustees should avoid any appearance of Trustees using their association with the College in a way that might result in or create the appearance of private gain or preferential treatment.

### **Presumed Conflict of Interest**

For the purposes of this policy, a conflict of interest is assumed to arise when the College has or is considering a business relationship with an entity in which a Trustee or Trustee’s family member (hereafter defined as spouse, child, household member, other family member, or financially dependent relative with a business interest which could benefit from a relationship with the college) has a material financial interest. A financial interest is presumed to be material if it entails:

- a) Any ownership or investment interest (including stock, options, a partnership interest, ownership or investment interest) in a business entity of more than 3% ownership interest;

- b) Receipt or non-dividend compensation (to include salary, consulting fees, royalty payments, or other types of payment) of more than \$1,000.00 in any 12 month period in the past 3 years or the expectation of such compensation in the future;
- c) Real, personal, intellectual or other property interest that represents or that is convertible into more than 3% of the value of a business entity. ;
- d) A position of real or apparent authority in an outside entity, such as director, officer, trustee or partner which could influence a Board decision.

If a presumed conflict of interest exists in a potential Board action a Trustee should not participate in any decision of the board.

#### **Disclosure of Financial or Business Interests**

A conflict exists when a Trustee has a known interest in a pending or proposed transaction involving the College. The Trustee shall promptly disclose to the Board the existence of the interest and other material information that the Trustee may have regarding the transaction. Additionally, each Trustee shall submit a disclosure form to the State of Maryland State Ethics Commission as required by law and notify the appropriate office at the College that the form has been submitted.

#### **Disclosure of Personal Interests**

In rural areas such as Garrett County it is often quite difficult to separate personal from other interests. Close contact with members of the community often blends personal relationships and business relationships. Board members must make plain who seeks to bring an issue to the Board through them. This disclosure should be done by name for both the person and the business to avoid any appearance of undue influence by another party. The name and business name will both be recorded in the minutes of the meeting (open or closed session). Merely stating that one was recently approached about a topic or transaction is not sufficient to engage the Board as a whole.

#### **Determination whether a conflict exists**

If a question concerning whether a conflict exists is reported to the Board or if a disclosure of a relationship that is a potential conflict is made to the Board, unless a Trustee elects recusal, the Board shall decide if a conflict of interest exists. The Trustee may address the Board regarding the matter and the Board may question the interested trustee. The interested Trustee shall leave the Board meeting at which time the disinterested Trustees shall determine by majority vote whether

financial or other interest as disclosed does give rise to a conflict of interest. If it is determined that no conflict of interest exists, the interested Trustee may rejoin the meeting and participate fully in the discussion of and vote on the proposed action. If there is a determination of a conflict of interest, the Board may permit the interested Trustee to make a presentation regarding the matter, but the interested Trustee shall be required to leave the meeting prior to the discussion of and vote on the proposed action.

### **Exceptions to Trustee participation when conflict exists**

A Trustee may participate in a matter in which a conflict exists if permitted by regulation or opinion by the advisory body of the Maryland State Ethics Commission. In addition, a Trustee that would otherwise be disqualified from participation shall disclose the nature and circumstance of the conflict and may participate if, the disqualification would leave the Board of Trustees with less than a quorum capable of acting, the disqualified Trustee is required to act by law or the disqualified Trustee is the only individual authorized to act.

### **Record of Proceedings**

Whenever the Board holds a meeting at which a Trustee's financial or other interest in a matter is disclosed, a determination regarding the existence of a conflict of interest is made, or a transaction or arrangement with respect to a trustee has a conflict of interest is considered, the Board's consideration of these issues shall be reflected in the minutes of the meeting (closed or open session).

### **Gifts**

Trustees shall not encourage or accept gifts or favors or gratuities, for themselves or family members, from any individual or entity that to the Trustees knowledge has, or seeks to have, a business relationship with the College.

### **Appropriation of College Opportunities**

If a Trustee becomes aware of a business or other potentially valuable opportunity that rightfully belongs to the College and not to the Trustee individually or another entity with which the Trustee is affiliated, the Trustee shall bring the opportunity to the attention of the Board.

### **Confidentiality**

Trustees may not use confidential information acquired as a result of service to the College for any purpose unrelated to College business, or provide such information to any third party, without the consent of the Board. Wrongful information includes, but is not limited to, use or disclosure of information to engage, invest, or otherwise participate in any business, venture, or transaction other than through the College.

### **Actions not Void or Voidable**

No transaction or action undertaken by the College shall be void or voidable, or may be challenged as such by an outside party, by reason of having been undertaken in violation of this policy or the principles set forth herein.

This document is closely based on a portion of the Association of Governing Boards “A Guide to Updating the Board’s Conflict of Interest Policy”.

This brings the Garrett College Board of Trustees into compliance with Maryland State Law and the policies generally accepted by College Governing Boards.