Conflict of Interest Policy

Article I
Purpose
The purpose of the conflict of interest policy is to protect the San José State University Alumni Association’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 Alumni Association 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 conflict of interest applicable to nonprofit and charitable organizations.

Article II
Definitions
1. Interested Person
Any director, principal officer, or member of a committee with governing board delegated powers, that has a direct or indirect financial interest, as defined below, is an interested person.

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 Alumni Association has a transaction or arrangement,
   b. A compensation arrangement with the Alumni Association or with any entity or individual with which the Alumni Association 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 Alumni Association is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

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 of directors or executive committee decides that a conflict of interest exists.

Article III
Procedures
1. Duty to Disclose
In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists
After disclosure of the financial interest and all material facts, and after any
discussion with the interested person, he/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
a. An interested person may make a presentation at the governing board or
committee meeting, but after the presentation, he/she shall leave the meeting
during the discussion of, and the vote on, the transaction or arrangement
involving the possible conflict of interest.
b. The president of the board or committee chairperson shall, if appropriate,
appoint a disinterested person or committee to investigate alternatives to the
proposed transaction or arrangement.
c. After exercising due diligence, the board or committee shall determine
whether the Alumni Association 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.
d. If a more advantageous transaction or arrangement is not reasonably possible
under circumstances not producing a conflict of interest, the governing board or
committee shall determine by a majority vote of the disinterested directors
whether the transaction or arrangement is in the Alumni Association’s best
interest, for its own benefit, and whether it is fair and reasonable. In conformity
with the above determination it shall make its decision as to whether to enter
into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy
a. If the board of directors or executive committee 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.
b. If, after hearing the member’s response and after making further investigation
as warranted by the circumstances, the governing board or committee
determines the member has 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 of directors and all committees 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 taken to determine whether a conflict
of interest was present, and the governing board’s or committee’s decision as to
whether a conflict of interest in fact existed.
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. Members of the San José State University Alumni Association Board of Directors serve without compensation, as prescribed in the bylaws.
b. Compensation for the Executive Director is determined by the university and he/she is governed by California State University rules regarding outside employment and consulting activity.

Article VI
Annual Statements
Each director or member of a committee with board-delegated powers shall annually sign a statement which affirms 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 the Alumni Association is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews
To ensure the Alumni Association operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
a. Whether partnerships, joint ventures, and arrangements conform to the Alumni Association’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.