

LAFAYETTE CHARTER FOUNDATION, INC.
ETHICS AND CONFLICT OF INTEREST POLICY

ARTICLE 1- PURPOSE

The purpose of this ethics and conflict of interest policy is to protect the Lafayette Charter Foundation Inc.'s ("Foundation") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of any Foundation employee, officer or trustee 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 ethics and conflict of interest applicable to nonprofit and charitable organizations, including without limitations, the actions proscribed in Louisiana Revised Statute 42:1111, *et seq.*

ARTICLE 2- DEFINITIONS

2.1. Interested Person

Any member of the Board of Trustees, principal officer, or member of a committee appointed by the Board of Trustees, specifically including the President of the Foundation who has a direct or indirect financial interest, as defined below, is an interested person.

2.2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

2.2.1. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement,

2.2.2. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or

2.2.3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation 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 Board of Trustees or committee decides that a conflict of interest exists.

ARTICLE 3- PROCEDURES

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

3.2. 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 of Trustees 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.

3.3. Procedures for Addressing the Conflict of Interest

3.3.1. An interested person may make a presentation at the Board of Trustees 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.

3.3.2. The President of the Foundation or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

3.3.3. After exercising due diligence, the Board of Trustees or committee shall determine whether the Foundation 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.

3.3.4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Trustees or committee shall determine by a majority vote of the disinterested members of the Board or committee whether the transaction or arrangement is in the Organization'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.

3.4. Violations of the Conflicts of Interest Policy

3.4.1. If the Board of Trustees 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.

3.4.2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Trustees 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 4-RECORDS OF PROCEEDINGS

The minutes of the Board of Trustees and all committees with board delegated powers shall contain:

4.1. 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 of Trustee's or committee's decision as to whether a conflict of interest in fact existed.

4.2. 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 5- COMPENSATION

5.1. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

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

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

ARTICLE 6-ANNUAL STATEMENTS

Each member of the Board of Trustees, principal officer, other committee appointed by the Board of Trustees and the Foundation Board President 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 Organization 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 purpose.

ARTICLE 7- ETHICAL CONDUCT

The Foundation's Trustees, officers and employees shall at all times be in compliance with the Louisiana Code of Ethics, LSA RS 42:1111, et seq., including without limitation these supplemental provisions:

7.1. The Board of Trustees shall conduct or direct the affairs of its charter school(s) and exercise its powers subject to the applicable limitations of the Charter Law, Not-for-Profit Corporation Law, the Foundation's charter(s) and its By-Laws. The Board may delegate aspects of the management of school activities to others, so long as the affairs of the school are managed, and its powers are exercised, under the Board's ultimate jurisdiction.

7.2. No Trustee, officer, or employee of a for-profit corporation having a business relationship with the Foundation shall serve as voting member of the Board of Trustees for the duration of such business relationship, provided, however, that this provision shall not apply to the following:

7.2.1. Individuals associated with a partnership, limited liability corporation, or professional corporation including but not limited to doctors, accountants and attorneys;

7.2.2. Individuals associated with an educational entity (including but not limited to schools of education) some of whose faculty may be providing paid services directly or indirectly to such charter school;

7.2.3. Individuals associated with a bank, insurance, mutual fund, investment bank, stock brokerage, financial planning, or other financial services organization.

7.3. In no instance shall a Trustee, officer, or employee of a for-profit educational management organization having a business relationship with the charter school serve as a voting member of the Board of Trustees for the duration of such business relationship.

7.4. Trustees shall avoid at all times engaging in activities that would appear to be unduly influenced by other persons who have a special interest in matters under consideration by the Board. If this occurs, a Trustee shall write a letter disclosing all known facts prior to participating in a Board discussion of these matters, and the Trustee's interest in the matter will be reflected in the Board minutes.

7.5. Trustees shall make all appropriate financial disclosures whenever a grievance of conflict of interest is lodged against them.

7.6. Trustees shall not use his or her position with the charter school to acquire any gift or privilege worth \$25 or more that is not available to a similarly situated person, unless that gift is for the use of the charter school.

7.7. Foundation Trustees, officers, or employees may never ask a subordinate, a student, or a parent of a student to work on or give to any political campaign.

7.8. Trustees confirm their understanding that Foundation is a charitable not-for profit educational organization and that it will assure that Foundation maintain its federal tax exemption and engage primarily in activities that accomplish one or more of its tax-exempt purposes.

ARTICLE 8- PERIODIC REVIEWS

To ensure that Foundation 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:

8.1 Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

8.2 Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefit or in an excess benefit transaction.

ARTICLE 9- USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article 8, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Trustees of its responsibility for ensuring periodic reviews are conducted.