

Board Statement on Ethics and Conflict of Interest

Board of Trustees of Southern Oregon University

1.0 Purposes of Board Statement

The Southern Oregon University ("SOU") Board of Trustees is committed to the ethical exercise of its authority and discharge of its fiduciary duties, both for the SOU community and the State of Oregon. There are many federal and state laws and rules governing ethics and conflicts of interest as a Trustee.

Each individual Trustee is personally responsible for complying with the laws applicable to ethical conduct and conflict of interest. SOU will endeavor to schedule annual or periodic training offered by the Oregon Government Ethics Commission ("OGEC"), which is generally charged with the oversight of the State of Oregon's ethics laws as well as specific training offered by SOU. Training is not a substitute for Trustees fulfilling their individual legal responsibilities.

While this Board Statement does not contain an exhaustive list of all considerations a Trustee might face with regard to ethics and conflicts of interests, the purposes of this Statement are to generally inform the Board of Trustees about: (a) the ethical duties of a Trustee; and (b) the Oregon Government Ethics Law and other laws that address conflicts of interest.

SOU shall cause the Trustees to be informed on an annual basis (more often if the law changes) about applicable state and federal law regarding ethics and conflicts of interest so as to maximize the ability of the Trustees generally and each Trustee specifically to avoid ethical breaches and unwise or impermissible conflicts of interest.

2.0 General Ethical Duties of a Trustee

2.1 A Trustee is a Fiduciary. A Trustee has duties to the institution and its beneficiaries that few, if any, employees, students, and volunteers have. Trustees are often chosen to fill specific positions and bring their specific backgrounds and expertise to the Board. While Trustees may come from a specific background or role, they are expected to put aside the interests of any specific constituency, government, persons, political party, or private enterprise, keeping the welfare of SOU at all times paramount. Trustees must also recognize that the interests and the welfare of a particular constituency could be irreconcilable with the welfare of SOU generally. Acting upon the interests of a particular constituency could impede the Trustee's ability to discharge their fiduciary duty to SOU.

2.2 Duties of Care, Loyalty, and Obedience.

2.2.1 Duty of Care. A Trustee must act in good faith, using a degree of diligence, care, and skill that prudent persons would use under similar circumstances, and always in SOU's best interests. In discharging their duties, a Trustee is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data that a reasonable person would rely upon. Trustees may reasonably rely upon data prepared or presented by or under the direction of: (a) One or more officers of the institution whom the Trustee reasonably believes to be reliable and competent in the matters presented; (b) Legal counsel, public accountants or other persons retained by the institution to speak to matters that the Trustee reasonably believes are within the person's professional or expert competence; (c) A committee of the Board of which the Trustee is not a member, as to matters within its jurisdiction, if the Trustee reasonably believes the committee merits confidence. A Trustee fails to act in good faith if the Trustee has personal knowledge concerning the matter in question that makes reliance unwarranted, even if such reliance would otherwise be permitted by this subsection.

2.2.2 Duty of Loyalty. A Trustee must act in good faith and in a manner that is reasonably believed to be within the scope of the public purposes of SOU rather than in the Trustee's own interests or the interests of a specific constituency, government, persons, political party, or private enterprise. A Trustee must be loyal to SOU and not use their position of authority to obtain, whether directly or indirectly, a benefit for themselves, their relatives or family, or for another organization in which the Trustee has an interest. The duty of loyalty considers both the financial interests held by a Trustee and the positions a Trustee has with other organizations. A Trustee must maintain independence from stakeholders external to the Board in the conduct of oversight and policy responsibilities.

2.2.3 Duty of Obedience. A Trustee must ensure that SOU is operating in furtherance of its stated purposes and is operating in compliance with the law. A Trustee also must ensure effective internal controls. The Board shall periodically re-evaluate its role, purposes, and mission and must be prepared to amend or change them when it is necessary and appropriate to do so.

3.0 **Definitions**

3.1 Under Oregon Law: Trustees are considered public officials. Service as a Trustee is a public trust. Trustees are volunteers and serve without

compensation. Trustees are charged to put loyalty to SOU to the highest ethical standards above loyalty to the government, persons, political party, or private enterprise. Trustees are often busy people involved in many state and community activities, and service in multiple public official positions does not constitute the holding of incompatible offices unless expressly stated in the law. Trustees are charged not to make private promises that are binding upon the institution because individual Trustees have no private promise that can be binding on SOU. Finally, Trustees are called upon to expose corruption wherever discovered.

3.2 The following definitions apply to this Board Statement:

3.2.1 “Potential conflict of interest” means any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which could be to the private financial benefit or detriment of the person or the person's relative or a business with which the person or the person's relative is associated *unless* the financial benefit or detriment arises out of the following:

A. An interest or membership in a particular business, industry, occupation, or other class required by law as a prerequisite to the holding by the person of the office or position.

B. Any action in the person's official capacity which would affect to the same degree a class consisting of all inhabitants of the state or a smaller class consisting of an industry, occupation, or other group including one of which or in which the person, or the person's relative or business with which the person or the person's relative is associated, is a member or is engaged.

C. Membership in or membership on the board of directors of a nonprofit corporation that is tax-exempt under section 501(c) of the Internal Revenue Code.

3.2.2 “Actual conflict of interest” means any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private financial benefit or detriment of the person or the person's relative or any business with which the person or a relative of the person is associated unless the financial benefit or detriment arises out of circumstances described in the definition of potential conflict of interest.

3.2.3 “Relative” means:

- A. The spouse, parent, stepparent, child, sibling, stepsibling, son-in-law, or daughter-in-law of the Trustee;
- B. The parent, stepparent, child, sibling, stepsibling, son-in-law, or daughter-in-law of the spouse of the Trustee;
- C. Any individual for whom the Trustee has a legal support obligation;
or
- D. Any individual for whom the Trustee provides benefits arising from the Trustee's public service or from whom the Trustee receives benefits arising from that individual's employment.

4.0 **Overview of the Oregon Government Ethics Law**

4.1 In General. ORS Chapter 244 sets forth the minimum standards for ethical conduct of Oregon public officials. Each member of the Board of Trustees is an Oregon public official. The Oregon Government Ethics Commission has issued administrative rules, publications, and advisory and staff opinions interpreting certain provisions of ORS Chapter 244.

4.2 Subjects Covered. ORS Chapter 244 addresses, among other topics:

- 4.2.1 Gifts;
- 4.2.2 Use or attempted use of an official position to obtain financial gain;
- 4.2.3 Honoraria;
- 4.2.4 Annual statement of economic interest;
- 4.2.5 Lobbying;
- 4.2.6 Conflicts of interest, whether actual or potential;
- 4.2.7 Nepotism;
- 4.2.8 Travel paid by third parties;
- 4.2.9 Attendance at events;
- 4.2.10 Entertainment;
- 4.2.11 Food and beverages;
- 4.2.12 Compensation packages;
- 4.2.13 Reimbursement of expenses; and
- 4.2.14 Use of certain confidential information for personal gain

4.3 Relatives. In addition to a Trustee, the Oregon Government Ethics Law may apply to some relatives or members of the household of the Trustee and to certain businesses with which the Trustee or a relative of the Trustee is associated.

4.4 Gifts.

4.4.1 During a calendar year, a Trustee or a relative may not solicit or receive, directly or indirectly, any gift or gifts with an aggregate value in excess of \$50 from any single source that could reasonably be known to have a legislative or administrative interest. During a calendar year, a person who has a legislative or administrative interest may not offer to the Trustee or a relative or member of the household of the Trustee any gift or gifts with an aggregate value in excess of \$50.

4.4.2 “Legislative or administrative interest” means an economic interest, distinct from that of the general public, in any matter subject to the decision or vote of the Trustee acting in the Trustee's capacity as a Trustee.

4.4.3 There are numerous exceptions to the definition of "gift," below are some examples:

A. Gifts from relatives or members of the household of the Trustee.

B. An unsolicited token or award of appreciation in the form of a plaque, trophy, desk item, wall memento, or similar item, with a resale value reasonably expected to be less than \$25.

C. Informational or program material, publications, or subscriptions related to the Trustee's performance of official duties.

D. Admission provided to or the cost of food or beverage consumed by a Trustee or a member of the household or staff of the Trustee when accompanying the Trustee at a reception, meal, or meeting held by an organization when the Trustee represents the SOU.

E. Expenses provided by one public official to another public official for travel inside the state to or from an event that bears a relationship to the receiving public official's office and at which the official participates in an official capacity.

F. Food or beverage consumed by a Trustee at a reception where the food or beverage is provided as an incidental part of the reception and no cost is placed on the food or beverage.

G. Entertainment provided to a Trustee or a relative or member of the household of the Trustee that is incidental to the main purpose of another event.

- H. Entertainment provided to a Trustee or a relative or member of the household of the Trustee where the Trustee is acting in an official capacity while representing SOU.
- I. Anything of economic value offered to or solicited or received by a Trustee or a relative or member of the household of the Trustee:
 - A. As part of the usual and customary practice of the person's private business or the person's employment or position as a volunteer with a private business, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, not-for-profit corporation or other legal entity operated for economic value; and
 - B. That bears no relationship to the Trustee's holding of, or candidacy for, a position on the Board of Trustees or another public office.

4.5 Use of Position for Personal Gain. Trustees may not use or attempt to use their official position to obtain a financial benefit for themselves, relatives, or businesses they are associated with through opportunities that would not otherwise be available but for the office held.

4.6 Annual Reporting of Economic Interests. On or before April 15th of each year, a Trustee must file with the OGECE a verified statement of economic interest. SOU is charged with ensuring that OGECE is provided with contact information for each Trustee.

4.7 Use of Certain Confidential Information for Personal Gain. Trustees may have access to or manage information that is confidential and not available to members of the general public. The Oregon Government Ethics Law prohibits Trustees from attempting to use confidential information gained because of the position held or by carrying out assigned duties to further the Trustee's personal gain. The law also prohibits a former Trustee from attempting to use confidential information for personal gain if that confidential information was obtained while holding the position as a Trustee from which access to the confidential information was obtained.

4.8 ORS 352.232 addresses the process by which the Board of Trustees may permit certain compensation or reimbursement of expenses that would otherwise be prohibited by ORS Chapter 244.

5.0 Conflicts of Interest.

5.1 Generally. Not all conflicts of interest are wrong or unacceptable. Although some categories of conflicts may be prohibited by law, or the law may require that they be disclosed and managed in a particular way, in many cases, management of conflicts of interest is not primarily a question of law but of ethics. In some circumstances, conflicts may be inevitable, and the question for a Trustee may be how to manage the conflict. Some considerations can be identified that tend to signal that a conflict should be prohibited or carefully managed. Often this would be the case where, for example, an individual's outside activities or relationships or the institution's own interests entail the actuality or appearance that the quality or objectivity of a Trustee's judgment could be impaired; or that a Trustee is placing personal interest before SOU's interest; or that SOU's resources or assets, apparently, are being used for private gain; or that an individual is receiving something of value from a business where the business would appear to benefit from the individual's decision on behalf of SOU; or that an individual is pursuing an economic opportunity identified in the course of service to SOU, where the opportunity is not widely available.

5.2 State Law.

5.2.1 The Oregon Government Ethics Law addresses the existence, disclosure, and disposition of certain potential and actual conflicts of interest. The standards set forth in the law attempt to balance the need to avoid conflicts of interest with the need for the services of knowledgeable, experienced public officials. Compliance with state law is required but may be insufficient. Some considerations can be identified that tend to signal that a conflict should be forbidden or carefully managed. Often this would be the case where for example:

- a. A Trustee's outside activities or relationships or SOU's own interests entail the actuality or appearance that the quality or objectivity of judgment could be impaired.
- b. A Trustee is placing personal interest before the SOU's interest.
- c. SOU's resources or assets apparently are being used for private gain.
- d. A Trustee is receiving something of value from a business where the business would appear to benefit from the Trustee's intervention or decision.
- e. A Trustee is pursuing an economic opportunity identified in the course of their service to SOU, where the opportunity is not widely available to others.

5.2.2 ORS 352.076 addresses a conflict of interest inherent in the positions of the faculty trustee and the non-faculty staff trustee. The conflict may be financial or non-financial. The faculty and non-faculty staff trustees (a) may not participate in any discussions or action by the Board involving collective bargaining issues that affect faculty or non-faculty staff at the SOU, and (b) may not attend any executive session of the Board involving collective bargaining issues that affect faculty or non-faculty staff at SOU. This prohibition may include collective bargaining issues that affect any collective bargaining organization, unit, or agreement, not merely a collective bargaining organization or unit that represents the faculty or non-faculty staff trustee or a collective bargaining agreement to which the organization or unit is a party.

5.2.3 Declaration of Potential and Actual Conflicts of Interest under Oregon Law. When met with a potential or an actual conflict of interest, a Trustee is strongly urged:

- a. Potential: Announce publicly the nature of the *potential* conflict prior to taking any action thereon in the capacity of a Trustee; or
- b. Actual: When met with an *actual* conflict of interest, announce publicly the nature of the actual conflict and refrain from participating in any discussion or debate on the issue out of which the actual conflict arises or from voting on the issue.

5.3 Federal Law. Federal laws and regulations mandate conflict-of-interest-related requirements in certain areas applicable to universities – such as lobbying of certain federal officials and the receipt of federal funds for financial aid, construction, research, and grants and contracts. Trustees should be aware that their activities and interests may be in conflict with the interests and activities of the institution under federally-funded programs and may implicate the government relations activities of the institution.

5.4 Non-Financial Interests. The Board of Trustees does not confine its concerns about conflict of interest to financial conflicts but extends its concerns to all kinds of interests that (a) may lead a Trustee to pursue a policy or practice or take a position that is incompatible with the Trustee's fiduciary duties to the institution, or (b) may entail steps by the Trustee to achieve personal gain or gain for family, friends or associates, by use of the Trustee's role at the institution.

5.5 Disclosure. Trustees should promptly disclose all actual or potential conflicts of interest related to the institution as the conflicts become known to them. To

facilitate Trustees' identification of such conflicts, SOU is directed to inform the Trustees on an annual basis of applicable state and federal law regarding conflicts of interest so as to maximize the potential for awareness of possible conflicts.

5.6 Official Record. When a Trustee gives notice of an actual or potential conflict of interest, the Secretary shall record the actual or potential conflict in the official records of the public body.

6.0 Compliance

6.1 Federal law and state law supersede anything in this Statement that is inconsistent or in conflict with such law.

Approved on April 21, 2023



Sabrina Prud'homme
University Board Secretary



Daniel P. Santos
Chair, Board of Trustees

| Revision | Change | Date |
|----------|--|----------------|
| | Initial Version | June 26, 2015 |
| 1 | Duty of Obedience made more specific and expanded; basic edits and corrections. | March 22, 2019 |
| 2 | General updates to include more “plain language” in the statement; document organization; basic edits and corrections. | April 21, 2023 |