

**Delaware State University
Board of Trustees
Bylaws**

ARTICLE I: THE CORPORATION

Section 1. Name. The constitutional and statutory governing board of control of Delaware State University is known as Delaware State University Board of Trustees. The name of the University is Delaware State University.

Section 2. Offices. The principal office of the University shall be located at the campus of Delaware State University, city of Dover, county of Kent, and state of Delaware. The Board of Trustees has the power and authority to establish and maintain branch or subordinate offices or campuses at any other locations.

Section 3. University Seal. The Board has adopted a corporate seal, a replica of which appears on the cover of these bylaws. This seal may be used for business transactions and other contracts entered into as authorized acts of the University. The seal of Delaware State University shall be used on all diplomas and certificates issued by the University to students, and in certification of the fact of the granting of a degree or diploma.

ARTICLE II: BOARD OF TRUSTEES

Section 1. General Powers. The business and affairs of the University are governed by the Board of Trustees. The Board of Trustees has all of the powers accorded it by Title 14, Chapter 65 of the Delaware Code.

Section 2. Number and Tenure of Board Members.

(a) The Board of Trustees of the University shall consist of 15 members whose appointment or election is provided for in the Delaware Code, and the Governor of the State and the President of the University, both of whom shall be members of the Board, *ex officio*, with the right to vote.

(b) Eight of the Trustees shall be appointed and commissioned by the Governor for a term of 6 years each, to begin upon the expiration of the term of the Trustee whom each is to succeed. Two such Trustees shall reside in each county of the State.

(c) Seven of the Trustees shall be elected by a majority of the full Board as constituted. One such Trustee shall reside in each county of the State. They shall be elected for a term of 6 years each beginning September 1 in the year of election. The election (or reelection) of a successor to a Trustee whose term is expiring shall occur at the last regular meeting before the expiration of such term, such new term to commence upon the expiration of the expiring term. The election of a successor to a Trustee whose position becomes vacant for other reasons shall occur as soon thereafter as practicable,

such term to commence upon the election and to continue until the end of the term vacated.

Section 3. Vacancies. The Governor shall fill any vacancies that occur as to appointments made by the Governor, and the Board shall fill any vacancies that occur as to elections made by the Board in accordance with Section 2, paragraphs (b) and (c). All vacancies occurring for reasons other than the expiration of the term shall be filled for the unexpired term.

Section 4. Compensation. Members of the Board do not receive compensation in their capacity as Trustees. Board members receive their necessary traveling and other expenses paid out of the general fund.

ARTICLE III: OFFICERS OF THE BOARD

Section 1. Organizational Meeting. The Board of Trustees shall elect officers of the Board annually at the last regularly scheduled meeting before July 1 for those officers whose terms are expiring.

Section 2. Officers. The officers of the Board of Trustees shall be a Chair, up to two Vice Chairs, Secretary, and Treasurer, each of whom shall be elected by the Board of Trustees.

Section 3. Selection of Board Officers. The Board shall elect one of its members to be its Chair and shall elect from its members up to two persons to be Vice Chair(s) from nominees for those offices. Election shall be by a majority vote of the members of the Board. Nominations shall be made by a Nominating Committee as described in Article VII, Section 1.M. Nominations may be made from the floor, also, if supported by two members.

The Board shall elect a Secretary and a Treasurer upon the recommendation of the Chair and the President of the University. The Secretary and Treasurer are not required to be members of the Board.

Section 4. Term of Office. The Chair, Vice Chairs, Treasurer, and Secretary will take office the first day of July subsequent to election by the Board and will hold office for a term of one year.

Section 5. Duties of Board Officers.

A. The Chair shall preside over all meetings of the Board of Trustees at which the Chair is present in order to ensure that decisions are reached fairly and expeditiously. The Chair's signature shall appear on diplomas and like documents issued by the authority of the Board. Except as otherwise delegated by the Board or as otherwise provided in these bylaws, the Chair shall sign all contracts and other instruments requiring execution on the part of the Board in accordance with

a Board approved policy on such approval; shall be an *ex officio* member of all Committees of the Board; shall advise the President relative to interpretation of Board policies as necessary between Board meetings; shall call special meetings of the Board according to the provisions of Article VIII, Section 2; and shall serve as the “President” of the Board for the purposes of Title 14 Delaware Code Section 6512(d). The Chair shall also perform all other duties incident to such office and lawfully delegated by the Board.

B. In case of the death, resignation or incapacity of the Chair, the First Vice Chair (or the Second Vice Chair, if the First Vice Chair is unavailable) shall perform the duties of the Chair until the incapacity is removed or until a successor to the Chair is elected and qualified.

C. In case of the absence of the Chair and the Vice Chairs at a meeting of the Board, a presiding officer pro tempore shall be selected by a majority vote of the members present.

D. The Vice President of Business and Finance shall hold in custody, receive and expend all funds as directed by the Board of Trustees and/or the President as provided herein. The Vice President of Business and Finance shall see that the financial statements are an accurate record of all receipts and disbursements and shall submit these statements to the Board. The Vice President of Business and Finance shall sign all checks for financial transactions, except as otherwise ordered by these bylaws or as otherwise delegated by action of the Board. The Vice President of Business and Finance may also be appointed by the Board as Treasurer upon recommendation by the President.

E. The Secretary shall keep the official records and minutes of the Board. Upon recommendation of the President, the Secretary may delegate duties and authority to a member of the President's staff who will assist the President and Chair in his/her responsibilities to the Board. If such delegation is made, the delegee shall report to the President and, through the President, to the Board.

Section 6. Vacancies. In the event of a vacancy in an office, the Board will by election fill the vacancy for the unexpired term.

Section 7. Removal from Office. Any Officer of the Board may be removed from that office by the affirmative vote of a majority of the members of the Board.

ARTICLE IV: ADMINISTRATIVE OFFICERS

Section 1. Authorization. Administrative officers of the University shall carry out Board policy and attend to the general administration of the University. The administrative officers of the University are the President, Provost and Vice President for Academic Affairs, Vice President for Business and Finance, Vice President for Human Resources, Legal and Legislative Affairs, President’s Executive Assistant, Vice President for

Technology/CIO, Athletic Director, Vice President for Institutional Advancement, and other Vice Presidents as designated by the President. Any two or more administrative offices may be held by the same person. Administrative officers may be assigned other titles for University personnel classification and compensation purposes at the discretion of the President.

Section 2. President. The President shall be elected by the affirmative vote of a majority of the members of the Board and shall serve in accordance with his or her contract. The President shall be the chief executive officer of the University.

Section 3. Provost. The Provost shall be the Vice President and chief academic officer of the University responsible to the President.

Section 4. Vice Presidents. The Vice Presidents shall have the authority and duties, and shall perform the functions, consonant with the division and area(s) of interest specified by the President.

Section 5. Assumption of Duties of President. For designated periods of time, the Provost or any other Vice President may exercise the powers of the President as specifically directed in writing by the President with the advice and consent of the Board Chair, or by the Board Chair if the President is unavailable or incapacitated.

ARTICLE V: RESPONSIBILITIES AND RESERVED AUTHORITY

Section 1. Responsibilities of the Board. The basic but not exclusive responsibilities of the Board of Trustees shall be as follows:

- A. Appointing the President.
- B. Assessing the President's performance.
- C. Determining and clarifying the institution's mission.
- D. Approving long-range plans.
- E. Assessing the educational program.
- F. Ensuring financial solvency.
- G. Preserving institutional independence.
- H. Maintaining the appropriate relationship between the University and the public it serves.
- I. Assessing Board performance
- J. Protecting and preserving the assets of the institution.

Section 2. Authority of the Board. The Board of Trustees has the overall authority and responsibility for the governance of the University, including ultimate responsibility for academic matters and the following decisions to take action on any of the following:

- A. Adoption, revision or reaffirmation of the mission, goals, objectives and priorities of the institution.

- B.** Conferring of degrees and granting diplomas, upon recommendation by the Academic Senate and the Registrar.
- C.** Adoption of an annual plan of expenditures and revenues for the University.
- D.** Establishing, reviewing or rescinding tuition and academic fees applicable to students generally. Such tuition and fees include, but may not be limited to, on-campus and off-campus tuition, fees established for specific academic programs, general fees applicable to broad categories of students, and room and board rates for University housing.
- E.** Acceptance of all private, state, federal, and institutional grants, and gifts to the University. (*See Article VI, Delegated Authority, Section 1.H.*)
- F.** Establishment of endowments and decisions to return endowment gifts or to seek changes in restrictions imposed by the gift instrument.
- G.** Naming facilities and memorials.
- H.** Establishing investment policies.
- I.** Approval of faculty promotions, tenure, and sabbatical leaves.
- J.** Approval of contracts with all recognized bargaining units.
- K.** Admissions and retention policy.
- L.** Policy governing intercollegiate programs, including intercollegiate athletics.
- M.** Approval of policies pertaining to students' rights and responsibilities.
- N.** Establishing the contracting authority policy for University personnel.
- O.** Appointment of the University auditing firm.
- P.** Acceptance of the annual audit of the University financial report.
- Q.** Authorization of real property and facility leases by or to the University for more than one year's duration. (*See Article VI: Delegated Authority, Section 1.F.*)
- R.** Authorization for the sale and purchase of real property.
- S.** Compensation for the President.
- T.** Assessing periodically the performance and functioning of the President and of the Board of Trustees.

U. Adoption and modification of the these bylaws.

V. Adoption of the Bylaws of the Delaware State University Senate Constitution.

W. Incurrence of debt.

ARTICLE VI: DELEGATED AUTHORITY

Section 1. Authority Delegated to the President. The President is the chief executive officer of the University and subject only to the powers reserved to the Board herein, the Board of Trustees delegates to the President authority to conduct all day to day business of the University, including specifically the following:

A. Authority to establish, revise or rescind all fees, fines, penalties, late fees, and charges for services rendered by the University. Any changes in such fees, fines, penalties, late fees, and charges shall be changes in University policy that will be available from the Finance Department.

B. With the advice of the Chair, authority to institute legal proceedings as may be necessary to protect the assets and legal interests of the University.

C. Authority to settle claims and suits brought by or against the University, when settlements involve a payment of less than \$50,000. Further, with the advice and consent of the Board Chair, the Chair of the Finance Committee and Treasurer the President may resolve legal matters where settlement involves payment of more than \$50,000.

D. Authority to constitute, reconstitute, convene or disband committees (e.g. administrative council) or departments for the operation of the University.

E. Authority to approve personnel transactions except faculty promotions, tenure, and sabbatical leave

F. Authority to execute real property and facility leases for office and classroom space, where the lease is a renewal or is for a change of location within the same service area and for the same clientele, and where the lease is for five years or less. This authority is delegated notwithstanding any other provision of these bylaws.

G. Authority to accept gifts to the University. This authority is delegated notwithstanding any other provision of these bylaws.

H. Authority to represent, or to delegate representation of, the University's interests in other business entities authorized by the Board to be formed for the benefit of the University.

ARTICLE VII: COMMITTEES OF THE BOARD

Section 1. Standing Committees of the Board.

- A.** The Board shall establish standing committees of limited scope to advise the Board concerning matters which are within the authority of the Board. Membership on standing committees is limited to Board members.
- B.** The standing committees of the Board shall be the Executive, Student Affairs, Finance, Audit, Development, Building and Grounds, Education Policy, and Nominating.
- C.** The Board Chair shall appoint the Chairs and membership of all standing committees with such appointments remaining in effect at the pleasure of the Board Chair.
- D.** Matters which may be taken to the Board of Trustees for action may, where appropriate, be referred to a Board committee by the Board Chair in order that the committee may recommend a course of action to the Board.
- E.** The President of the University shall be an ex officio member of all Board standing committees. Vice Presidents of the University shall serve as staff liaison to Board standing committees as suggested by the subject matter of each issue referred to a standing committee.
- F.** The Executive Committee shall consist of the Chair of the Board and the chairpersons of all the standing committees and no others. The Chair of the Board shall preside at all meetings of the Executive Committee. A majority of the members shall constitute a quorum for the transaction of business. In any interval between the regular meetings of the Board, the Executive Committee shall have the authority to act on behalf of the Board of Trustees when a majority of the Executive Committee deems such action necessary for the welfare of the University; provided that the Executive Committee shall not have the power to amend these bylaws, to fill vacancies or remove any member of the Board or to authorize the sale, lease or encumbrance of any of the property and assets of the University. The Executive Committee shall report its actions at the next regularly scheduled meeting of the Board. The Executive Committee shall also be responsible for ensuring compliance with the Board's Ethics Policy.
- G.** The Building and Grounds Committee shall consist of five members appointed by the Chair of the Board. This committee shall review and recommend action to the Board and/or recommend adoption of policies related to the development of the campus consistent with the Campus Master Plan and recommend revisions to the plan as appropriate, long-range plans for physical plant and campus development, property acquisitions and disposals, and all other

property matters which might arise. It shall periodically review the adequacy and condition of capital assets; and deal with other capital issues as directed by the Board.

H. The Educational Policy Committee shall consist of four members appointed by the Chair of the Board. This committee shall consider matters related to the educational policies of the University. This committee shall review matters pertaining to the faculty, such as salaries, promotions, tenure and grievances, and make recommendations to the Board for action. Upon submission by the President of the University, the Educational Policy Committee shall recommend faculty, administrative and professional staff appointments for approval by the Board. This committee shall report periodically to the Board on matters related to education and training, faculty welfare, scholarships and students financial aid.

I. The Development Committee shall consist of four members appointed by the Chair of the Board. It shall report periodically to the Board on fiscal matters. This committee shall work with the Vice President for Advancement to establish and recommend plans for the development of the University to the Board. This committee will also consider recommendations by the Delaware State University Foundation Advisory Board.

J. The Student Affairs Committee shall consist of four members appointed by the Chair of the Board. This committee shall consider all aspects of student life at the University and work with the Provost and Student Affairs staff to develop policies and regulations governing student personnel services. It shall report periodically to the Board on matters related to student life.

K. The Audit Committee shall consist of three members appointed by the Chair of the Board. It shall recommend to the Board the appointment of the University's auditors based on proposals from the administration, receive the report of the University's auditors and seek to ensure the integrity of the audit process. It will also approve the audit plan of the Office of Internal Audit upon recommendation by the President and, on behalf of the Board, review the annual audit of the University's financial reports with the advice and counsel of the Vice President of Business and Finance.

L. The Finance Committee shall consist of four members appointed by the Chair of the Board. This committee shall work primarily in areas dealing with finances and personnel. It shall deal with subjects including, but not limited to, finance, recommendation of the annual budgets and on-going budgetary activity, budget preparation, debt financing, insurance, pensions, contracts, collective bargaining agreements, compensation and personnel policies for non-bargaining employees.

M. The Nominating Committee will be comprised of three members of the Board. The chair of the committee will be the immediate past Chair of the Board still serving on the Board plus the current Chair and the next most recent past Chair. If a past Chair is unwilling or unable to serve, the committee membership will be completed with a current or recent former Vice Chair as appointed by the Board Chair. In the event the committee membership of three is not filled using the above criteria, the Board Chair will complete the membership selection. A candidate for Chair may not serve on the Nominating Committee. The Nominating Committee shall recommend a slate of officers as described in Article III, Section 3 and shall recommend trustees to fill vacancies pursuant to Article II, Section 1(c).

Section 2. Special Committees of the Board.

A. The Board may establish special committees of limited duration to advise the Board concerning specific matters within the authority of the Board.

B. The Board Chair shall appoint the Chairs and Trustee members of all special committees with such appointments remaining in effect at the pleasure of the Board Chair.

Section 3. Limitation of Committee Authority. Each committee established by the Board shall act as an advisory body only, and may recommend action to the Board. No activity of any committee (except the Executive Committee when acting on behalf of the Board) shall commit the Board to any policy declaration or action unless and until duly approved by the Board at a regular or special formal meeting.

ARTICLE VIII: MEETINGS OF THE BOARD

Section 1. Regular and Special Meetings. The Board shall establish a two-year schedule of regular formal meetings. No later than the first meeting of each fiscal year, the schedule of regular formal meetings will be extended for an additional year. Special meetings may be called at the discretion of the Chair and shall be called by the Chair upon the request of a majority of the members of the Board.

Section 2. Agenda. The Board shall conduct its business at formal meetings according to a prepared and previously distributed agenda in accordance with the Procedure for Board Meetings. The Board agenda shall include those matters of business which the President wishes to place before the Board and any matter on which a Trustee may request Board consideration, subject only to the approval of the Board Chair. The Secretary shall send the agenda by mail (or email as agreed) to each member at least ten days before the next regular formal meeting of the Board. Changes in the order of the agenda or additions or deletions of action items may be made at the meeting at the request of the Chair, without objection, or by a vote of a majority of the Board present. Full Board meetings and the agenda shall also be noticed to the public as required by the Delaware Freedom of Information Act. 29 Delaware Code Ch. 100 ("FOIA"). Notice of the calling of a special

meeting shall include the time, location and matters to be considered. The matters of business considered at a special meeting shall be limited to the matters which were noticed for the meeting.

Section 3. Rules of Order. General parliamentary rules, as modified by these bylaws, shall govern the conduct of business at regular formal meetings of the Board.

Section 4. Quorum. A majority of all those members appointed by the Governor and those members elected by the Board and serving shall constitute a quorum for the transaction of business. Members may participate in meetings by means of teleconference where all persons can hear one another and shall be included as present when so participating.

Section 5. Controlling Vote. A majority vote of the members of the Board present and constituting a quorum will control action of the Board.

Section 6. Public Meetings. Meetings of the full Board shall be open to the public as required by the Delaware FOIA. Executive sessions of the Board will be convened as necessary to discuss personnel and legal matters and otherwise as permitted by FOIA. Executive sessions will be closed to the public. Final decisions made by the Full Board which are binding on the University shall be made in public session.

Section 7. Public Comment. Public comment at Board meetings shall be permitted pursuant to policies adopted by the Board by resolution from time to time.

Section 8. Minutes.

A. Minutes of meetings of the Board will be prepared by the Secretary. Minutes of a meeting become official upon approval by the Board at its next meeting.

B. The official minutes of the formal meetings of the Board, with the original reports and supporting documents shall be kept in the Office of the Secretary.

C. The Secretary shall distribute minutes, after they have been approved by the Board, to the Chairperson of the Academic Senate, President of the Student Government Association, and other persons and officers whom the Board or the President designates. Copies of the minutes will also be available to the public to the extent required by FOIA, subject to the payment of a reasonable estimated cost for printing and copying.

ARTICLE IX: MISCELLANEOUS

Section 1. Execution of Instruments. All deeds, contracts, bonds, notes or other instruments authorized by the Board shall be validly executed if signed by the President, or by such other person as the Board may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the University shall commence on July 1 and end on June 30 of the following year.

Section 3. Indemnification

A. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Trustee or officer of the University, or is or was serving at the request of the University as a Trustee, director, or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the University against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, if the Trustee, director, or officer acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the University, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful; provided, however, the University shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such indemnification is authorized by the Board of Trustees. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the University, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Provided, however, if the action referred to above is brought by or in the right of the University to procure a judgment in its favor, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the University unless and only to the extent that the Court of Chancery of the State of Delaware or the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the said Court shall deem proper.

B. To the extent that any such person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraph (A), or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith.

C. Except as provided in paragraph (B) or ordered by a court, any indemnification authorized by paragraph (A) shall be made by the University only as authorized in the specific case upon a determination that indemnification of the Trustee, director, or officer is proper in the circumstances because he or she has

met the applicable standard of conduct set forth in paragraph (A). Such determination shall be made (1) by the Board of Trustees by a majority vote of Trustees who were not parties to such action, suit or proceeding even though less than a quorum, or (2) by a committee of such Trustees designated by majority vote of such Trustees even though less than a quorum, or (3) if there are no such Trustees, or if such disinterested Trustees so direct, by independent legal counsel in a written opinion.

D. Expenses (including attorneys' fees) incurred by the persons identified in Paragraph (A) in defending a civil or criminal action, suit or proceeding referred to in Paragraph (A) shall be paid in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of such a person to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the University as authorized by these bylaws.

E. The foregoing right of indemnification shall in no way be exclusive of any other rights of indemnification to which any such Trustee, director, or officer may be entitled, under any other bylaw, agreement, vote of disinterested Trustees or otherwise, and shall continue as to a person who has ceased to be a Trustee, director, or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 4. Conflict of Interest. Board members shall avoid participating in decision-making processes involving a personal or professional conflict or apparent/perceived conflict of interest. Board members shall not vote on any issue involving a conflict of interest and may participate in the discussion on such matters only at the request of other members of the Board. Board members with circumstances that may create an actual or perceived conflict of interest are obligated to disclose the potential conflict to the Chair. The procedures described in Appendix A shall apply to possible conflicts of interest.

Section 5. University Policy Manual.

A. All policies governing the operations of the University that are enacted by the Board, or by the President under authority delegated by the Board, shall be reduced to writing and shall be implemented and made available as published on the University's web page/online policy manual. The Vice President of Human Resources, Legal, and Legislative Affairs shall maintain the University Policies and shall advise members of the Board through the Secretary and the President of all revisions, additions or deletions to the policy manual.

B. Policies approved by the Board shall take effect on the date of the Board meeting at which such policy was adopted unless a different effective date is specified by the Board.

Section 6. Internal Audit Process.

A. The function of internal audit is established at the University to assist the Board in fulfilling its responsibility for continuing fiduciary oversight of the management of the University and to be of service to all levels of management of the University. The office of Internal Audit is established and assigned responsibility for conduct of the University internal audit function. Internal audit shall be an independent appraisal function to examine and evaluate the activities of the University. The objective is to assist officers and employees of the University in the proper discharge of their responsibilities by providing analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed.

B. The office of internal audit shall report administratively and functionally to the President and functionally to the Chair of the Audit Committee of the Board. There shall be a quarterly report by the office of internal audit to the Audit Committee.

C. The administrative responsibility to ensure an effective system for internal control is assigned to the Vice President for Business and Finance.

Section 7. Adoption, Revision and Deletion of Bylaws. These bylaws may be adopted, revised or deleted by vote of the members of the Board at any regular meeting or any special meeting called for such purpose provided that proposed changes are submitted in writing to members of the Board ten days prior to the meeting.

Section 8. Ethics Policy. The Board shall develop and implement an Ethics Policy. Compliance with this policy shall be monitored by the Executive Committee.

APPENDIX A

Delaware State University Board of Trustees Conflict of Interest Policy

Article I Purpose

The purpose of this conflict of interest policy is to protect the University's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Trustee of the University.

Article II Definitions

1. Conflict of Interest Defined

Any Trustee, officer, or member of a Board committee, who has a direct or indirect financial interest, as defined below, has a conflict of interest for the purposes of these policies.

2. Financial Interest

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

- a. An ownership or investment interest (more than 5%) in any entity with which the University has a transaction or arrangement,
- b. A compensation arrangement for current services with the University or with any entity or individual with which the University has a transaction or arrangement, or
- c. A potential ownership or investment interest (more than 5%) in, or compensation arrangement for current services with, any entity or individual with which the University is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial (more than \$100) but does not include a pension.

3. Family

A person's "family" means and is limited to one's spouse, children, stepchildren, grandchildren, siblings, parents, grandparents and all dependents.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, a Trustee must disclose the existence thereof and shall abide by the procedures hereinafter stated or may request an opportunity to disclose all material facts to the Trustees and members of committees considering the proposed transaction or arrangement in order to establish that no "financial interest" exists.

2. Determining Whether a Conflict of Interest Exists

After disclosure of all material facts, and after any discussion with the applicable Trustee, he/she shall leave the Board or committee meeting while the determination of a financial interest is discussed and voted upon. The remaining Board or committee members shall decide if a financial interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. If requested by another member of the Board or applicable committee, a Trustee with a conflict of interest may make a presentation at the 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 conflict of interest.
- b. The Board or committee shall then determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the University'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.

4. Violations of the Conflicts of Interest Policy

- a. If the 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 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 Board and all committees 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 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 Board who receives compensation, directly or indirectly, from the University 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 University for services is precluded from voting on matters pertaining to that member's compensation.
- c. Any voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the University, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Annual Statements

Each Trustee, principal officer and member of a Board committee shall annually sign a statement which affirms such person:

- a. Has received a copy of this conflict of interest policy,

- b. Has read and understands the policy, and
- c. Has agreed to comply with the policy.

Article VII
Periodic Reviews

To ensure the University 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:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and are the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the University's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefit to a Trustee or officer of the University.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the University may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.