

Liberty Tech Charter School Board of Trustees Conflict of Interest Policy

1. Purposes

The purpose of this Board of Trustees Conflict of Interest Policy (this “Policy”) is to protect the interest of LTCS when it is contemplating entering into a transaction that might directly or indirectly benefit the private interest of an individual on the LTCS Board of Trustees or might result in a possible excess benefit transaction. The Policy prohibits “Excess Benefit Transactions” and requires all Board of Trustee Members (“Insiders”) to disclose any “Possible Conflict of Interest” so that it may be reviewed to determine if it is a “Conflict of Interest.” 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.

2. Possible Conflicts of Interest. Conflicts of Interest and Excess Benefit Transactions

- 2.1. **Duty to Disclose Possible Conflicts of Interest.** In connection with any Possible Conflict of Interest (other than a Possible Conflict of Interest of which LTCS is already aware, such as an executive compensation arrangement), an Insider must disclose the nature of the Possible Conflict of Interest (including all information necessary to determine if the Possible Conflict of Interest is a Conflict of Interest or could result in an Excess Benefit Transaction) and be given the opportunity to disclose all material facts to the Board of Trustees and Board Committees considering the proposed transaction.
- 2.2. **Conflicts of Interest.** LTCS shall not knowingly engage in any transaction which is a Conflict of Interest unless the transaction is reviewed and approved pursuant to the terms of this Policy, and the Insider with respect to which such transaction is a Conflict of Interest shall not participate in any review or approval of such transaction except as provided in this Policy.
- 2.3. **Excess Benefit Transactions.** No Disqualified Person shall engage in any Excess Benefit Transaction with LTCS or a LTCS Affiliate.

3. Procedures.

- 3.1. **Determining Whether a Conflict of Interest or Excess Benefit Transaction Exists.** After disclosure of the Possible Conflict of Interest and all material facts, the Board of Trustees shall decide if a Conflict of Interest or Excess Benefit Transaction exists.
- 3.2. **Procedures for Determination.**
 - 3.2.1. The Insider may make a presentation at the Board of Trustees meeting, but after the presentation, the Insider shall leave the meeting during the discussion of, and the vote on, the transaction involving the Possible Conflict of Interest.
 - 3.2.2. The Board of Trustees may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction involving the Possible Conflict of Interest.
 - 3.2.3. After exercising due diligence, the Board of Trustees shall determine whether LTCS can obtain, with reasonable efforts, a more advantageous transaction from a person or entity that would not give rise to a Possible Conflict of Interest.
 - 3.2.4. If the Possible Conflict of Interest involves a possible Excess Benefit Transaction with a Disqualified Person, the Board of Trustees may, if appropriate, appoint a committee of disinterested individuals to act on behalf of the Board of Trustees to review, and possibly approve, the proposed transaction. If, however, it is determined that the Possible Conflict of



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Interest would be an Excess Benefit Transaction, the terms of the proposed transaction must either be revised so as to not be an Excess Benefit Transaction, or LTCS must not enter into the proposed transaction.

3.2.5. If the proposed transaction would not be an Excess Benefit Transaction, and if a more advantageous transaction is not reasonably possible under circumstances not producing a Possible Conflict of Interest, the Board of Trustees shall determine by a majority vote of the disinterested Trustees whether the transaction is in the best interest of LTCS, for its own benefit, and whether the transaction is fair and reasonable. In conformity with the above determination the Board of Trustees shall make its decision as to whether to enter into the transaction.

3.3. Violations of this Policy.

3.3.1. If a majority of the Board of Trustees believes an Insider has failed to disclose one or more Possible Conflicts of Interest, it shall inform him or her of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose.

3.3.2. If, after hearing the Insider's response and after making further investigation as warranted by the circumstances, the Board of Trustees determines the Insider has failed to disclose a Possible Conflict of Interest, it shall recommend appropriate disciplinary and corrective action.

4. Definitions.

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

4.2. **Conflict of Interest.** An Insider has a "Conflict of Interest" with respect to an effected transaction or a proposed transaction of LTCS, whether or not the transaction is disclosed as a Possible Conflict of Interest, if to the knowledge of the Insider, any of the Insider, a Family Member of the Insider or a Related Entity with respect to the Insider is a party to the transaction or has a beneficial financial interest in or so closely linked to the transaction and of such financial significance to the Insider, a Family Member of the Insider or a Related Entity with respect to the Insider that it would reasonably be expected to exert an influence on the Insider's judgment:

4.2.1. if the Insider has the authority to approve the transaction;

4.2.2. if the Insider provides any meaningful and material input to or for the benefit of any Insider who has the authority to approve the transaction.

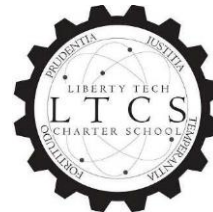
4.3. **Disqualified Person.** "Disqualified Person" shall mean, with respect to any transaction, (i) an Insider, (ii) a Family Member of an Insider, and (iii) a Related Entity with respect to an Insider.

4.3.1. **Excess Benefit Transaction.** "Excess Benefit Transaction" means any transaction in which an economic benefit is provided by LTCS to or for the use of any Disqualified Person if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received by LTCS for providing such benefit.

4.3.2. **Family Member.** "Family Member" shall mean an individual's spouse, siblings (including half-brothers and half-sisters), spouses of siblings, ancestors, descendants (including by adoption) and spouses of descendants. "Family Member" shall also include the parents and siblings of the Insider's spouse, any individual having the same home as the Trustee or Officer and any incompetent, conservatee or minor of which the Insider is a fiduciary.

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- 4.3.3. **Insider.** “Insider” shall mean, with respect to any transaction, any Board of Trustee Officer or Member.
- 4.3.4. **Possible Conflict of Interest.** An Insider has a “Possible Conflict of Interest” if:
- 4.3.4.1. LTCS is proposing to enter into or amend a transaction (including a compensatory, consulting or professional advisor relationship) with the Insider or a Disqualified Person with respect to the Insider;
 - 4.3.4.2. The Insider or a Disqualified Person with respect to the Insider is considering acquiring or making an investment in any entity or entering into a relationship with any entity or individual with which LTCS is negotiating a transaction (including a compensatory, consulting or professional advisor relationship); or
 - 4.3.4.3. LTCS is proposing to enter into or amend a transaction (including a compensatory, consulting or professional advisor relationship) with an entity in which the Insider or a Disqualified Person with respect to the Insider has, directly or indirectly, an ownership or investment interest, but such ownership or investment interest is not sufficient to make such entity itself a Related Entity (and for these purposes, an Insider’s ownership of less than 5% of a publicly traded company shall be disregarded).
- 4.3.5. **Related Entity.** “Related Entity” means:
- 4.3.5.1. any corporation in which an individual or Family Members of the individual collectively own (directly or indirectly) more than 35% of the combined voting power,
 - 4.3.5.2. any partnership, limited liability company or other entity taxed as a partnership in which an individual or Family Members of the individual collectively own (directly or indirectly) more than 35% of the profits interests,
 - 4.3.5.3. any trust or estate in which an individual or Family Members of the individual collectively own (directly or indirectly) more than 35% of the beneficial interests, and
 - 4.3.5.4. an entity (other than LTCS) of which he or she is a director, trustee, general partner, agent, or employee; or
 - 4.3.5.5. a trust or estate of which any Board of Trustee Officer or Member is a fiduciary.

5. Records of Proceedings.

The minutes of the Board of Trustees and all Board Committees shall contain:

- 5.1. The names of the persons who disclosed or otherwise were found to have a Possible Conflict of Interest, the nature of the Possible Conflict of Interest, any action taken to determine whether an Excess Benefit Transaction or Conflict of Interest was present, and the Board’s or committee’s decision as to whether an Excess Benefit Transaction or Conflict of Interest in fact existed; and
- 5.2. The names of the persons who were present for discussions and votes relating to the transaction, the content of the discussion, including any alternatives to the proposed transaction, and a record of any votes taken in connection with the proceedings.

6. Annual Statements.

Each Insider shall each year sign a statement which affirms such person has received a copy of this Policy, has read and understands this Policy, has agreed to comply with this Policy, and understands that as an Insider, he or

Initial: _____



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she will be subject to the restrictions in this Policy for a five (5)-year period following the cessation of the individual's status as an Insider.

Sign: _____

Date: _____