

GARRETT COLLEGE POLICY

TOPICAL TITLE: Trustee Conflicts of Interest

SUBJECT AREA: Board

BOARD OF TRUSTEES POLICY: X

ADMINISTRATIVE POLICY: _____

BACKGROUND (DESCRIBE THE CONSIDERATIONS INCLUDING HISTORY, NEEDS, AND OBJECTIVES WARRANTING THE FORMULATION OF THE POLICY):

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.

POLICY COMPARISON (COMPARE THE PROPOSED POLICY WITH EXISTING GARRETT POLICY OR WITH POLICIES ELSEWHERE. DESCRIBE SIGNIFICANT DIFFERENCES):

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 4, Section 3, #3 which states “Each Board member shall discharge the following duties: Refrain from engaging in any activity that is, or could give the appearance of, a conflict of interest including, but not limited to, voluntarily not participating in any meeting or portion of a meeting or meetings that give rise to such conflict of interest.

STATEMENT OF POLICY:

Trustees of Garret 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.

I. 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.

II. 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.

III. 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.

IV. 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.

V. 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.

VI. 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).

VII. 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.

VIII. 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.

IX. 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.

X. 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".

ANALYSIS (ANALYZE THE BENEFITS AND LIABILITIES RELATED TO POLICY IMPLEMENTATION):

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

RESPONSIBILITY:

Board of Trustee Members

ACCOUNTABILITY (LIST AND DESCRIBE THE NATURE AND FREQUENCY OF REPORTS AND TO WHOM THEY ARE TO BE PROVIDED):

Board of Trustee Members

DISTRIBUTION (LIST THE PERSONS WITHIN AND OUTSIDE THE COLLEGE WHO SHOULD RECEIVE COPIES OF THIS POLICY):

Board of Trustee Members
Policy Review Committee

DATES OF POLICY REVIEW: N/A

DATE OF CABINET APPROVAL (IF NOT CABINET APPROVED, EXPLAIN): Not approved by Cabinet; Board prerogative.

DATE OF BOARD APPROVAL: May 19, 2008