

MICHIGAN STATE
U N I V E R S I T Y

May 15, 2020

REVISED

MEMORANDUM

To: Board of Trustees
From: Committee on Audit, Risk and Compliance
Subject: Revisions to Policy 01-01-10 (Conflict of Interest)

RECOMMENDATION

The Trustee Committee on Audit, Risk and Compliance recommends that the Board of Trustees approve the revisions to Policy 01-01-10 (Conflict of Interest) shown in Attachment A hereto.

RESOLUTION

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby approves the revisions to Policy 01-01-10 (Conflict of Interest) shown in Attachment A hereto.



Board of Trustees

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BACKGROUND

The people of Michigan, through the State Constitution, established the Board of Trustees of Michigan State University and granted the Board general supervision of the University. As stated in the Bylaws of the Board of Trustees, "the Constitution confers upon the Board of Trustees the freedom, power, and responsibility to develop a free and distinguished university and to promote the welfare of mankind through teaching, research and public service."

Policy 01-01-10 regarding Board of Trustees Conflict of Interest was adopted on December 6, 2006 to enhance public confidence in the Board as it carries out its public trust. The proposed revisions to the Policy are intended to enhance and clarify existing processes and procedures for identifying and addressing conflicts of interest.

cc: S. Stanley, T. Sullivan, N. Beauchamp, N. Barr, B. Quinn, M. Zeig,
M. Tarrant

BOARD OF TRUSTEES CONFLICT OF INTEREST POLICY

01-01-10

The people of Michigan, through the State Constitution, established the Board of Trustees of Michigan State University and granted the Board general supervision of the University. "The Constitution confers upon the Board of Trustees the freedom, power, and responsibility to develop a free and distinguished university and to promote the welfare of mankind through teaching, research and public service." Preamble, Michigan State University Board of Trustees Bylaws. In carrying out its public trust, the Board of Trustees has adopted this policy to enhance public confidence in the Board.

- I. **Fiduciary Responsibilities.** Trustees will act in a manner consistent with their fiduciary responsibilities to the University. Trustees will place the University's interests ahead of their private interests. Trustees will exercise their powers and duties in the best interests of the Board and the University and for the public good.
- II. **Conflict of Interest.** (a) A conflict of interest exists when a Trustee's financial interests or other opportunities for personal benefit may compromise, or reasonably appear to compromise, the Trustee's independence of judgment in fulfilling his/her Board duties. (b) Trustees will endeavor to remain free from the influence of, or the appearance of, any conflicting interest in fulfilling their Board duties. Trustees will exercise care that no detriment to the University results from conflicts between their interests and those of the University. (c) Trustees will attempt to refrain from accepting duties, incurring obligations, or engaging in activities that would be incompatible with, or in conflict with, their Board duties.
- III. **Contracts.** No Trustee shall have a pecuniary interest, whether direct or indirect, in any contract with the University that would induce or have the potential to induce action on the part of the Trustee to promote the contract for his/her own personal benefit.
- IV. **Use of Authority/Information.** Trustees will not use their positions, or any privileges or information attendant to their offices, to obtain or provide others with a benefit that is inconsistent with the University's interests.
- V. **Outside Influence.** No Trustee will solicit or accept any gift, loan, or other thing of value, or the promise thereof in the future, from anyone outside the University which would tend to influence improperly the manner in which the Trustee performs his/her duties.
- VI. **Competition with University.** No Trustee will knowingly compete with the University for any property, asset, or opportunity which may be of interest to the University, unless the University has been informed of the opportunity on a timely basis and has declined to act on it.
- VII. **Diversion of Opportunity.** No Trustee will divert to another individual or entity an opportunity which may be of interest to the University, unless the University has been informed of the opportunity on a timely basis and has declined to act on it.
- VIII. **Disclosure of Conflicts.** If a Trustee believes that he/she may have a conflict of interest or is notified of a complaint of non-compliance with this Policy, the Trustee shall promptly and fully disclose the details of the potential conflict to the Secretary to the Board of Trustees and shall refrain from participating in any way in the matter to which the conflict relates until the conflict question has been resolved. The Secretary to the Board of Trustees shall inform the Chairperson of the Board, the President, and the

General Counsel of all conflict of interest questions which have been disclosed to the Secretary.

IX. Determining Conflicts. The opinion of the General Counsel shall be final with regard to determining compliance with this Policy.

X. Addressing Conflicts. If it is determined that a conflict of interest exists, the Chairperson of the Board, ~~and~~ the President, and the General Counsel shall work with the affected Trustee to address the conflict and explore alternative arrangements that would eliminate the conflict. If after reasonable efforts, it is not possible to reach a mutually acceptable alternative arrangement, the transaction shall be prohibited.

XI. Violations. If a Trustee fails to disclose a conflict of interest or a conflict is otherwise discovered after the fact, the matter shall be forwarded to the Office of Audit, Risk and Compliance for review and corrective action.

~~VIII.~~XII. Trustees Emeriti. This Policy shall apply to Trustees Emeriti for a period of one year following the end of their term of office.

~~IX.~~XIII. Interpretation. This Policy is to be interpreted and applied in a manner that will best serve the interest of the University.

~~X.~~XIV. State Law. This Policy is in addition to any obligations imposed on a Trustee by the State law on conflicts of interest, P.A. 1968, No. 317, MCL 15.321 et seq.

Enacted: 12/06/2006

Amended: 05/15/2020