

MICHIGAN STEM PARTNERSHIP POLICY REGARDING CONFLICTS OF INTEREST

The Michigan STEM Partnership (Partnership) wishes to establish a policy setting forth rules to govern possible duality of interest and conflict of interest involving its board members, officers, administrators, and employees. The board, therefore, adopts the following resolution:

Whereas:

1. Michigan STEM Partnership depends on its board members, officers, administrators, and employees to give their time and efforts to the benefit of the Partnership and any collaborating organizations.
2. Service as a board member, officer, administrator, and employee carries with it a requirement of loyalty to the Partnership and a responsibility to conduct the Partnership's affairs honestly and economically, exercising each individual's best care, skill, integrity, and judgment for the benefit of the Organization.
3. Because of the varied interests and backgrounds of its board members, officers, administrators, and employees, situations may develop which involve a duality of interest or conflict of interest between an individual and the Partnership, and yet it is important that such potential duality or conflict of interest shall not render service to the Partnership impossible.

Article I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt Partnership's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Partnership 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 nonprofit and charitable organizations.

Article II

Definitions

Interested Person

1. Any director, employee, board member, 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.
2. If a person is an interested person with respect to any entity in the system of which the Partnership is a part, he or she is an interested person with respect to all entities in the system.

Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the Partnership has a transaction or arrangement,
2. A compensation arrangement with the Partnership or with any entity or individual with which the Partnership has a transaction or arrangement, or

3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Partnership is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, 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.

Duty of Loyalty

The Director, officers, committee members and staff of the Partnership owe it the duty of loyalty. This duty requires that they:

- Not participate in a transaction, which they know to be a Partnership opportunity, in which the Partnership might desire to participate if it were aware of it, without first timely disclosing it to the Board of Directors in sufficient detail to permit it to be evaluated.
- Maintain confidentiality and not disclose information about the Partnership that is not known to be public information.
- Completely disclose conflicts of interest with the Partnership, abstain from participating in the consideration of or action upon any transaction involving such a conflict of interest, and otherwise facilitate informed and disinterested review of any such transactions by the Board of Directors and staff. A conflict of interest exists when a person having input into a decision has a financial interest, or appears to have a financial interest, either directly or indirectly, in that decision.
- Completely disclose dualities of interest with the Partnership, refrain from participating in the consideration of or action upon any transaction inviting such a duality of interest to the extent directed by the disinterested Directors, and otherwise facilitate informed and disinterested review of any such transactions by the Board of Directors and staff. A duality of interest exists when a person has an affiliation or other conflicting loyalties in any relationship, but has no personal financial interest, that may influence or suggest influence on that person's decision-making ability.

In general, the best interests of the Partnership must prevail over a Director's, officer's, committee or staff member's personal interests, and a Partnership position may not be used for personal financial advantage, which includes financial advantage to members of one's immediate family and both direct and indirect advantage. "Immediate family" shall include spouse and children.

Article III

Procedures

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.

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. The remaining board or committee members shall decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson 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 Partnership can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Partnership'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.

Violations of the Conflicts of Interest Policy

- 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

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

- a. The names of the 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

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Partnership for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Partnership for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Partnership, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI

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 policy, and
- d. Understands the Partnership 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

To ensure the Partnership 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:

- c. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- d. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Partnership'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

When conducting the periodic reviews as provided for in Article VII, the Partnership 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.

Certification

I certify that the above is a true and correct copy of the Policy Regarding Conflicts of Interest and Dualities of Interest adopted by the Board of Directors of the Michigan STEM Partnership

By: _____ Date: March 26, 2015
Paul Agosta, Chair, Michigan STEM Partnership Board

Documentation of Agreement

I, _____ have received, read, understand and agree to comply with the Policy Regarding Conflicts of Interest and Dualities of Interest adopted by the Board of Directors of the Michigan STEM Partnership on March 26, 2015. Furthermore, I understand that the Michigan STEM Partnership is a charitable organization and that in order to maintain its federal tax exemption must engage only in activities that accomplish one or more of its tax-exempt purposes.

Signature/Date