

LOYOLA UNIVERSITY NEW ORLEANS
BOARD OF TRUSTEES
CONFLICT OF INTEREST POLICY

I. The Policy

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

Each Trustee shall at all times act in a manner consistent with his or her authority within and responsibilities to the University and shall exercise due care to avoid situations that create conflicts between his or her personal interests and those of the University.

A **"Conflict of Interest"** may arise when a Trustee, his or her Family Member¹, or an entity or person with which the Trustee or his or her Family Member is associated:

- (i) has an existing or potential financial² or other external interest that impairs or might reasonably appear to impair the Trustee's independence of judgment in the discharge of his or her responsibilities to the University;
or

¹ **"Family Member"** means a Trustee's spouse, domestic partner, ancestors, children, grandchildren, great grandchildren, siblings (whether by whole or half blood), spouses of children, grandchildren, great grandchildren, and siblings. Because Trustees must affirmatively make inquiry and include the interests of Family Members in their Disclosure Statements, this definition is limited so that the disclosure obligation relates to people whose interests are easily ascertainable. However, if a Trustee discovers a potential conflict situation involving a relative who is not a Family Member, the Trustee should disclose this situation like any other under this Policy.

² **"Financial Interest"** means if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the University has a transaction or arrangement,
- b. A compensation arrangement 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 in, or compensation arrangement 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.

A financial interest is not necessarily a conflict of interest. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the appropriate Committee of the Board of Trustees while the determination of a conflict of interest is discussed and voted upon. The remaining members of the appropriate Committee of the Board of Trustees shall decide if a conflict of interest exists.

- (ii) may receive a material financial or other benefit from the use of disclosure of non-public information relating to the University.

In determining whether a potential conflict or interest exists, the fact that the situation could subject the University to criticism, embarrassment, or legal action or that the Trustee's activities could be seen as adverse to the University should be considered.

In addition, when a Trustee accepts personal gifts³ from individuals or organizations that do business or seek to do business with the University, or that seek other forms of association with or benefits from the University, this situation could raise a question whether the Trustee's judgments are formed with the University's best interests foremost in mind. Therefore to prevent any question of bias or favoritism, Trustees must disclose the receipt of a gift that exceeds \$250 in value, and that is not the result of a close personal relationship, when:

- (i) the giver is a person or entity that seeks to conduct business with Loyola and such business is subject to the review of Board of Trustees; or
- (ii) the giver asks the Trustee to intervene with Loyola on the giver's behalf; or
- (iii) the Trustee seeks to influence a decision by Loyola with respect to the giver.

Gifts and other potential conflicts of interest must be disclosed and approved *before* the interested Trustee participates in any way in the matter to which the potential conflict relates. If a Trustee is uncertain whether to disclose a particular potential conflict of interest, the President shall be consulted.

II. Practical Implementation of This Policy

(i) Disclosure Responsibilities Relating to Conflicts

a. Nature and Timing of Disclosures

Under this Policy, each Trustee is required:

- when initially elected, and annually thereafter, to acknowledge in writing that he or she has reviewed this Policy and is complying with it, in letter and in spirit;

³ A “gift” is any transfer of an item of value (including a trip, personal belongings, or special concessions in connection with personal business) for less than fair market value, including a personal discount. Ordinary or typical business dinners or other social outings are not considered “gifts.”

- when initially elected, and annually thereafter, to complete the attached Disclosure Statement; an amended statement must be filed promptly in the event of a material change in circumstances; and
- to disclose actual or potential conflicts of interest at any time when he or she becomes aware of them.

The Board of Trustees will be responsible for disseminating this Policy and for collecting signed Disclosure Statements at the time a Trustee is first elected. Completed Disclosure Statements will be sent to the President.

Annually, the Board will disseminate this Policy and annual Disclosure Statements to all Trustees on or about June 1. Completed Disclosure Statements shall be due to the University by July 31 of each year and will be reviewed by the University's general counsel.

(ii) **Report of Situations as They Arise**

When a Trustee is required by this Policy to report a situation as it arises, the Trustee shall make this disclosure to the President who shall then consult with the University's counsel. As indicated above, this obligation to report situations as they arise is in addition to the annual completion of a Disclosure Statement.

(iii) **Conflict Resolution**

The resolution of any conflict or perceived conflict that is identified by or to the President will be determined in consultation with the Audit Committee of the Board and, as appropriate, with the University's counsel.

This Policy is to be interpreted in a manner that will best serve the interests of the University, taking into account the authority and responsibilities of the Board. Actual or perceived conflicts may be resolved in a number of ways, including by the Trustee's recusal from participation in the Board's discussion and vote in a particular matter. After exercising due diligence, the Board shall determine whether the University 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.

In some cases, it may be determined that after full disclosure to those concerned, the University's interests are best served by participation by the interested Trustee. In those cases, the President and the University's counsel shall conduct periodic reviews, as appropriate, to ensure the beneficial nature of the arrangement or transaction in question.

If a Trustee is recused, or if a potential conflict has been identified, but not yet resolved, he or she ordinarily should leave the meeting during any discussion and refrain from voting on the underlying matter.

If the Board of Trustees 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 appropriate Committee of the Board of Trustees determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

(iv) **Confidentiality Policy**

All information concerning actual or potential conflicts of interest or commitment on the part of a Trustee shall be held in confidence, unless the best interests of the University dictate otherwise or the University is ordered by a court or other legal process to disclose such information.

III. Record of Proceedings

The minutes of the Board of Trustees 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 Board of Trustees' 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.

IV. Compensation

A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the University for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any Committee of the Board of Trustees 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.

No voting member of the Board of Trustees or any Committee of the Board of Trustees 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.

V. 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 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 inurement, impermissible private benefit or in an excess benefit transaction.

VI. Use of Outside Experts

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

VII. General

This Policy is available by contacting the President.

This Policy may be revised to reflect new developments and other changes in circumstances deemed relevant by the Board of Trustees. This Policy is intended to provide guidance to members of the Board of Trustees about conforming to Loyola's practices and standards. It is not intended to alter any applicable legal standards.

If a Trustee is uncertain about the applicability or interpretation of the foregoing standards or the propriety of any possible action, then he or she should raise the issue with the President who in turn may consult with the University's counsel.