

LEONARDO DA VINCI HEALTH SCIENCES CHARTER SCHOOL  
**CONFLICT OF INTEREST POLICY**

**SECTION 1. PURPOSE OF CONFLICT OF INTEREST POLICY**

The purpose of this conflict of interest policy is to protect this tax-exempt corporation'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 corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. The Corporation will comply with Government Code 1090. 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.

**SECTION 2. CONTRACTS WITH TRUSTEES**

The Corporation shall not enter into a contract or transaction in which a Trustee directly or indirectly has a material financial interest (nor any other corporation, firm, association, or other entity in which one or more of this corporation's Trustees are directors or have a material financial interest) unless all of the following apply:

- a. The Trustee with a material financial interest in the proposed contract or transaction fully discloses his/her financial interest in such contract or transaction in good faith and said disclosure is noted in the Board of Trustee meeting minutes.
- b. The Trustee with a material financial interest in the proposed contract or transaction recuses himself/herself from any participation whatsoever in the proposed contract or transaction (i.e., the interested director who recuses himself/herself shall refrain from voting on the matter and shall leave the room during Board discussion and when the final vote is taken).
- c. Such contract or transaction is authorized in good faith by a majority of the Board of Trustees by a vote sufficient for that purpose.
- d. Before authorizing or approving the transaction, the Board of Trustees considers and in good faith decides after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances.
- e. The Corporation for its own benefit enters into the transaction, which is fair and reasonable to the Corporation at the time the transaction was entered into. This Section does not apply to a transaction that is part of an educational or charitable program of this corporation if it (a) is approved or authorized by the Corporation in good faith and without unjustified favoritism and (b) results in a benefit to one or more Trustees or their families because they are in the class of persons intended to be benefited by the educational or charitable program of this corporation.

**SECTION 3. CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES**

The Corporation shall not enter into a contract or transaction in which a non-Trustee designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest unless all of the requirements in Article 9 of these Bylaws have been fulfilled.

**SECTION 4. LOANS TO TRUSTEES AND OFFICERS**

This corporation shall not lend any money or property to or guarantee the obligation of any Trustee or officer without the approval of the California Attorney General; provided, however, that the Corporation may advance

money to a Trustee or officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that Trustee or officer would be entitled to reimbursement

## **SECTION 5. CONFLICT OF INTEREST AVOIDANCE PRODEDURES**

### **(a) 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 Trustees and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

### **(b) 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.

### **(c) Procedures for Addressing the Conflict of Interest.**

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.

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.

After exercising due diligence, the governing board or committee shall determine whether the corporation 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.

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 Trustees whether the transaction or arrangement is in the corporation'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.

### **(d) Violations of the Conflicts of Interest Policy.**

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.

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. Minutes of all meetings related to a violation of conflict of interest shall include the names of those present and a summary of discussion and resolution.

Original Effective: April 21, 2010

**Leonardo da Vinci Health Sciences Charter School: Conflict of Interest Verification/Signature**

I, \_\_\_\_\_, Board of Trustee member of Leonardo da Vinci Health Sciences Charter School, hereby certify that as of the date that this certification is made and except as fully described in the signed statement attached hereto:

1. That I do not have and am aware that it is impermissible for me to have a financially beneficial relationship resulting in excess benefit transaction with any competitor, client, supplier or subordinate of Leonardo da Vinci Health Sciences Charter School which impairs my ability to exercise good judgment on behalf of Leonardo da Vinci Health Sciences Charter School, creating an actual or potential conflict of interest. I understand this includes family relationship by virtue of blood (i.e. grandparents, parents, brothers, sisters and children), marriage (including common-law marriage, if recognized by the State), or adoption with any officer, director, board member or partner.
2. That I have not and will not receive any compensation from the parties mentioned above for any services as an officer, board member or authorized agent or otherwise.
3. That if any of the types of relationships or situations described above should arise, I will immediately and fully disclose (not to exceed 10 business days) the relevant circumstances to an immediate supervisor or any other appropriate supervisor, for a determination as to whether a potential or actual conflict exists.
4. That if an actual or potential conflict is determined, Leonardo da Vinci Health Sciences Charter School may take whatever corrective action appears appropriate according to the circumstances and that failure to disclose facts shall constitute grounds for disciplinary action and/or up to termination.
5. That I have received and fully read Leonardo da Vinci Health Sciences Charter School Conflict of Interest Policy. I understand Leonardo da Vinci Health Sciences Charter School Conflict of Interest Policy and accept and agree to comply with the information contained within Leonardo da Vinci Health Sciences Charter School Conflict of Interest Policy
6. I understand Leonardo da Vinci Health Sciences Charter School has applied for status as a non profit organization and in order to maintain its federal tax exemption, it will engage primarily in activities that accomplish one or more of its tax exempt purposes.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date