

**CONFLICT OF INTEREST POLICY STATEMENT
FOR MUHLENBERG COLLEGE BOARD OF TRUSTEES
Revised October 2009**

**Article I
Purpose**

The following Statement of Policy applies to each member of the Board of Trustees of Muhlenberg College ("College"). It is intended to serve as guidance for all persons who accept the significant responsibility of serving as a Trustee of Muhlenberg College. The purpose is to protect the College's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a Trustee or significant Officer of the College. This policy is intended to supplement but not replace any laws governing conflicts of interest applicable to non-profit and charitable corporations.

Men and women of substance inevitably are involved in the affairs of other institutions and organizations, as well as other constituencies of the College. However, members of the Board of Trustees serve the College and have a clear obligation to conduct the affairs of this institution and fulfill their responsibilities in a manner consistent therewith. All decisions of the Board and the officers are to be made solely on the basis of a desire to promote the best interests of the College. The integrity of the College must be protected and advanced at all times.

Consequently, each Trustee is obliged (1) to disclose any known conflict of interest and to avoid participating in any decision or advocating any subject matter before the Board of Trustees in which the Trustee has a conflict of interest; and annually (2) to disclose any possible personal, familial, business or other relationship that reasonably could give rise to a conflict involving the College; and (3) to acknowledge by his or her signature that he or she is in accordance with the letter and spirit of this policy.

**Article II
Definitions**

1. Interested Person: Any Trustee, principal officer, or member of a committee with Trustee delegated powers who 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 College has a transaction or arrangement, or (b) a compensation arrangement with the College or with any entity or individual with which the College 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 College is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. "Family" includes a spouse, parent, sibling, child, or any other relative if the latter resides in the same household as the Trustee.

Article III Procedures

1. Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the Trustees and members of committees with Trustee delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest, the interested person shall leave the Trustee or committee meeting while the financial interest is discussed and voted upon. The remaining Trustee or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest: (a) The chairperson of the meeting shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement; (b) after exercising due diligence, the committee shall determine whether the College 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; and (c) if a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the committee shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the College's best interest and for its own benefit and whether the transaction is fair and reasonable to the College and 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: (1) If the committee has reasonable cause to believe that 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; and (b) if, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Trustees or committee determines that the member has in fact 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 Trustees and all committees with trustee-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 Trustees' 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 therewith.

Article V
Compensation Committees

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the College for services is precluded from voting on matters pertaining to that member's compensation.

Article VI
Annual Statements

Each Trustee, principal officer and member of a committee with Trustee delegated powers shall annually sign and deliver to the Secretary of the Board of Trustees a statement which affirms that 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 that the College is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure that the College operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects: (a) whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and (b) whether provider services result in inurement or impermissible private benefit.

Article VIII
Use of Outside Experts

In conducting the periodic reviews provided in Article VII, the College may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

**ANNUAL DISCLOSURE FORM (2008-2009) FOR
MUHLENBERG COLLEGE TRUSTEES**

NAME: _____

It has been and shall continue to be the policy of the Board of Trustees of Muhlenberg College that all Board members avoid any conflict, or appearance of conflict, between their personal interests and the interest of the College in dealing with any organization or individual having, or seeking to have, any business relationship with the College or with any organization or individual whose objectives or interests may be adverse to specific College interests. I have received and read Muhlenberg College's current Board of Trustees Conflict of interest Policy Statement ("Policy"). I agree to comply with the Policy, to disclose and announce any conflict, abstain from voting on any motion where the conflict would be applicable, understand that the College is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes, and I am filing this form in accordance with the Policy.

1. Offices and Positions: Are you or any member of your family a director, officer, trustee, partner (general or limited), employee or regularly retained agent of any organization¹ with which there is a reasonable possibility the College may in the next year have business dealings?

Yes _____ No _____

If "Yes," please provide the following information: (If "No," please go to question 2.)

<u>Organization</u>	<u>Position</u>	<u>You or Name of Family Member</u>	<u>Nature of Organization's Business</u>
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¹"Organization" includes any corporation, partnership, proprietorship, association, trust, government agency or other entity.

2. Ownership Interests: Do you, or any member of your family, individually or in the aggregate, have the actual or beneficial ownership of stock, equity, debt or any other financial interest of any organization with which there is a reasonable possibility the College may in the next year have business dealings, other than a Permitted Interest² as defined below?

Yes _____ No _____

If "Yes," please provide the following information: (If "No," please go to question 3.)

<u>Organization</u>	<u>Position</u>	<u>You or Name of Family Member</u>	<u>Nature of Organization's Business</u>
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3. Remunerative Activities: Do you, or any member of your family, either individually or in the aggregate, expect to receive in the current or a future year, remuneration for services (other than a salary as an employee) in excess of \$10,000 from an organization with which there is a reasonable possibility the College may in the next year have business dealings?

Yes _____ No _____

If "Yes," please provide the following information:

<u>Organization</u>	<u>Position</u>	<u>You or Name of Family Member</u>	<u>Nature of Organization's Business</u>
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²"Permitted Interest" means the ownership of (a) shares of stock listed on the New York Stock Exchange, the American Stock Exchange, or any other recognized stock exchange, so long as the amount of such stock of anyone issuer is less than 5 % of the outstanding voting shares; (b) shares of mutual funds; (c) an interest in a blind trust; or (d) any debt instruments of publicly held companies.

4. Do you, or any member of your family, or a company that you or a member of your family is an employee of, employ a current Muhlenberg College employee?

Yes _____ No _____

If "Yes," please provide the following information:

<u>Organization</u>	<u>Position</u>	<u>Employee Name</u>	<u>Nature of Organization's Business</u>
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5. Do you, or any member of your family, own, directly or indirectly, Muhlenberg College bonds?

Yes _____ No _____

If your answer is "Yes," please list amount of bonds held, date of issuance and maturity date(s).

6. Do you, or any member of your family, serve as an employee of Muhlenberg College or attend as a student?

Yes _____ No _____

If your answer is "Yes," please list name of the employee or student, position held or year in school, and relationship to you.

7. Do you, or any member of your family, serve as a director, officer, partner, employee, trustee, manager or administrator of **any** organization (other than Muhlenberg College), whether public or private or for profit or not for profit?

Yes _____ No _____

If your answer is "Yes," please complete the attached schedule to this questionnaire providing the following information for each such entity:

- the position held
- the full name, address and state of organization of the entity, including name of CEO and Chairman
- whether the entity is engaged in any business with the College

- whether any of the entity's securities are publicly traded

I certify that the foregoing information is true and complete to the best of my knowledge.

Signature: _____

Date: _____

MUHLENBERG COLLEGE
OUTSIDE POSITIONS STATEMENT

Position Held (Please Include: Date of Initial Election and Term of Service)	Full Name, City & State of Organization Name of CEO, Chairman of Board and Outside Auditor (All Information is Required)	Publicly Traded? (Y/N)	Describe Business Conducted with the College

Name: _____

Date: _____