Muskingum College  
Conflict of Interest Policy  

**Article I**  
**Purpose**  

The purpose of the conflict of interest policy is to protect Muskingum College’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 College or might result in a possible excess benefit transaction.\(^1\) 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**  

1. **Interested Person**  
   Any trustee, principal officer, 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. The principal officers of the College are those who hold a position entitled President, Vice President or Dean, and are the key employees of the College.  

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 in any entity with which Muskingum College has a transaction or arrangement,  
   b. A compensation arrangement with Muskingum College or with any entity or individual with which Muskingum College has a transaction or arrangement, or  
   c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Muskingum College is negotiating a transaction or arrangement.  
   Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.\(^2\)  

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 Officers of the Board of Trustees decide that a conflict of interest exists.  

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\(^1\) As used in this policy, an “excess benefit transaction” means any transaction where an interested person receives an economic benefit from the College that exceeds the value of the consideration (including the performance of services) received for providing the benefit. In other words, the interested person receives from the College more than fair market value for whatever goods, services or other benefits he or she delivered to the College.  

\(^2\) As used in this policy, a gift or favor that is “not insubstantial” means one the reasonable fair market value of which does not exceed $50.00.
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 Officers of the Board of Trustees and either the Chair of the Board’s Finance and Management Committee or such other designee as the Chairman of the Board shall appoint.

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 Board Officer’s meeting while the determination of a conflict of interest is discussed and voted upon. The remaining 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 Board Officer’s 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 Chair of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
   c. After exercising due diligence, the Board Officers shall determine whether Muskingum College with reasonable efforts, can obtain 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 obtainable under circumstances not producing a conflict of interest, the Board Officers shall determine by a majority vote of the disinterested Board Officers whether the transaction or arrangement is in Muskingum College’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination the Board Officers shall make a decision as to whether the College should enter in the transaction or arrangement.

4. Violations of the Conflict of Interest Policy
   a. If the Board Officers have reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, they shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
   b. If, after hearing the potentially interested person’s response and after making further investigation as warranted by the circumstances, the Board Officers determine that the interested person has failed to disclose an actual or possible conflict of interest, they shall take appropriate disciplinary and corrective action.
Article IV
Records of Proceedings

The minutes of the Board Officer’s meeting 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 Officer’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 of Trustees who receives compensation, directly or indirectly, from Muskingum College for services is precluded from voting on matters pertaining to that member’s compensation.

Article VI
Annual Statements

Each Trustee and principal officer shall 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 Muskingum College 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.

Such statement shall be reviewed by the subject trustee or principal officer annually, with any change so noted by the Trustee or principal officer.

Article VII
Periodic Reviews

To ensure Muskingum College 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 by the President of the College and the Vice Chair of the Board not less frequently than annually. The Vice President of Business and Finance shall be responsible for distributing the Annual Statement to the College’s principal officers and the Vice Chair of the Board shall be responsible for distributing the Annual Statement to members of the Board of Trustees. Each of the persons responsible for distributing the Annual Statement also shall be responsible for collecting them and, in the case of the Vice President for Business and Finance, forwarding the principal officers’ Annual Statements to the President for review. In the case of the Vice
Chairman of the Board, such individual shall be responsible for forwarding the Board members' Annual Statements to the Chair of the Board for review by the Board’s Officers.

The annual 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 Muskingum College’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further its charitable purposes and do not result in inurement, impermissible private benefit or an excess benefit transaction as defined above.

In the event such periodic review indicates an arrangement which may not be in the College's best interest, such Vice President or such Vice Chair shall refer the matter to the Officers of the Board for consideration of proceedings under Sections 2 and 3 of Article III.