Article I
Purpose

The Towson University Foundation (TU Foundation) Board of Directors, officers and key employees have a fiduciary duty of loyalty to the TU Foundation. This fiduciary duty requires that, in dealings for the TU Foundation, they put the interests of the TU Foundation ahead of all competing interests and that they not take advantage of their position with the TU Foundation for personal or private gain, either for themselves, any friend or family member, or any other organization in which they may have an interest. The TU Foundation recognizes the importance of adhering to the highest standards of responsibility, accountability and public scrutiny.

The purpose of the conflict of interest policy is to protect the TU Foundation's interest when:

a. It is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the TU Foundation or might result in a possible excess benefit transaction; or
b. An officer or director has other commitments that might present a challenge in terms of competing duties and responsibilities.

This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable corporations.

Article II
Definitions

1. Interested Person

   Any director, both officio and ex-officio, officer, or member of a committee with Board of Director-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Immediate Family

Interested persons' immediate family includes spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law and brothers and sisters-in-law.

3. Financial Interest

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

a. Is an officer, director, or partner of any corporation or organization, or of which the person is directly or indirectly the owner beneficially of 5% or more of any class of equity securities,
b. Has beneficial interest in any trust or other estate or as to which the person serves as trustee or in a similar fiduciary capacity,
c. Beneficially owns stocks, bonds and other securities for the person's own benefit, whether in bearer form or registered in the person's own name or otherwise, and securities held by others for the person's benefit (regardless of whether or how they are registered) such as, for example, securities held for the person by custodians, brokers, immediate family or others, securities held for the person's account by pledges, securities owned by a partnership in which the person is a member, and securities owned by any corporation that is or should be regarded as a personal holding corporation of the person,
d. Has a compensation arrangement with the TU Foundation or with any entity or individual with which the TU Foundation has a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial, with a value exceeding $100.00.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Board or appropriate committee with Board of Director-delegated powers decides that a conflict of interest exists. However, even an appearance of a conflict could create reputational risk to the TU Foundation, and as a result, it is important for each member of the committee to bring forward potential conflicts of interest, as highlighted in Article III, Section 1.

4. Competing Interest

   A person has a competing interest if the person has other duties and responsibilities by virtue of his or her employment or other volunteer commitments that may cause the potential for a conflict between the duties owed to his/her employer or other volunteer organization and the duty owed to the TU Foundation. A competing interest might not be financial in nature.

Article III
Procedures

1. Duty to Disclose

   In connection with any actual or possible conflicts of interest, an interested person must disclose on an ongoing basis but in all cases in advance of such time when the Board would be considering some action that is subject to disclosure the existence of any financial interest or other competing interest and all material facts to the directors and members of committees with Board of Director-delegated powers considering the proposed transaction or arrangement. An example of a competing interest would be a leadership position with a partnering or recipient non-profit organization. Transparency and proactive disclosure are critical to maintaining the trust and integrity of the TU Foundation.

2. Determining Whether a Conflict of Interest Exists

   After disclosure of the financial interest or other competing interest and all material facts to the relevant committee chair or if applicable, the Board President, and after any discussion with the interested person, he or she shall leave the Board or committee meeting while the determination of a conflict of 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

   An interested person may make a presentation at the Board or relevant committee meeting about the subject matter of the potential conflict of interest, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

   The President of the Board or chairperson of the relevant committee with Board of Director-delegated powers shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

   After exercising due diligence, the Board or committee shall determine whether the TU Foundation 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.

   If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee with Board of Director-delegated powers shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the TU Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the TU Foundation. The Board or committee 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

   If the TUF Board of Directors or committee with Board of Director-delegated powers has reasonable cause to believe 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.

If, after hearing the response of the director and after making further investigation as warranted by the circumstances, the Board or committee with Board of Director-delegated powers determines the director has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action which can include possible removal from the related committee or the Board.

Article IV
Records of Proceedings

The minutes of the Board and all committees with Board of Director-delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest or other competing interest in connection with an actual or possible conflict of interest, the nature of the financial interest or other competing 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,
b. 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.

Article V
Compensation

A voting member of the Board who receives compensation, directly or indirectly, from the TU Foundation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee with Board of Director-delegated powers whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the TU Foundation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the TUF Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the TU Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Any decision by the TUF Board of Directors, or any committee with Board of Director-delegated powers, approving compensation or other financial transaction with a disqualified person (an officer, director, executive level staff, or major contributor of TU Foundation), shall be documented in the Board or Committee minutes by recording a description of the compensation or other transaction, the information relied upon in making the decision, and the names and recorded votes of the persons who voted on the proposed compensation or financial transaction.

Article VI
Annual Statements

Each director, officio and ex-officio, officer and member of a committee with Board of Director-delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflict of interest policy,
b. Has read and understands the policy,
c. Has agreed to comply with the policy, and
d. Understands the TU Foundation is a non-profit charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

An additional Conflict of Interest Disclosure Form should be completed by any director, officer, or member of a committee with Board of Director-delegated powers and given to the TU Foundation's President if a conflict of interest arises during the year.

Article VII
Periodic Reviews

To ensure the TU Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, bi-annual reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the TU Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the TU Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the TUF Board of Directors of its responsibility for ensuring periodic reviews are conducted.

Article IX
Confidentiality

All officers, directors or members of a committee with Board of Director-delegated powers are subject to a continuing obligation to maintain the confidentiality of information provided to them as a result of their service to the TU Foundation which is sensitive or proprietary in nature and is reasonably expected to remain confidential. For example, and not intended to be a limitation, all Board and committee discussions held in executive session, deliberations, personnel matters, financial matters, strategic plans and other information of a confidential nature that has not been released by virtue of Board or committee minutes, reports or other documents that are intended for publication should be maintained as confidential.