



**East Carolina University Foundation, Inc.
East Carolina University Real Estate Foundation, Inc.
Green Town Properties, Inc.**

Conflict of Interest Policy

I. Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of the East Carolina University Foundation, Inc., the East Carolina University Real Estate Foundation, Inc., and the Green Town Properties, Inc. (“the Foundation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation 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 conflicts of interest applicable to nonprofit and charitable organizations.

II. Definitions

A. Interested Person

Any director, officer, or member of a committee with board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

B. Financial Interest

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

1. has an ownership or investment interest in any entity with which the Foundation has a business arrangement or financial transaction;
2. has a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement;
3. has a pending ownership or investment interest in, or pending compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement (threshold for non-publicly traded entity would be ownership greater than five-percent (5%));
4. is a member, director, or officer of an organization with which the Foundation has entered into or are contemplating entering into a transaction or arrangement; or
5. any other situations or transactions in which reasonable and independent persons could interpret that a conflict of interest may exist.

C. Family Member

Family members include spouse; ancestors; siblings (include step-relations); children (natural or adopted); grandchildren; great-grandchildren; and spouses of siblings, children, grandchildren, and great-grandchildren.

Compensation includes direct and indirect remuneration as well as gifts or favors that are more than five-hundred dollars (\$ 500.00) annually.

The Foundation considers any excess benefit transaction is a conflict of interest. An excess benefit transaction is any transaction in which an excess benefit is provided by the organization, directly or indirectly, or for the use of, any disqualified person as defined in IRS code section 4958. Excess benefit means the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person.

A financial interest is not necessarily a conflict of interest. Under Article III B, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists. A transaction or arrangement is not prohibited simply because a conflict of interest exists.

III. Procedures

A. Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the directors or members of committees with governing board-delegated powers considering the proposed transaction or arrangement.

B. Procedures for Determining and Addressing a Conflict of Interest

1. An interested person may make a presentation at the board or committee meeting regarding an actual or possible conflict of interest; however, after such disclosure, he or she shall be asked to leave the meeting. The remaining directors or committee members will discuss, decide, and vote on whether the transaction or arrangement is a conflict of interest and should be prohibited.
2. The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the board or committee will 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.
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee will determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest, for their own benefit, and fair and reasonable. It will make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

C. Procedures for Approving and Communicating a Related Party Transaction or Arrangement

If after following the procedures in Section III. B., it is determined that a member of the board of directors of the ECU Foundation, the ECU Real Estate Foundation, or Green Town Properties (or any member of their family, or any of their business partners) will be a related party in a transaction or arrangement by either foundation, that may benefit them, or give the perception of benefiting them, the following steps will be taken:

1. Compliance with the Conflict of Interest Policy will be monitored and firmly enforced to ensure that no board member will be allowed to approve any transaction or arrangement whereby they, or any family member or business partner, may receive a real (tangible) benefit or a perceived benefit from the Foundation.
2. The minutes of the meeting to recommend approval of the transaction or arrangement will provide detailed documentation to support the due diligence process that was completed; the rationale and methodology utilized to support justification for the transaction or arrangement; and the board members present and voting when the transaction or arrangement was approved.
3. The ECU Foundation Executive Committee must approve the transaction or arrangement and submit it to the full board of directors for approval, by voice or electronic vote. Documentation will be included in the minutes regarding any concerns expressed as well as the approval and /or failure to receive board approval.

D. Violations of the Conflict of Interest Policy

1. If the board or committee has reasonable cause to believe that a person has failed to disclose an actual or possible conflict of interest, it will inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the person and making further investigation as warranted by the circumstances, the board or committee determines that the person has in fact failed to disclose an actual or possible conflict of interest, it will take appropriate disciplinary and corrective action.

IV. Records of Proceedings

The minutes of the board and all committees with board-delegated powers will contain:

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

V. Annual Statements

Each director, officer, and member of a committee with governing board-delegated powers will annually sign statements that affirm that such person:

1. has received a copy of this conflict of interest policy,
2. has read and understands this policy,
3. has agreed to comply with the policy,
4. has disclosed all known conflicts of interest involving such person and his or her family members. Family members include: spouse, ancestors, siblings (includes step-relations), children (natural or adopted), grandchildren, and great-grandchildren, and spouses of siblings, children, grandchildren, and great-grandchildren, and
5. understands that the Foundation is a charitable organization and that in order to maintain its federal tax exemption each must engage primarily in activities that accomplish one or more of its tax exempt purposes.

VI. Periodic Reviews

To ensure that the Foundation operates in a manner consistent with its charitable purposes and do not engage in activities that could jeopardize its tax exempt status, periodic reviews will be conducted by the Governance Committee. The Governance Committee will conduct periodic reviews with management and financial services staff to discuss, at a minimum, the following subjects:

1. whether compensation arrangements and benefits are reasonable, based on competent survey information, and are the result of arm's length bargaining;
2. whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investments or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or an excess benefit transaction; and
3. whether agreements for services and agreements with organizations, employees, and third-party payers further charitable purposes and do not result in inurement, impermissible private benefit, or an excess benefit transaction.

VII. Oversight by the Audit Committee:

- A. The Audit Committee oversees the Foundation's adherence to its Conflict of Interest Policy.
- B. The Audit Committee works with the Foundation's Governance Committee to review and recommend to the Board an appropriate written policy that complies with all appropriate regulations and guidelines.
- C. The Audit Committee reviews an annual report from staff on the results of the board members annual Conflict of Interest Disclosure Statements and will assist with the resolution of any real or perceived conflict of interest.
- D. The Audit Committee reviews any situation or transaction where there may be a real or perceived conflict of interest, and recommends to the Board the appropriate action.

VIII. Use of Outside Experts

When conducting the periodic reviews, the Foundation may, but need not, use outside advisors. If outside experts are used, their use will not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Updated and approved by ECU Foundation, Inc., Executive Committee:

December 15, 2010

2013

Reviewed in 2017, Approved by BOD October 6, 2017