

CAPITOL HILL HIGH SCHOOL ALUMNI HALL OF FAME ASSOCIATION
CONFLICTS OF INTEREST AND CONFIDENTIALITY POLICY

Article I
Purpose

The purpose of the conflict of interest policy is to protect the Capitol Hill High School Alumni Hall of Fame Association ("CHHS Alumni") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the CHHS Alumni 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.

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 the CHHS Alumni has a transaction or arrangement,
- b. A compensation arrangement with the CHHS Alumni or with any entity or individual with which the CHHS Alumni 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 CHHS Alumni 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. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

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 or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee 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 or 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 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 committee shall determine whether the CHHS Alumni 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 committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the CHHS Alumni'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.

4. Violations of the Conflicts of Interest Policy

- a. If the board or 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 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 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 governing board who receives compensation, directly or indirectly, from the CHHS Alumni 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 the CHHS Alumni for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the CHHS Alumni, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

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 conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the CHHS Alumni 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.

Article VII
Periodic Reviews

To ensure the CHHS Alumni 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 CHHS Alumni'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.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the CHHS Alumni may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article IX
Confidentiality

No director, committee member or officer shall use or disclose Confidential Information received or learned as a result of his or her position that has potential commercial value to third parties; or from which the director, committee member or officer has the potential to realize personal financial gain; or if use or disclosure of Confidential Information otherwise would be detrimental to the interests or welfare of the CHHS Alumni.

"Confidential Information." All information concerning the business, affairs, properties, operations, contracts, financial condition, prospects, donor information, plans, business relationships, results of operations, or internal affairs of the CHHS Alumni shall constitute "Confidential Information," unless such information is or becomes generally available to the public other than as a result of an unauthorized disclosure, or is required to be disclosed by law or by a judicial, administrative or regulatory authority.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "Memo") is made and entered into this _____ day of January, 2016, between the Board of Education of Oklahoma City Public Schools (the "Board") and the Capitol Hill High School Alumni Hall of Fame Association, an Oklahoma not-for-profit corporation (the "CHHS-Alumni"). The term of this Memo shall be from the date of execution until June 30, 2016, and it may be renewed for future fiscal years upon agreement of the parties.

The Board acknowledges that the CHHS-Alumni has raised funds which it has used, and which are continuing to be used, for the purchase of musical instruments, uniforms and certain other items which the CHHS-Alumni has donated to Capitol Hill High School (the "School") and which the School has, in turn, provided to its students and faculty.

The Board and the CHHS-Alumni have agreed that musical instruments, uniforms and other items purchased by or for the School with funds provided by CHHS-Alumni shall be used only for the benefit of the students and faculty of the School. This will also include the purchase of equipment and supplies for classroom instruction and other miscellaneous projects, which are requested by the principal of the School. Donations will generally be made pursuant to a specific request made by the principal of the School to the CHHS-Alumni. None of such tangible items shall be transferred or distributed to any other school or used for any purpose other than for the benefit of the students and faculty of the School unless agreed upon in writing by the parties to this Memo. However, nothing in this Memo shall be construed to limit the Board's authority under state law to declare items that it owns as surplus and dispose of such items in accordance with state law.

The parties agree that all approvals legally required in order to enter into and perform the terms of this Memo have been obtained.

This Memo will be governed by and construed under the laws of the State of Oklahoma without regard to conflicts of law and principle.

IN WITNESS WHEREOF, the parties have set their respective signatures to this Memo.

**BOARD OF EDUCATION OF
OKLAHOMA CITY PUBLIC SCHOOLS**

**CAPITOL HILL HIGH SCHOOL ALUMNI
HALL OF FAME ASSOCIATION, an
Oklahoma not-for-profit corporation**

By: _____
Board Chairperson or Designee

By: _____
J. Don Harris, President