

**RESOLUTION TO ADOPT A CONFLICT OF INTEREST POLICY
AND DISCLOSURE FORM FOR UIF BOARD OF DIRECTORS**

The Ad Hoc Committee on Foundation Board Governance, Chaired by Fred F. Guyton Jr., was established by the Board of Directors at its meeting on September 27, 2002, to review the governance policies, practices, and procedures of the Foundation's Board. In relation to this charge, the Committee requested that Thomas R. Bearrows, Foundation's Legal Counsel, provide background information and propose a Conflict of Interest Policy and disclosure form for its review.

The adoption of a conflict of interest policy will align the University of Illinois Foundation with standard corporate practices and provide a mechanism for disclosure by members of the Board of Directors and Officers as defined by the Foundation's bylaws. The program will be administered on an annual basis to follow the organizational meeting of the Board of Directors in the fall, except for this inaugural year. The Conflict of Interest Policy and disclosure form will be mailed to and completed by all members of the Board of Directors and Officers soon following its adoption.

Therefore, the Ad Hoc Committee on Foundation Board Governance recommends approval of the following resolution:

BE IT AND IT HEREBY IS RESOLVED that the University of Illinois Foundation adopt a Conflict of Interest Policy and Disclosure Form and that said documents are attached to this resolution.

BE IT AND IT HEREBY IS FURTHER RESOLVED that the Policy and Disclosure Form will be sent annually beginning in 2004 to all members of the Foundation's Board of Directors and Officers as defined in the Foundation's bylaws following the organizational meeting in the fall.

Conflict of Interest Policy for University of Illinois Foundation

1. **Scope.** The following statement of policy applies to each Foundation officer and member of the Foundation's board of directors as those terms are defined by the Foundation's Bylaws (hereafter "Officer" and "Director"). It is also intended to serve as guidance for all persons employed by the Foundation in positions of significant responsibility and authority.
2. **Fiduciary Responsibilities.** Directors, Officers, and employees of the Foundation serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. All decisions of the Board and Officers of the Foundation are to be made solely on the basis of a desire to advance the best interests of the Foundation and the public good. The integrity of the Foundation must be protected at all times.

Men and women of substance inevitably are involved in the affairs of other institutions and organizations. Effective boards and administrations will include individuals who have relationships and affiliations that may raise questions about perceived conflicts of interests. Although many such potential conflicts are and will be deemed inconsequential, every individual Director and Officer has the responsibility to ensure the Board is made aware of situations that involve personal, familial, or business relationships that could be troublesome. Thus, the Board requires each Director and Officer annually to: (a) be familiar with the terms of this Policy; (b) disclose to the Board Chair any possible personal, familial, or business relationships that reasonably might give rise to a conflict involving the Foundation; and (c) acknowledge by his or her signature that he or she is in compliance with the letter and spirit of this Policy.

3. **Disclosure.** All Directors and Officers are requested to list on the attached form only those substantive relationships: (a) that they or members of their family maintain with organizations that do business with the Foundation; or (b) that potentially could be construed to affect their independent, unbiased judgment in light of their decision-making authority and responsibility. Directors and Officers also have a duty to update this information during the course of the year as necessary.

If a Director or Officer is uncertain whether to list a particular relationship, the Board Chair and Foundation Legal Counsel should be consulted. They may elect to seek the judgment of the Executive Committee before informing and consulting with the entire Board during an executive session. Information shared or gathered

as a result of such consultations (including information provided on this form) shall be confidential except when the institution's best interests would be served by disclosure. Such disclosure will be made only after informing those concerned.

As a general principle, a conflict of interest exists, and should be disclosed, when there exists either a *business relationship* or *substantial benefit* to a Director, Officer, or member of his or her family. The following definitions are provided to help Directors and Officers decide whether a relationship should be listed on the Disclosure. The letter and spirit of this Policy are best served by adopting a "when in doubt, disclose" approach.

- "Business Relationship": One in which a Director, Officer, or a member of his or her family (as defined below) serves as an officer, director, trustee, partner, employee, or agent of an organization that does substantial business with, or competes with, the Foundation.
 - "Substantial Benefit": When a Director, Officer, or a member of his or her family: (a) is the actual or beneficial owner of more than 5% of the voting stock or controlling interest of an organization that does substantial business with, or competes with, the Foundation; or (b) has other direct or indirect dealings with such an organization from which the Director, Officer, or a member of the Director's family benefits directly, indirectly, or potentially from cash or property receipts totaling \$10,000 or more annually.
 - "Family Member": A spouse, parent, sibling, child, or any other relative if the latter resides in the same household as the Director or Officer.
4. Restraint on Participation. Directors or Officers who have declared a conflict of interest, or who have been found to have a conflict of interest, shall refrain from participating in consideration of proposed transactions unless the Board or Foundation President requests information or interpretation for special reasons. Should a conflict of interest matter require an Executive Committee or Board vote to resolve, those concerned shall not be present at the time of the vote.