

**CONFLICT OF INTEREST POLICY AND ANNUAL STATEMENT FOR
DIRECTORS, OFFICERS AND MEMBERS OF A COMMITTEE WITH BOARD
DELEGATED POWERS**

Article I -- Purpose

1. The purpose of this Board conflict of interest policy is to protect Kua O Ka La New Century Public Charter School's (KOKL NCPCS) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of KOKL NCPCS, or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to State of Hawai'i public Charter organizations.
3. This policy is also intended to identify "independent" directors.

Article II -- Definitions

1. **Interested person** -- Any director, 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.
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 KOKL NCPCS has a transaction or arrangement,
 - b. A compensation arrangement with KOKL NCPCS or with any entity or individual with which KOKL NCPCS has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which KOKL NCPCS 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. A person

who has a financial interest may have a conflict of interest only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

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 Board or Executive Committee.

2. **Recusal of Self** – Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.

3. **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 or Executive Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Executive Committee members shall decide if a conflict of interest exists.

4. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Board or Executive 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.
- b. The Chairperson of the Board or Executive Committee 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 or Executive Committee shall determine whether KOKL NCPCS 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.

- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in KOKL NCPCS'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.

5. Violations of the Conflicts of Interest Policy

- a. If the Board or Executive 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or Executive Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV – Records of Proceedings

The minutes of the Board 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's or Executive 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.

Article V – Compensation

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

- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from KOKL NCPCS for services is precluded from voting on matters pertaining to that member's compensation.

- c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from KOKL NCPCS, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI – Annual Statements

1. Each director, principal officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:
 - a. Has received a copy of the conflict of interest policy,
 - b. Has read and understands the policy,
 - c. Has agreed to comply with the policy, and

3. If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.

4. The Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VII – Periodic Reviews

To ensure KOKL NCPCS operates in a manner consistent with Charter purposes and does not engage in activities that could jeopardize its Charter 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 (if reasonably available), and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to KOKL NCPCS's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in private benefit or in an excess benefit transaction.

Article VIII – Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, KOKL NCPCS may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted. The End Revision History by the KOKL NCPCS Board Initial Conflict of Interest policy adopted October 6, 2011.

Director and Officer Annual Conflict of Interest Statement

1. Name: _____ Date: _____

2. Position:

Are you a voting Director? Yes No Are you an Officer? Yes No If you are an Officer, which Officer position do you hold: _____.

3. I affirm the following:

I have received a copy of the KOKL NCPCS Conflict of Interest Policy. _____ (initial) I have read and understand the policy. _____ (initial) I agree to comply with the policy. _____ (initial)

4. Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with KOKL NCPCS? Yes No

i. If yes, please describe it:

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with KOKL NCPCS? Yes No

i. If yes, please describe it, including when (approximately):

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

5. Are you an independent director, as defined in the Conflict of Interest policy? Yes No

a. If you are not independent, why? _____

Signature of director

Date: _____

Date of Review by Executive Committee: _____

**BOARD MEMBER
CONFLICT OF INTERESTS DISCLOSURE FORM**

Date: _____ Name: _____

A conflict of interest, or an appearance of a conflict, can arise whenever a transaction, or an action, of Kua O Ka La New Cenury Public Charter School (KOKL NCPCS) conflicts with the personal interests, financial or otherwise, of that of a board member, or an immediate family member of a board member, or that the board member’s employer (collectively “your personal interests”).

Please describe below any relationships, transactions, or positions you hold (volunteer or otherwise), or circumstances that you believe could create a conflict of interest , now or in the future, between Kua O Ka La NCPCS and your personal interests, financial or otherwise:

_____ I have no conflict of interests to report.

I have the following conflict of interests, or potential conflicts of interests, to report:

1. _____
2. _____
3. _____

I have reviewed KOKL NCPCS’s conflict of interests policy and I understand that it is my obligation to disclose a conflict of interests, or appearance of a conflict, to the chair of the board when a conflict, or appearance of a conflict, arises, and that for transactions in which I have a conflict, I will abstain from any vote on the matter involving the conflict.

Signature: _____ Date: _____
