

I. Purpose

- a. This policy supplements the Conflict of Interest Policy found in Article VII of the bylaws of Lakes International Language Academy (the School).
- b. These two documents serve to protect the School's interest when it is considering entering into transactions or arrangements that might benefit the private interest of a responsible person, including a School board member, committee member, or key School employee, including their family members.

II. Definitions

- a. Fiduciary interest: refers to relationships between two nonprofit entities where one member serves on both boards
- b. Financial interest: refers to relationships that directly or indirectly benefit a person by financial gain and in a significant enough amount that it could affect the judgment of the person; it includes all forms of compensation
- c. Family member: spouse, domestic partner, parent, child, or spouse of child, brother, sister, or spouse of a brother or sister, of a person named in section I.b.
- d. Responsible person: refers to School board members, committee members, key school employees, and others who award contracts or enter into business arrangements with other organizations
- e. Key school employee: includes school director, finance officer, curriculum coordinator, program director, department heads, and master teacher(s), and any others who award contracts or make decisions about entering into business arrangements with other entities

III. Procedures

- a. The School board shall at the beginning of each of its meetings ask for disclosure of any conflicts of interest or potential conflicts of interest based on the meeting agenda.
 - i. Members are encouraged to err on the side of caution.
 - ii. The conflict of interest disclosure arises from the board member's legal duty of loyalty
 - iii. If a board member is not present at a meeting where he or she has or may have a conflict of interest, the board chair shall make the disclosure on the absent member's behalf.
- b. The School board shall then review any disclosures:
 - i. to determine whether or not the disclosure is a conflict of interest, and
 - ii. to determine whether or not to allow the interested party to remain in the room for the discussion and/or vote of the agenda item
 - iii. disclosures and determinations shall be recorded in the minutes.
- c. Members determined to have a conflict of interest and who are allowed to remain for the discussion of the agenda item may only contribute to the board's discussion by presenting material facts and responding to

- questions. Such a person shall not attempt to influence the matter either at or outside of the meeting.
- d. Members determined to have a conflict of interest must leave the room for the vote. Members with a conflict of interest shall not be counted in determining the presence of a quorum for purposes of the vote.
 - e. Because the School is a charter school and Minnesota charter school law requires a teacher majority on the board of directors, conflicts of interest regarding compensation are handled differently.
 - i. Members must disclose their conflict of interest but may vote on the matter if it is determined that the board has enough outside data to support the compensation levels voted upon.
 - ii. Outside data may include:
 - 1. compensation levels of employees in similar positions in surrounding districts or other charter schools
 - 2. job offers an employee has received from an outside organization for a similar position
 - 3. compensation survey data collected by outside firms
 - 4. data provided by the school's audit firm
 - 5. other appropriate financial data

IV. Review of Policy

- a. Each new responsible person is required to review a copy of this policy and Article VII of the bylaws.
- b. Each responsible person is required to complete an annual disclosure form, such as the Related Party Questionnaire (see attached), identifying any relationships, positions or circumstances in which the person is involved that he or she believes could contribute to a conflict of interest.
- c. This policy shall be reviewed every two years. Any changes to the policy shall be communicated immediately to all responsible persons.