

**CONFLICT OF INTEREST POLICY STATEMENT  
FOR MUHLENBERG COLLEGE OFFICERS AND OTHER PERSONS WITH  
SUBSTANTIAL INFLUENCE**

**Adopted March 19, 2003**

**Article I**

**Purpose**

The following Statement of Policy applies to each Officer of Muhlenberg College (“College”), and such other persons who are identified pursuant to this policy as having substantial influence over College affairs. It is intended to serve as guidance for all persons who accept the significant responsibility of serving the College in these capacities. The purpose is to protect the College’s interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an Officer or other person who has substantial influence over College affairs. This policy is intended to supplement but not replace any laws governing conflicts of interest applicable to non-profit and charitable corporations.

Men and women in responsible positions are involved in the affairs of other institutions and organizations, as well as other constituencies of the College. However, Officers of the College and other persons who have substantial influence over College affairs serve the College and have a clear obligation to conduct the affairs of this institution and fulfill their responsibilities in a manner consistent therewith. All decisions of the Officers of the College and of the other persons who have substantial influence over College affairs are to be made solely on the basis of a desire to promote the best interests of the College. The integrity of the College must be protected and advanced at all times.

Consequently, each Officer and other person with substantial influence over College affairs is obliged (1) to disclose any known conflict of interest and to avoid participating in any decision or advocating any subject matter before the College’s Board of Trustees or other decision maker in which the Officer or other person has a conflict of interest; and annually (2) to disclose any possible personal, familial, business or other relationship that reasonably could give rise to a conflict involving the College; and (3) to acknowledge by his or her signature that he or she is in accordance with the letter and spirit of this policy.

**Article II**

**Definitions**

**1. Interested Person:** Any Officer or other person who is identified pursuant to this policy as having substantial influence over College affairs 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 the College has a transaction or arrangement, or (b) a compensation arrangement with the College or with any entity or individual with which the College has a transaction or arrangement, or (c) an actual or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the College is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are more than incidental. "Family" includes a spouse, parent or other ancestor, sibling (or spouse), child (or spouse), grandchild (or spouse) or great-grandchild (or spouse), or any other relative if the latter resides in the same household as the interested person.

**3. Persons Who Have Substantial Influence Over the Affairs of the College:** A person has a substantial influence over the affairs of the College if the person: (a) has ultimate responsibility for implementing the decisions of the College's Board of Trustees or supervising the management, administration or operation of the College; or (b) has ultimate responsibility for managing the College's finances. Other persons may also be determined to have substantial influence over the affairs of the College depending upon the particular facts and circumstances. Other indicia of substantial influence include the following: (a) the person has, or shares, authority to control or determine a substantial portion of the College's capital expenditures, operating budget and/or employee compensation; (b) the person manages a discrete segment or activity of the College (Department Head and/or Director); (c) the person, by virtue of their position at the College, is in a position to know and personally benefit from information obtained in the performance of their duties. Using these standards as a guide, the College's Vice President for Finance shall make the final determination as to who constitutes a person having a substantial influence over the affairs of the College.

**4. Covered Person:** An Officer of the College and persons who have substantial influence over the affairs of the College.

### **Article III**

#### **Procedures**

**1. Duty to Disclose:** In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the Vice President for Finance and the President.

**2. Determining Whether a Conflict of Interest Exists:** After disclosure of the financial interest, the President shall determine if a conflict of interest exists. If so, the interested person shall not take part in the President's evaluation of, or decision upon, the transaction or arrangement.

**3. Procedures for Addressing the Conflict of Interest:** (a) The President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement; (b) the President shall exercise due diligence with respect to the transaction/arrangement, including when practicable, the gathering of appropriate data from comparable transactions/arrangements; (c) the President shall determine whether the proposed transaction or arrangement is in the College's best interest and for its own benefit, whether the transaction is fair and reasonable to the College, and whether it reflects the fair market value of

the goods/services being provided and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

**4. Violations of the Conflicts of Interest Policy:** (a) If the Vice President for Finance has reasonable cause to believe that a covered person has failed to disclose actual or possible conflicts of interest, he/she shall inform the covered person of the basis for such belief and afford the covered person an opportunity to explain the alleged failure to disclose; and (b) if, after hearing the response of the covered person and making such further investigation as may be warranted in the circumstances, the Vice President for Finance determines that the covered person has in fact failed to disclose an actual or possible conflict of interest, he/she shall take appropriate disciplinary and corrective action. If the Vice President of Finance fails to make such disclosure with respect to his/her own conflicts of interest, the tasks referred to in (a) and (b) shall be performed by the Board of Trustees or a Committee thereof, or the designee of either of them.

#### **Article IV**

##### **Records of Proceedings**

The President shall maintain written records of decisions that are made under this policy which shall contain: (a) the names of the persons who disclosed or otherwise were found to have a financial interest in connection with the proposed transaction or arrangement, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the President'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 therewith; (c) the material terms of the transaction or arrangement that was approved and the date approved; (d) the data from comparable transactions/arrangements obtained and relied upon by the President and how it was obtained; and (e) if the final decision is inconsistent with the data from comparable transactions/arrangements, the justification for this discrepancy.

#### **Article V**

##### **Annual Statements**

Each covered person shall upon his/her association with the College and annually thereafter sign and deliver to the Vice President for Finance a statement which affirms that such person: (a) has received a copy of this conflict of interest policy, (b) has read and understands the policy, (c) has agreed to comply with the policy, and (d) understands that the College is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.