

Patterson Park Public Charter School, Inc.
OFFICER/DIRECTOR CONFLICT OF INTEREST POLICY

ARTICLE I:

Purpose

The purpose of this conflict of interest policy (the "Conflict of Interest Policy") is to protect the interest of Patterson Park Public Charter School, Inc. (the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This Conflict of Interest 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. "Affirmative Vote" means a vote of the majority of the members then-comprising the Governing Board; *provided, however*, that any member of the Governing Board who is an Interested Person shall not be counted as a member nor shall have a vote in such determination.

2. "Alternative Transaction" means a transaction or arrangement that (i) is from a person or entity that would not give rise to a conflict of interest and (ii) the Governing Board reasonably determines would be, after taking into consideration the totality of the circumstances, materially more advantageous to the Corporation.

3. "Compensation" means anything of economic value, however designated, which is paid, loaned, granted, given, donated, or transferred to any person or business entity for or in consideration of personal services, materials, property, or the like. "Compensation" does not include reimbursement for expenses actually incurred or anything that is of insubstantial economic value.

4. "Financial Interest" means any of the following interests, whether direct or indirect or through business, investment, or family: (a) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, (b) a arrangement for Compensation with the Corporation or with any entity or individual with which the Corporation 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 Corporation is negotiating a transaction or arrangement.

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 Governing Board so decides by Affirmative Vote.

5. "Governing Board" means the body to determine whether a conflict of interest exists. Initially, the "Governing Board" shall be the Board of Directors. A majority of the Board of Directors then in existence may designate an alternative Governing Board.

6. "Interested Person" means any director, principal officer, or member of a committee with powers delegated by the Governing Board, who has a direct or indirect Financial Interest.

All other capitalized terms not otherwise defined herein shall be given the meaning set forth in the Bylaws of the Corporation.

ARTICLE III:
Procedures

1. Duty to Disclose. All Interested Persons must disclose the existence of any Financial Interest and be given the opportunity to disclose all material facts to the Governing Board.

2. Determination of a Conflict of Interest. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Governing Board shall, outside the presence of the Interested Person and any authorized representative of the Interested Person, determine by Affirmative Vote whether a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest. If the Governing Board decides that any transaction or arrangement is a conflict of interest, the following procedure shall apply.

(a) The chair of the Governing Board may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(b) After exercising due diligence, the Governing Board shall determine whether it is reasonable for the Corporation to enter into an Alternative Transaction.

(c) If it is not reasonable for the Corporation to enter into an Alternative Transaction that would not produce a conflict of interest, the Governing Board shall determine by Affirmative Vote whether the proposed transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Governing Board shall determine by Affirmative Vote as to whether to enter into the transaction or arrangement.

(d) If the Governing Board finds that an Alternative Transaction is reasonably possible, the proposed transaction or arrangement shall not be consummated until the Governing Board finds by Affirmative Vote that such an Alternative Transaction is no longer reasonably possible.

4. Violations of the Conflicts of Interest Policy.

(a) If the Governing Board has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform such Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Governing Board determines the Interested Person 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 governing board and all committees with Governing Board delegated powers shall contain: (i) the names of any Interested Person 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 and (ii) 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

1. A voting member of the governing board who receives Compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's Compensation.

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

3. No voting member of the Governing Board or any committee whose jurisdiction includes Compensation matters and who receives Compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding Compensation.

ARTICLE VI:
Annual Statements

Each director, principal officer and member of a committee with Governing Board delegated powers shall annually sign a statement which affirms such person:

- Has received a copy of the conflicts of interest policy,
- Has read and understands the policy,
- Has agreed to comply with the policy, and
- Understands the Corporation is charitable and 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 VIII
Periodic Reviews

1. To ensure the Corporation 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: (i) whether Compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining and (ii) whether partnerships, joint ventures, and arrangements

with management organizations conform to the Corporation'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. The period for such reviews shall be set by the Governing Board.

2. The Board of Directors shall periodically review this policy but in any case not less than once every three years.

ARTICLE VIII:
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

AFFIRMATION OF COMPLIANCE WITH CONFLICT OF INTEREST POLICY

I have received and carefully read the Conflict of Interest Policy for Board members, staff, and volunteers of PPPCS and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that PPPCS is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in a disclosure statement attached hereto, I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of PPPCS, nor does any immediate relative or business associate of mine have such an actual or potential conflict of interest.

If any situation should arise in the future which may violate the Conflict of Interest Policy, I will promptly and fully disclose the circumstances to the President (Chairman) of the Board of Directors of PPPCS, Inc. or to the Executive Director, as applicable.

I further certify that the information set forth in this Affirmation of Compliance and any attachments is true and correct to the best of my knowledge, information, and belief.

Printed Name

Signature

Date