

Conflicts of Interests Policy

Article I: Purposes

The purposes of this conflicts of interests policy (this “Policy”) are to protect _____ (hereinafter “School”) against actual and perceived conflicts of interests, ensure that the School and its Governing Board conduct themselves with the highest levels of integrity, and foster compliance with applicable law. Consistent with these purposes, Governing Board members should approach potential conflicts of interests situations with care and err on the side of caution, disclosure, and recusal when faced with uncertain situations. Service to the School, its students, and the public is placed above personal gain or loyalty.

Article II: Scope

The procedures set forth in this Policy apply to actions by members of the Governing Board on behalf of the School. Governing Board members and School employees are also subject to similar requirements under the Hawai‘i State Ethics Code, Hawai‘i Revised Statutes (“HRS”) chapter 84.

Article III: Definitions

“Close Family Member” means, whether through marriage, birth, or adoption, a spouse, civil union partner, parent, child, sibling, grandparent, grandchild, aunt, uncle, niece, and nephew.

“Engagement” means to be engaged, retained, contracted, or hired as legal counsel, advisor, consultant, representative, or other agency capacity.

"Financial interest" means:

- (1) An ownership interest in a business or other entity.
- (2) A creditor interest in an insolvent business or other entity.
- (3) An employment, or prospective employment for which negotiations have begun.
- (4) An ownership interest in real or personal property.
- (5) A loan or other debtor interest.
- (6) A directorship or officership in a for-profit or non-profit entity, including if the position is an unpaid volunteer position.

“Official Action” means any action taken in the capacity as a Governing Board member including any discussion, decision, recommendation, approval, disapproval, vote, or other action, including inaction, which involves the use of discretionary authority.

Article IV: Conflicts of Interests

1. No Governing Board member shall take any Official Action that affects (a) a business or other undertaking in which the Governing Board member or a Close Family Member of the Governing Board member has a Financial Interest; or (b) any other private

undertaking in which the Governing Board member or a Close Family Member of the Governing Board member has an Engagement. Among other things, if a Governing Board member is an employee, officer, or director of the nonprofit organization that supports the School, that Governing Board member shall not take Official Action as a Governing Board member affecting that nonprofit organization.¹ HRS § 84-14(a).

2. No Governing Board member shall acquire a Financial Interest or an Engagement in any business or other undertaking which the Governing Board member has reason to believe may be directly involved in Official Action to be taken by the Governing Board. HRS § 84-14(b).
3. No Governing Board member shall assist or represent any person or business, for pay, on any contract or other transaction or proposal before the Governing Board, the School, the State Public Charter School Commission, the Board of Education, or any other public charter school.² HRS § 84-14(d).
4. No Governing Board member shall assist or represent any person or business, for pay, on any contract or other transaction or proposal before any state agency, if the Governing Board member participated or will participate in the same matter as a Governing Board member.³ HRS § 84-14(d).
5. No Governing Board member shall enter into a substantial financial transaction with a School employee.⁴ HRS § 84-13(a)(4).

¹ For example, suppose the nonprofit organization that supports the School purchases a property and rents that property to the School. If a Governing Board member is also an officer or employee of the nonprofit organization, the Governing Board member shall not vote on – or even participate in discussions regarding – the proposed lease agreement between the nonprofit organization and the School.

² For example, suppose a Governing Board member works for an architecture firm. The Governing Board would like to contract with an architecture firm to expand the school facility. The Governing Board member may not communicate directly with the School or the Governing Board regarding this contract. Furthermore, the Governing Board member may not assist the architecture firm, even behind the scenes, to help bid on the contract.

³ For example, suppose the Board of Education (“BOE”) asks all Charter Schools to submit requests for funding for capital improvements, and the School’s Governing Board submits a request to the BOE. The BOE then solicits bids for construction companies to perform the work. The Governing Board member who participated in creating the School’s request to BOE cannot assist or represent their private company in bidding on that work.

⁴ For example, Governing Board members should not rent an apartment to or from a school employee, or hire a school employee to do construction or landscaping work at a Governing Board member’s house on the weekend, or hire a teacher from the school to tutor the Governing Board member’s children.

6. No Governing Board member shall apply for or be considered for employment or contract with the School or the nonprofit organization supporting the School while serving on the Governing Board. HRS §§ 84-13(a), 84-13(a)(1), 84-14(a).
7. No Governing Board member shall participate in any personnel discussions (including but not limited to hiring, firing, salaries, and/or other terms and conditions of employment) involving a Close Family Member. HRS §§ 84-13(a), 84-14(a).
8. A Governing Board member may, on behalf of the member's employer, offer a donation of goods and services to the Governing Board and/or the School. However, the Governing Board member shall recuse themselves from any discussion or deliberation on whether to accept the donation and how, if at all, to recognize the donation publicly. Furthermore, any public recognition for the donation (such as mention in the School's newsletter and/or on social media) shall be the same for that donor as for any other donor. HRS §§ 84-13(a), 84-14(a).

Article V: Procedures

1. In the event that a Governing Board member has a Conflict of Interest as set forth in Article IV, the Governing Board member shall recuse themselves and shall not participate in any Official Action. At the discretion of the presiding officer, the Governing Board member may be asked to leave a meeting while the matters in which that Governing Board member has a Financial Interest or Engagement are discussed.
2. It shall be the obligation of any Governing Board member to disclose any Financial Interest or Engagement and recuse themselves from participation in any Official Action. All such disclosures and recusals shall be recorded in the Governing Board's minutes.

Article VI: Other applicable provisions

Governing Board members are bound by the State Ethics Code, and, among other things, are prohibited from the following:

1. Accepting gifts – including food – from vendors, contractors, or others who have (or have had) business before the Governing Board;
2. Using or revealing confidential information; and
3. Using their positions as Governing Board members to obtain special treatment for themselves or others (e.g., using their positions as Governing Board members to try to move a prospective student up on the wait list).

Article VII: Coordination with Relevant Law.

This Policy is intended to supplement but not replace any applicable state and federal laws including but not limited to the Hawai'i State Ethics Code, HRS chapter 84, and the Hawai'i

Charter School Act, HRS chapter 302D. This Policy should further be interpreted consistently with those laws, and in particular the eligibility requirements for Governing Board members set forth in HRS § 302D-12. In the event of any conflict between this Policy and any applicable state or federal statute, the statute shall control.

In the event of questions regarding conflicts of interest, questions may be directed to the staff of the Hawai'i State Ethics Commission.

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