

Adopted: 01-18-2016 _____

Revised: 1/20/22_____

ROCHESTER BEACON ACADEMY-RBA
POLICY No. 204
CONFLICT OF INTEREST – BOARD OF DIRECTORS

I. PURPOSE

The purpose of this policy is to ensure the Board of Directors does not engage in actions that create a conflict of interest.

II. POLICY STATEMENT

The Board of RBA is committed to full compliance with the applicable provisions of state law.

III. DEFINITIONS

- A. “Board” means the duly appointed or elected Board members of RBA.
- B. “Control” means the ability to affect the management, operations, or policy actions or decisions of a person.
- C. “Affiliate” means a person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another person.
- D. “Person” means an individual or entity of any kind.
- E. “Immediate Family” means an individual whose relationship by blood, marriage, adoption, or partnering and is no more remote than first cousin.
- F. “Related Party” means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate.

IV. LIMITATIONS ON BOARD MEMBERSHIP

- A. An individual is prohibited from serving as a member of the Board if:
 - 1. The individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit, or nonprofit entity, or independent

contractor with whom the Board contracts, directly or indirectly, for professional services, goods, or facilities.

2. An individual is prohibited from serving as a Board member if an immediate family member is an employee of the school.

B. Violations

1. **Contract Voided.** A violation of this policy renders a contract voidable at the option of the Commissioner of Education or the Board.
 2. **Personal Liability.** A member of the Board who violates this prohibition is individually liable to the school for any damage caused by the violation.
- C. Any employee, agent, or board member of RBA's authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision is ineligible to serve on the Board.

V. LIMITATION ON CONTRACT ADMINISTRATION & FINANCIAL INTEREST CONFLICTS

- A. No Board member, employee, officer, or agent of RBA shall participate in selecting, awarding, or administering a contract if a conflict of interest exists.
- B. A conflict exists when any of the following individuals or an organization employing one of these individuals, has a financial interest in an entity with which the school is contracting:
1. A board member, employee, officer, or agent of RBA;
 2. The immediate family of the board member, employee, officer, or agent; or
 3. The partner of the board member, employee, officer, or agent.
- C. A violation of this paragraph renders the contract void.
- D. The conflict of interest provisions under this policy do not apply to compensation paid to a licensed teacher employed by RBA who also serves as a member of the Board of Directors.
- E. A board member, employee, or officer must not receive compensation from a group health insurance provider, nor receive any gift in violation of the RBA gift policy and applicable law.

VI. LIMITATIONS ON LEASES AND OTHER CONTRACTS

- A. Contracts with Authorizer. RBA will disclose to the Commissioner of Education any potential contract, lease, or purchase of services from its authorizer.
- B. RBA will accept any such contract only through an open bidding process, properly documented, and the contract must be a separate contract from the RBA contract. RBA will not enter into a contract with its authorizer to provide management and financial services for the school without documenting that it received at least two competitive bids.
- C. Leases of Property. RBA will not enter a lease of real property with a related party unless the lessor is a nonprofit corporation under Chapter 317A or a cooperative under Chapter 308A, and the lease cost is reasonably based on current market values.

Legal References: Minn. Stat. § 124E.07 (Charter Schools – Board of Directors)
Minn. Stat. § 124E.10 (Charter Schools – Charter Contract)
Minn. Stat. § 124E.13 (Charter Schools – Facilities)
Minn. Stat. § 124E.14 (Charter Schools – Conflicts of Interest)
Minn. Stat. § 317A (Non-Profit Law)