

UNIVERSITY OF CENTRAL ARKANSAS
BOARD POLICY

Policy Number: 201

Subject: Standards of Conduct and Conflict of Interest

Date Adopted: 02/05 Revised: 08/11

1. General

The Board of Trustees of the University of Central Arkansas is established by act of the Arkansas General Assembly (Arkansas Code Annotated Section 6-67-101, et seq.).

As a member of the Board of Trustees, each member seeks to perform his/her responsibilities in accordance with high standards of integrity, to avoid conflicts of interest, and to disclose those which occur.

This policy sets forth standards of conduct for members of the university's Board of Trustees. This policy is in addition to any standards of conduct under other statutes or policies of the State of Arkansas.

The standards set out in this policy are guiding principles. These standards must be used along with the good judgment of each trustee. Overall, the objective of each trustee must be honesty, fairness and integrity in all aspects of his/her conduct as a member of the board, with full disclosure. A member of the Board of Trustees should err on the side of caution in any situation that is, or may become, a conflict of interest.

2. General Standards of Conduct

- a. A trustee shall discharge his/her duties as a member of the board in the overall best interests of the university. In performing his/her duties, a trustee should always act in good faith and with the care an ordinarily prudent person in the same or similar position would exercise under similar circumstances.
- b. In making decisions, a trustee is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by:
 - i. Officers or employees of the university whom the trustee reasonably believes to be reliable and competent in the matters presented;

- ii. Legal counsel, public accountants, the Arkansas Attorney General, or other persons as to matters that the trustee reasonably believes are within the person's professional, official or expert competence.
- c. A trustee is not acting in good faith if the trustee has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.

3. Conflicts of Interest

- a. A "conflict of interest transaction" is a transaction with the university in which a trustee has a direct or indirect interest.
- b. A trustee has a direct interest in a transaction, if the trustee, or a member of the trustee's immediate family, will derive an economic benefit. A trustee has an indirect interest in a transaction if (i) another entity in which the trustee has a material interest or in which the trustee is a general partner is a party to the transaction or (ii) another entity of which the trustee is a director, officer or trustee is a party to the transaction. A trustee shall also be deemed to have an indirect interest in a transaction if any member of his/her immediate family is a party to the transaction, or has a material interest in another entity which is a party to the transaction or is a director, officer or trustee of another entity which is a party to the transaction.

A trustee having knowledge of a conflict of interest shall disclose it to the chair of the board within a reasonable time after becoming aware of the conflict of interest. A trustee having a conflict of interest shall not vote or otherwise take any action with respect to the matter as to which a conflict of interest exists. The trustee may, if requested by the chair of the board, participate in discussion of the transaction in public meetings of the board, but shall always abstain from voting thereon.

- c. A conflict of interest transaction is not voidable on the basis for imposing liability on the trustee if the following conditions are met:
 - i. The transaction was fair to the university at the time it was entered into;
 - ii. The material facts of the transaction and the trustee's interest therein were disclosed or made known to the other members of the board; and
 - iii. A majority of the disinterested members of the board authorized, approved, or ratified the transaction during a public meeting, either regular or special. The vote of the disinterested trustees must, in all events, constitute a majority of the membership of the board.

4. Disclosure

- a. Members of the board shall annually submit a statement to the secretary of the board on or before January 31 of each year, disclosing whether the trustee, his or her immediate family member, or any entity in which he or she holds any position of control or holds any ownership interest of 10% or greater, has entered into any contract with the university or whether an immediate family member of the trustee is employed by the university.
- b. For purposes of this policy, "contract" shall mean any agreement entered into by and between the university and a trustee or entity in which he or she holds any position of control or holds any ownership interest of 10% or greater pursuant to which the university agrees to purchase or lease tangible personal property, real property, or services, or any agreement for the disposal of commodities and services, including, but not limited to, awards and notices of awards, contracts of a fixed price, cost, or incentive type, contracts providing for the issuance of job or task orders, leases, lease purchase agreements, letter contracts, purchase orders, professional or consultant services contracts, and supplemental agreements with respect to any of these categories. Contracts shall also include grants. Further, for purposes of this policy, "immediate family member" shall mean a trustee's spouse, children of the trustee or his/her spouse, and brothers, sisters, or parents of the trustees or his/her spouse.
- c. As a part of such annual disclosure, each trustee shall acknowledge receipt of a copy of this policy on a form prepared for such purpose and maintained by the secretary of the board. Such disclosure shall be deemed a public record and subject to the Arkansas Freedom of Information Act.

5. Prohibited Activities.

- a. Except as otherwise provided by law or policy of the board, a trustee shall not use his or her position to secure special privileges or exemptions not available to others for his or herself, or the trustee's spouse, child, parents, persons standing in the first degree of relationship to the trustee or for those with whom the trustee has a substantial financial relationship.
- b. Except as otherwise provided by law or policy of the board, a trustee shall not engage in any public or professional activity while serving as a trustee which the trustee might reasonably expect would require or induce the trustee to disclose any information acquired by the trustee by reason of the trustee's official position which is declared by law or regulation to be confidential. A trustee shall not disclose any such information gained by reason of his/her position, nor shall the trustee otherwise use such information for his/her personal gain or benefit.