

HOLMES COUNTY EDUCATION FOUNDATION CONFLICT OF INTEREST POLICY

The Holmes County Education Foundation (HCEF) Conflict of Interest Policy is intended to assure that all operations are conducted in an ethical manner and with a high level of organizational integrity. Each Trustee has a fiduciary duty of loyalty to HCEF. This duty requires each Trustee to avoid conflicts of interest and to deal openly and fairly with HCEF with respect to matters that are conflicts of interest. Each Trustee also is expected to avoid actions or situations that create an appearance of a conflict of interest.

CONFLICT OF INTEREST DEFINED

An actual or potential conflict of interest is present whenever a Trustee has a direct or indirect business, professional, financial or personal interest (including non-financial interests) in either of the following:

1. **Relationship:** "Relationship" is defined as any existing or proposed Relationship (including the employer/employee Relationship), which may be reasonably likely to impact or affect HCEF (including potential adverse impact on the public and professional image of HCEF); or
2. **Transaction:** "Transaction" is defined as any existing or proposed contract, investment, action or Transaction to which HCEF is or may be a party or in which HCEF is or may be a participant.

As used in this policy, the term "Trustee" includes community members of Advisory Board committees who are not members of HCEF's Board of Trustees.

DUTY TO DISCLOSE

Whenever a Trustee proposes that he/she or HCEF enter into or undertake a Relationship or Transaction presenting an actual or potential conflict of interest, the material facts of such a Relationship or Transaction must be disclosed fully and separately to:

HCEF's Executive Director; and

Such disclosure must be made prior to any discussion or action on the proposed Relationship or Transaction.

Disclosure of the material facts as to a Trustee's proposed Relationship or interest in a proposed Transaction will permit the Board of Trustees to evaluate the fairness of the Relationship or Transaction to HCEF, as well as permit the Board of Trustees to assess the potential impact of the subject Relationship or Transaction on the public and professional image of HCEF.

ANNUAL DISCLOSURE STATEMENT

Each Trustee shall annually sign a Conflict of Interest Disclosure Statement. (A copy of the Conflict of Interest Disclosure Statement form is attached to this Policy). Each Trustee shall immediately submit an updated Conflict of Interest Disclosure Statement in the

event of any change that would render the previously submitted information either inaccurate or incomplete. All newly appointed Trustees shall sign a Conflict of Interest Disclosure Statement no later than sixty (60) days after the effective date of his/her appointment.

PROCEDURE FOR ADDRESSING CONFLICT OF INTEREST

Neither HCEF nor any interested Trustee shall enter into or undertake any Relationship or Transaction involving an actual or potential conflict of interest until both of the following have occurred:

1. **Review and Assessment:** The disinterested Trustees of the Board of Trustees have reviewed and assessed the fairness to HCEF of the proposed Relationship or Transaction; and
2. **Vote of Approval:** Following such review and assessment, the disinterested Trustees of the Board of Trustees have approved the proposed Relationship or Transaction by a majority vote of the disinterested Trustee membership of the Board of Trustees. Interested Trustees shall participate in the Board of Trustees' discussion of the proposed Relationship or Transaction prior to any vote, but must be absent from the meeting while disinterested Trustees vote on the matter. The disinterested Trustees of the Board of Trustees may make their approval of a Relationship or Transaction contingent upon the parties' ongoing compliance with certain specified conditions during the term of the Relationship or Transaction.

In deciding whether to give such approval, the disinterested Trustees of the Board of Trustees shall consider the best interests of HCEF, including, but not limited to:

1. the extent to which any Trustee, member of any Trustees' immediate family or a business associate of any Trustee would benefit directly or indirectly either financially or otherwise from such approval;
2. the potential that a dispute between HCEF and any Trustee could arise in the course of the proposed Relationship or Transaction that may cause HCEF and such Trustee to be in adversarial positions;
3. the availability to HCEF of advantageous alternatives that would not present actual or potential conflicts of interest;
4. the extent to which HCEF resources would be committed actually or potentially to the proposed Relationship or Transaction; and
5. all other factors deemed relevant by the disinterested Trustees of the Board of Trustees.

The Board of Trustees may from time to time adopt such other further guidelines, as they deem necessary to help them assess conflicts of interest.

The full Board of Trustees shall be made aware of any Board of Trustee approval within sixty (60) days of such approval.

ANNUAL REVIEW OF POLICY

The Board of Trustees shall review this policy annually and any new Trustees shall be provided with a copy of this policy upon commencement of his/her position as Trustee.

EXISTING POTENTIAL CONFLICTS OF INTEREST

All current potential conflicts of interest (as defined on page 1 of this policy) that exist as of the date of adoption of this policy on March 7, 2007, shall be reviewed by the Board of Trustees pursuant to this policy, within ninety (90) days, i.e. by December 31, 2007.

Policy adopted on: March 7, 2007



Linda L. Gehm, Trustee

ABSENT

Judge Thomas C. Lee, Trustee



James J. McGuire, Trustee



John R. Waltman, Trustee