



**CONFLICTS OF INTEREST POLICY FOR:
THE BOARD OF TRUSTEES,
OFFICERS AND KEY EMPLOYEES OF COLBY COLLEGE**

I. SCOPE AND POLICY STATEMENT.

Colby College, its Board of Trustees, and its officers and key employees recognize the importance of determining important and complex issues based on a guiding value of the highest priority - the College's best interests. To that end, the Board has established this policy to ensure the College conducts its business with fairness, and without interference from outside interests that give rise to real or perceived conflicts. The policy also assists Colby in complying with its obligations as a tax-exempt organization under the Internal Revenue Code, including its obligation to make certain disclosures on IRS Form 990.

II. DEFINITIONS.

The following definitions are used in this policy (and those terms are italicized, where used):

- A. **"Colby"** or **"College"** means the operations of the College corporation (formally known as "The President and Trustees of Colby College").
- B. **Conflict of interest** or **conflict** is a situation in which a *Trustee, officer* or *key employee* (or such person's *family member* or *friend*) has an existing or potential, direct or indirect, *financial interest* or relationship, or a personal, *family*, or business relationship that impairs or could impair his/her independence and objectivity in performing responsibilities for *Colby*.
- C. **Compensation** includes direct and indirect remuneration as well as gifts, loans, grants, scholarships, prizes, fellowships, or favors in excess of \$250. "Compensation" does not include payment or reimbursement by *Colby* of reasonable expenses incurred by a *Trustee, officer* or *key employee* in that person's capacity as a *Trustee, officer* or *key employee*, including the provision, payment or reimbursement of such expenses as travel, lodging and meals.
- D. **Family** or **family member** is a spouse, ancestors (i.e., parents, grandparents, great grandparents, etc.), children (whether natural or adopted), grandchildren, great grandchildren, siblings (whether by whole or half-blood), and spouses of children, grandchildren, great grandchildren, or siblings.
- E. **Financial interest** means any interest that may yield, directly or indirectly, a monetary or other material benefit. This includes, but is not limited to, *compensation* or benefits from a person's association with a *friend* or *interested person*, but excludes *compensation* for services to an entity not affected materially by any transaction related to *Colby*.
- F. **Friend** is a colleague that has an actual or potential opportunity to reap some *financial interest* or gain from a transaction related to *Colby*, such that a reasonable person would perceive that the relationship could influence the decision of a *Trustee, officer* or *key employee*.

- G. **Interested person** means: (a) a *family member*, or (b) an entity more than 35% owned, individually or collectively by a *Trustee, officer* or *key employee*, or their *family members*, or (c) an entity (other than an IRS Section 501(c) organization) in which a *Trustee, officer* or *key employee* serves as an officer, director, trustee, key employee of the entity, OR in the case of *officers* or *key employees*, is the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of the entity (including ownership by a *family member*).
- H. **Key employee** is an employee of *Colby* who has responsibilities or authority similar to those of *officers* or *Trustees*. A *key employee* includes a person who, regardless of title:
- (i) receives reportable compensation from *Colby* and all related organizations in excess of \$150,000 for the applicable year; or
 - (ii) any person who manages a discrete segment or activity of *Colby* that represents 10% or more of the activities, assets, income, or expenses of *Colby* or has or shares authority to control or determine 10% or more of *Colby's* capital expenditures, operating budget, or compensation for employees for the applicable year; or
 - (iii) is one of twenty (20) employees with the highest reportable compensation from *Colby* for the applicable year, or
 - (iv) is a former employee who meets any of the criteria above, in any of the five prior years.
- I. **Officer** is a person who manages *Colby's* daily operations, such as a president or vice president. Regardless of title, individuals are also considered to be an “*officer*” at *Colby* if they have ultimate responsibility for (a) implementing the decision of a governing body of *Colby*, or (b) supervising the management, administration, or operation of *Colby*, or (c) for managing *Colby's* finances.

Members of the *Colby* senior staff are *officers* under this policy. If ultimate responsibility for managing *Colby's* daily operations or finances resides in two or more persons, then all such persons are deemed “*officers*”. An “*officer*” may be a current *officer* if that person served as such during the College’s most recently completed *tax year*. A former *officer* can also be an “*officer*” under this policy if the person served as such during any one of the five preceding *tax years* and received more than \$100,000 in annual reportable compensation in any of those years from *Colby*.

- J. **Tax Year** or **Year** is defined as each twelve (12) month period from July 1 through June 30.
- K. **Trustee** includes all trustees who are members of the Board, but only if they have voting rights and served in *Colby's* most recently completed *tax year*. This can include former trustees if they held the position of *Trustee* in any one or more of the five prior *tax years* and received more than \$10,000 of annual reportable compensation in any of those years from *Colby* in their capacity as a former trustee.

III. RESPONSIBILITIES OF TRUSTEES, OFFICERS AND KEY EMPLOYEES.

Each *Trustee, officer* and *key employee* shall refrain from any action or decision in conducting College business that would constitute a *conflict of interest*.

In addition, each *Trustee, officer* and *key employee* has a duty to disclose to the Board the existence and nature of any actual or potential *conflict of interest* prior to discussing or deliberating upon a proposed transaction or arrangement involving *Colby*. Such transactions or arrangements may not be *per se* prohibited, but a person with a *conflict of*

interest is typically excluded from discussion and deliberation, and a determination is then made by disinterested persons about whether the transaction or arrangement is fair and reasonable.

Colby recognizes that *Trustees* are involved in other institutions and organizations that may have relationships and affiliations with *Colby* that could raise questions about potential conflicts of interest. The mere existence of a relationship with outside firms or entities does not create a violation of this policy. However, if a *Trustee* has influence in matters related to a *financial interest* involving *Colby*, that *Trustee* must then disclose any actual or potential *conflicts of interest*. While such potential *conflicts* may be deemed inconsequential, each *Trustee* has the responsibility to ensure that the Board is made aware of situations that involve *financial interests* or relationships, or personal, *family*, or other relationships that might constitute a *conflict*.

Trustees, officers and *key employees* may not accept or receive *compensation* or remuneration for their appointment or services, unless they are also employees of *Colby* and authorized to receive salary, *compensation* or reimbursement for services based on their employee status.

Trustees, officers and *key employees* will treat all information received in their respective roles that is designated as, or reasonably known to be, confidential as confidential both during and after the completion of that person's term as a *Trustee, officer* or *key employee*.

IV. ANNUAL DISCLOSURE FORM.

Each *Trustee, officer* and *key employee* must complete an annual disclosure form acknowledging they have reviewed and understand the terms of this policy, and identifying actual or potential *conflicts of interest*, together with any possible *financial interests* or relationships, or personal, *family*, or other relationships that reasonably might give rise to a *conflict*.

Additionally, each *Trustee, officer* and *key employee* has a continuing obligation to disclose in writing to the chair of the *Board* and the president of *Colby* (or their designees) any actual or potential *conflicts*, or any possible *financial interests* or personal, *family*, or other relationships that reasonably might give rise to a *conflict* which become known after signing the annual disclosure form. If a person is uncertain whether to list a particular relationship, the College's general counsel or Vice President of Administration and Chief Financial Officer should be consulted. Disputes or uncertainty about the existence of an actual or potential *conflict* are determined by an ad hoc committee comprised of the following: Chair and Vice Chairs of the board or their designees, Chair of the Audit Subcommittee or its designee, the President, the Vice President, General Counsel and Secretary of the College, and the Vice President of Administration and Chief Financial Officer, or their designees.

V. DISCLOSURE - ACCEPTANCE OF GIFTS.

Each *Trustee, officer* and *key employee* shall refrain from accepting any gift, favor, service or *compensation* (collectively "benefits") of any kind in their capacity as a *Trustee, officer* or *key employee* from any person or entity IF such could materially influence the exercise of the judgment of the recipient. *Compensation* does not include the provision, payment or reimbursement by *Colby* of reasonable expenses incurred by a *Trustee, officer* or *key employee* in that person's capacity as a *Trustee, officer* or *key employee*, including the provision, payment or reimbursement of such expenses as travel, lodging and meals. Items of minimal value (i.e., less than \$250) need not be reported unless they occur repeatedly. Benefits in excess of \$250 are not prohibited *per se*, but must be disclosed on the annual disclosure form and prior to discussing or deliberating upon a proposed transaction or arrangement involving *Colby* and the person or entity providing the benefit.

VI. DISQUALIFICATION.

No *Trustee* shall vote on or participate in the discussion of any transaction or arrangement under consideration by the Board or a Board committee if that *Trustee* has an actual or potential *conflict of interest*.

The minutes of any meeting in which an actual or potential *conflict* is disclosed or identified shall generally describe the nature of the *conflict* and identify whether, prior to deliberations concerning the transaction or arrangement, the Board, committee or involved person determined that the person should be excused from the meeting. The minutes shall also include the final decision or recommendation regarding the transaction or arrangement, and the considerations examined by the Board or committee in determining the transaction or arrangement was fair and reasonable to Colby.

VII. POSSIBLE CONSEQUENCES FOR VIOLATIONS OF THE POLICY.

Because a violation of this policy can, among other things, result in a determination that the transaction or arrangement is null and void, and jeopardize Colby's tax-exempt status, violations by a *Trustee* may result in removal of the person from the Board or committee. Violations of this policy by an *officer* or *key employee* may result in disciplinary action, including termination of employment.

VIII. REPORTING VIOLATIONS OF THE POLICY.

Each *Trustee*, *officer* and *key employee* is expected to report violations of this policy to the chair of the Board and the president of Colby (or their designees).

IX. CONFLICTING PROVISIONS.

If there is a conflict between the provisions of this policy and the by-laws of the *College*, the by-laws shall govern. If there is a conflict between the provisions of this policy and any provisions, including any *conflict of interest* provisions in any handbook, guide, form or other material of the *College*, this policy shall govern.

COLBY COLLEGE

**CONFLICTS OF INTEREST POLICY FOR THE BOARD OF TRUSTEES,
OFFICERS AND KEY EMPLOYEES**

DISCLOSURE FORM

Colby uses this Disclosure Form to identify existing or potential *financial interests* or relationships, or personal, *family* or other relationships that might constitute a *conflict of interest*. This form also assists the Board in discharging its fiduciary duties and assists *Colby* in complying with its obligations as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, including its obligation to make certain disclosures on IRS Form 990. (Some questions below are directed at potential *conflicts of interest* under the Internal Revenue Code and extend to transactions beyond those that would give rise to a *conflict* under *Colby's* organizational documents or Maine law.) The italicized terms are defined in the conflict of interest policy that accompanies this form. When completed, please return this form via fax, email or regular mail to:

Douglas C. Terp, Vice President of Administration and Chief Financial Officer
Colby College
Room 305B, Eustis Building
Waterville, Maine 03901
(207) 859-4774 (Office)
Douglas.terp@colby.edu

This Form will be shared with other College officers and members of the Board of Trustees responsible for ensuring compliance.

If you have questions about this form, please contact:

Richard Y. Uchida, Vice President, Secretary of the College and General Counsel
Colby College
4617 Mayflower Hill
Waterville, Maine 04901
(207) 859-4609 (Office)
Richard.uchida@colby.edu

IF YOU ANSWER “YES” TO ANY OF THE FOLLOWING QUESTIONS, please provide the details below or on a separate sheet of paper and attach it to this form.

1. Are you or is any member of your *family* a director, officer, trustee, employee, manager, advisor, or consultant of any partnership, corporation, limited liability company, sole proprietorship or other entity that currently has or is in the process of entering into a business relationship or transaction with *Colby*, OR with any *Trustee, officer* or *key employee* who is affiliated with any of the foregoing business entities? If yes, please list all such persons and relationships.

No _____ Yes _____

Details:

2. Are you or is any member of your *family*, OR are you aware of any *friend* or *interested person* involved in (or in the process of entering into) a business relationship or transaction to provide services or goods **to students or faculty** of *Colby* (such as financial aid, financial aid consulting, housing, study abroad services, or the provision of food or beverages, or equipment, professional education services or publishing, etc.)? If yes, please list all such persons and relationships.

No _____ Yes _____

Details:

3. Are you aware of any relationships (other than as described above) between *Colby* (including all who are included in the definition of “Colby”) and you, a *family member*, *friend* or *interested person*, that may represent an actual or potential *conflict of interest*?

No _____ Yes _____

If yes, please list the information in detail.

4. During the past 12 months, did you or a *family member* or *friend* receive any *compensation* in excess of \$250, such as gifts, loans or other financial benefits from any person or entity that has a business relationship with *Colby*? *Compensation* does not include the provision, payment or reimbursement by *Colby* of reasonable expenses incurred by a *Trustee*, *officer* or *key employee* in that person’s capacity as a *Trustee*, *officer* or *key employee*, including the provision, payment or reimbursement of such expenses as travel, lodging and meals.

No _____ Yes _____

If yes, please list the information in detail.

5. Are you aware of any actual or potential *conflict of interest* involving any *Trustee*, *officer* or *key employee* of *Colby*?

No _____ Yes _____

If yes, please list the information in detail.

6. Attached to this form is **Schedule A** listing the names of individuals and entities who currently serve as *Trustees, officers, and key employees* of *Colby*. Please review **Schedule A** before answering the following questions. This information is an important part of *Colby's* effort to file a complete and accurate IRS Form 990.

a. Is any person listed on **Schedule A** a member of your *family*? If yes, please explain.

No _____ Yes _____

Details:

b. Are you, or are any of your *family members* or *friends* an employee of any person or entity listed on **Schedule A**? If yes, please explain.

No _____ Yes _____

Details:

c. Have you or a company with which you have a business relationship entered into a business contract or agreement with any person or entity listed on **Schedule A**? If yes, please explain.

No _____ Yes _____

Details:

d. To your knowledge, do you personally, or do any of your *family members*, have, when combined with every other person or entity listed on **Schedule A**, more than a 35% ownership interest in any corporation, general or limited partnership, trust, limited liability company, or other business association?

No _____ Yes _____

Details:

e. In the case of *officers* or *key employees*, are you an actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest of any corporation, general or limited partnership, trust, limited liability company, or other business association (including ownership by a *family member*)?

No _____ Yes _____

Details:

7. Are there any legal proceedings adverse to *Colby*, pending or threatened, in which you, a *family member*, or any entity more than 35% owned, individually or collectively by you or your *family members*, are a party?

No _____ Yes _____

If yes, please list them below.

8. During the past five years, have you been convicted in a criminal proceeding or are you now the named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses)?

No _____ Yes _____

If yes, please provide the details below.

CERTIFICATION

I attest that I have read and understand Colby's Conflicts of Interest Policy for the Board of Trustees, Officers and Key Employees and will act in accord with its provisions. I further attest that the foregoing information is true and complete to the best of my knowledge.

I agree that if at any time after the date of this form either I or a member of my family enters into a business relationship described on this form that has been not previously disclosed (or otherwise there is a need to correct or update the information provided in this form), I agree to submit a revised Disclosure Form.

Name (*please print*)

Signature

Dated

SCHEDULE A

**Current and Former Trustees, Officers, and Key Employees
of Colby College for _____ Academic Year**