O'Farrell Community School

CONFLICTS OF INTEREST POLICY

Article I

Purpose

The purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II

Definitions

1. Interested Person

Any director, principal 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. If a person is an interested person with respect to any entity in the health care system of which the Corporation is a part, he or she is an interested person with respect to all entities in the health care system.

2. Financial Interest

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

a. an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or

b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or

c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Approved and/or authorized by the Board of Supervisors of the County of San Diego
Date 2/28/12 Minute Order No. 18
THOMAS J. PASTUSZKA
Clerk of the Board of Supervisors
Nancy Vinyard
Deputy Clerk

Article III

Procedures

1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, the interested person shall leave the board or committee meeting while the financial interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

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

   b. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

   c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Conflicts of Interest Policy

   a. If the board or committee has reasonable cause to believe that 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.

   b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the board and all committee with board-delegated powers shall contain –

a. 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 take 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.

b. the name 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 therewith.

Article V

Compensation Committees

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

b. Physicians who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters.

Article VI

Annual Statements

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that 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 that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII

Periodic Reviews

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

b. Whether acquisitions or physician practices and other provider services result in inurement or impermissible private benefit.

c. Whether partnership and joint venture arrangements and arrangements with management service organizations and physician hospital organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

d. Whether agreements to provide health care and agreements with other health care providers, employees, and third party payors further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

Article VIII

Use of Outside Experts

In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Jonathan Dean, Executive Director

COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS

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CLERK OF THE BOARD

Board of Directors
O'Farrell Community School
San Diego, California

In the Matter of Support	)	
of a Conflict of Interest	)	RESOLUTION
Policy	)	

WHEREAS, this resolution certifies the approval of the O'Farrell Community School Board of Directors to enact a Conflict of Interest Policy.

WHEREAS, the purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

BE IT RESOLVED, that the Board of Directors of the O'Farrell Community School authorizes the creation of a Conflict of Interest Policy;

PASSED AND ADOPTED by the Board of Directors of the O'Farrell Community School of San Diego County, California, this 4th day of May 2010:

I, Jonathan Dean, Executive Director, O'Farrell Community School, do hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by said board at a meeting thereof held on the day and by the vote above stated, which resolution is on file with the minutes of said meeting.

Jonathan Dean, Executive Director

5/4/2010
Date

Board Approval Date: May 4, 2010