

Conflicts of Interest Policy BTX SCHOOLS, INC.

PURPOSE:

The purpose of this Conflicts of Interest Policy (this "Policy") and procedures contained in this Policy are to prevent the personal interest of administrators, officers and Directors from interfering with the performance of their respective duties to the Corporation, to prevent administrators, officers and Directors from personally benefitting, whether financially, professionally or politically, at the expense or to the detriment of the Corporation and to comply with the laws of the State of Texas.

DEFINITIONS:

"Business Entity." A sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, agency, political subdivision, or any other entity recognized by law.

"Conflict of Interest" or "Conflict." When an Administrator, Officer or Director or a person related to such Administrator, Officer or Director as provided below: (a) is a party to a transaction with the Corporation; or (b) has a beneficial interest in or is closely linked to a transaction with the Corporation and such personal interests could reasonably be expected to exert an influence on the Administrator's, Officer's or Director's judgment. For purposes of this Policy: (i) "Board" means the Board of Directors of the Corporation; (ii) "Director" means a member of the Board; (iii) "Officer" means a corporate officer of the Corporation; and (iv) "Administrator" means any person employed by the Corporation in a managerial position.

"Consanguinity." Two persons are related to each other by consanguinity (blood) if one is a descendant of the other or if they share a common ancestor. An adopted child is considered to be a child of the adoptive parents for this purpose.

"First Degree of Affinity." A husband and wife are related to each other in the first degree by affinity. For other relationships, the degree of affinity is the same as the degree of the underlying relationship by Consanguinity. For example, if two persons are related to each other in the Second Degree by Consanguinity, the spouse of one of the persons is related to the other person in the Second Degree by Affinity.

"Relation by Affinity." Two persons are related to each other by affinity (marriage) if they are married to each other or if the spouse of one of the persons is related by Consanguinity to the other person. The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of the marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives. This provision applies to a Director or Officer only until the youngest child of the marriage reaches the age of 21 years.

"Second Degree by Affinity." A person's relatives within the second degree by affinity are: (a) the person's spouse; (b) anyone related by Consanguinity to the person's spouse within the first or second degree; and (c) the spouse of anyone related to the person by Consanguinity within the first or second degree.

"Substantial Interest in Business Entity." A person has a substantial interest in a Business Entity if: (a) the person owns 10 percent or more of the voting stock or shares of the Business Entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the Business Entity; or (b) funds received by the person from the Business Entity exceed 10 percent of the person's gross income for the previous year.

"Substantial Interest in Real Estate." A person has a substantial interest in real estate if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

“Substantial Interest through a Relative or Family Member.” A Director or Officer is considered to have a Substantial Interest under this section if a person related to the Director or Officer within the Third Degree by Consanguinity or the Second Degree by Affinity, has a Substantial Interest as defined herein.

“Third Degree by Consanguinity.” An individual’s relatives within the third degree by Consanguinity are the individual’s: (a) parent or child (first degree); (b) brother, sister, grandparent or grandchild (second degree); and (c) great-grandparent, great-grandchild, aunt or uncle (who is a sibling of a parent of the person), nephew or niece (who is a child of a brother or sister of the person) (third degree). Note: half-blood relationships fall within the same degree as those of the full blood.

POLICY AND PRACTICES:

1. **Employees Serving on the Board.** Except as otherwise provided by law, a person who receives “compensation or remuneration” (as defined by law) from the Corporation may not serve on the governing body of the Corporation; provided, however, that:

(a) if each charter school operated by the Corporation has received a satisfactory rating, as defined by applicable law, for at least two of the preceding three school years, then charter school employees may serve on the governing body of the Corporation as described below and as provided by law;

(b) if the Corporation has operated at least one charter school which reported attendance that occurred prior to September 2, 2001, but no charter school operated by the Corporation has received a sufficient number of substantive ratings to determine whether it has received a satisfactory rating for at least two of the preceding three school years, then charter school employees may serve on the governing body of the charter holder as provided by law; or

(c) an employee of a charter school may serve as a member of the governing body of the Corporation if: (i) only employees of the charter school, and not employees of the Corporation, serve on the governing body of the Corporation; (ii) the only compensation or remuneration received by the Director is salary, bonuses, benefits or other compensation received pursuant to the employment relationship with the Corporation; (iii) charter school employees do not constitute a quorum of the governing body or any committee of the governing body; and (iv) all charter school employees serving on the governing body comply with all applicable conflict of interest provisions required by law.

2. **Conflicts Requiring an Affidavit and Abstention from Voting.** The following circumstances shall be deemed a “Conflict of Interest” or “Conflict” and the Director, officer or administrator shall, in addition to the practices set forth in this Policy, take action as described below:

(a) if a Director, Officer or Administrator has a Substantial Interest in a Business Entity or a Substantial Interest in Real Property, the official shall file, before a vote, decision or other action on any matter involving the Business Entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:

(i) in the case of a Substantial Interest in a Business Entity, the vote, decision, or other action on the matter will have a special economic effect on the Business Entity that is distinguishable from the effect on the public; or

(ii) in the case of a Substantial Interest in Real Property, it is reasonably foreseeable that a vote, decision or other action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

(b) the affidavit described above must be filed with the Secretary of the Board of Directors.

(c) if a Director, Officer or Administrator is required to file and does file an affidavit as required above, the Director, Officer or Administrator is not required to abstain from further participation in the matter requiring the affidavit if:

(i) the Director, Officer or Administrator is a member of the governing body of the Corporation or the charter school, and

(ii) a majority of the members of the governing body of which the Director, Officer or Administrator is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

3. **Separate Vote on Budget Item.** The Board of Directors shall take a separate vote on any budget item specifically dedicated to a contract with a Business Entity in which a member of the governing body of the Corporation has a Substantial Interest. Abstention is required except as provided above. Otherwise the affected Director may not participate in that separate vote. The affected Director may vote on a final budget if: (a) the affected Director has complied with this chapter; and (b) the matter in which the affected Director is concerned has been resolved.

4. **Personnel Matters.** Except with respect to decisions of the Board of Directors regarding a bona fide class or category of employees pursuant to law, a Director or a member of any committee whose jurisdiction includes compensation matters is precluded from voting on personnel matters (including matters related to compensation) concerning a person related within the Third Degree by Consanguinity or within the Second Degree by Affinity. Directors, Officers and Administrators shall comply with the requirements of this Policy with respect to a personnel matter concerning a person related to the Director, Officer or Administrator within the Third Degree by Consanguinity or the Second Degree by Affinity as if the personnel matter were a transaction with a Business Entity subject to those sections.

5. **Related Quorum.** Persons related to one another within the Third Degree by Consanguinity or within the Second Degree by Affinity shall not constitute a quorum of the governing body or any committee of the governing body of the Corporation or the charter school.

6. **Nepotism.**

(a) **Exception Based on Accountability Rating.** The Corporation is excepted from the nepotism prohibition described below if the Corporation is rated academically acceptable or higher as provided by law.

(b) **Nepotism Generally Prohibited.** Except as set forth above and applicable law, a Director, Officer or Administrator may not hire, select, appoint, confirm the appointment of or vote for the hiring, selection, appointment or confirmation of an individual that is to be directly or indirectly compensated from public funds or fees of office, if:

(i) the person is related to the Director, Officer or Administrator by Consanguinity within the Third Degree or by affinity within the Second Degree; or

(ii) the Director, Officer or Administrator holds the appointment or confirmation authority as a member of a local board and the person is related to another member of the board by Consanguinity or by Affinity within a prohibited degree.

(c) Independent Contractors. The nepotism law governs the hiring of an individual, whether the individual is hired as an employee or as an independent contractor.

(d) Existing Employees/Continuous Employment. The nepotism prohibitions do not apply to the appointment of a person to a position if the person is employed in the position immediately before the election or appointment of the Director, Officer or Administrator to whom the person is related in a prohibited degree and that prior employment is continuous for at least:

(i) thirty days, if the Director, Officer or Administrator is appointed; or

(ii) six months, if the Director, Officer or Administrator is elected.

7. **Board Vote**. Following the required affidavit for a Conflict or possible Conflict or any condition listed above, the Board shall determine whether a Conflict exists and, if a Conflict does exist, the Board shall vote to authorize or reject the transaction or take any other action deemed necessary to address the Conflict in the best interests of the Corporation. Such Board votes shall take place at a regular or special meeting of the Board at which a quorum is present in accordance with the Corporation's Bylaws. The minutes of any meeting where a Conflict is considered shall reflect: (i) that a disclosure of the Conflict was made; (ii) that the Director with the Conflict abstained from discussion and voting on such matter; and (iii) any other relevant factors deemed necessary by the Board.

8. **No Interested Party Vote**. A Director, Officer or Administrator having a duality of interest or possible Conflict with regard to a particular issue shall not vote nor use his or her personal influence relating to such issue. During Board deliberations related to possible Conflicts, any Director with a possible Conflict may be asked to leave the room until the Board is ready to take action. However, such Director may be asked to remain in the meeting or return to the meeting to provide clarifying information in such a discussion or debate.

9. **Duty to Disclose**. Anyone in a position to make decisions about spending the Corporation's resources (i.e., transactions such as purchase contracts), who also stands to benefit from that decision, has a duty to disclose such a Conflict as soon as it arises or becomes apparent and he or she should not participate in any final decisions.

10. **Distribution**. A copy of this Policy shall be given to all Directors, Officers and Administrators upon the earlier of the commencement of such person's relationship with the Corporation or at the official adoption of this Policy. Each Director, Officer and Administrator shall sign and date the Conflict of Interest Acknowledgment and Disclosure Form upon receipt of this Policy and annually thereafter; provided, however, that failure to sign such form shall not affect the validity or enforceability of this Policy in any way.

BTX Schools, Inc.

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Acknowledgment and Disclosure Form**

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X I have no conflict of interest to report

_____ I have the following conflict of interest to report (please specify):

CRB anti

Signature

CECILIA R BARRETT

Printed Name

19 JUNE 2013

Date

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6. **Nepotism.**

(a) **Exception Based on Accountability Rating.** The Corporation is excepted from the nepotism prohibition described below if the Corporation is rated academically acceptable or higher as provided by law.

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(d) Existing Employees/Continuous Employment. The nepotism prohibitions do not apply to the appointment of a person to a position if the person is employed in the position immediately before the election or appointment of the Director, Officer or Administrator to whom the person is related in a prohibited degree and that prior employment is continuous for at least:

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☒ I have no conflict of interest to report

☐ I have the following conflict of interest to report (please specify):



Signature

Michael Soto

Printed Name

11/10/14

Date

Conflicts of Interest Policy BTX SCHOOLS, INC.

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(ii) the Director, Officer or Administrator holds the appointment or confirmation authority as a member of a local board and the person is related to another member of the board by Consanguinity or by Affinity within a prohibited degree.

(c) Independent Contractors. The nepotism law governs the hiring of an individual, whether the individual is hired as an employee or as an independent contractor.

(d) Existing Employees/Continuous Employment. The nepotism prohibitions do not apply to the appointment of a person to a position if the person is employed in the position immediately before the election or appointment of the Director, Officer or Administrator to whom the person is related in a prohibited degree and that prior employment is continuous for at least:

(i) thirty days, if the Director, Officer or Administrator is appointed; or

(ii) six months, if the Director, Officer or Administrator is elected.

7. **Board Vote**. Following the required affidavit for a Conflict or possible Conflict or any condition listed above, the Board shall determine whether a Conflict exists and, if a Conflict does exist, the Board shall vote to authorize or reject the transaction or take any other action deemed necessary to address the Conflict in the best interests of the Corporation. Such Board votes shall take place at a regular or special meeting of the Board at which a quorum is present in accordance with the Corporation's Bylaws. The minutes of any meeting where a Conflict is considered shall reflect: (i) that a disclosure of the Conflict was made; (ii) that the Director with the Conflict abstained from discussion and voting on such matter; and (iii) any other relevant factors deemed necessary by the Board.

8. **No Interested Party Vote**. A Director, Officer or Administrator having a duality of interest or possible Conflict with regard to a particular issue shall not vote nor use his or her personal influence relating to such issue. During Board deliberations related to possible Conflicts, any Director with a possible Conflict may be asked to leave the room until the Board is ready to take action. However, such Director may be asked to remain in the meeting or return to the meeting to provide clarifying information in such a discussion or debate.

9. **Duty to Disclose**. Anyone in a position to make decisions about spending the Corporation's resources (i.e., transactions such as purchase contracts), who also stands to benefit from that decision, has a duty to disclose such a Conflict as soon as it arises or becomes apparent and he or she should not participate in any final decisions.

10. **Distribution**. A copy of this Policy shall be given to all Directors, Officers and Administrators upon the earlier of the commencement of such person's relationship with the Corporation or at the official adoption of this Policy. Each Director, Officer and Administrator shall sign and date the Conflict of Interest Acknowledgment and Disclosure Form upon receipt of this Policy and annually thereafter; provided, however, that failure to sign such form shall not affect the validity or enforceability of this Policy in any way.

BTX Schools, Inc.

**Conflicts of Interest
Acknowledgment and Disclosure Form**


The undersigned, by signing below, acknowledges that he or she has received a complete copy of the Conflicts of Interest Policy for BTX Schools, Inc. (the "Policy"), that he or she understands the Policy and that he or she agrees to comply with the Policy.

This Conflicts of Interest Acknowledgment and Disclosure Form must be filed annually by all the parties identified in the Policy as adopted by the Board of Directors of BTX Schools, Inc.

☒ I have no conflict of interest to report

☒ I have the following conflict of interest to report (please specify):

From time to time over the past year
I have been hired by the Brackenridge
Foundation to support efforts regarding high
performing charter schools. Since Brackenridge
financially supports BASTS I want to make
note of this relationship.


Signature

Chip Haass
Printed Name

11/12/14
Date

Conflicts of Interest Policy BTX SCHOOLS, INC.

PURPOSE:

The purpose of this Conflicts of Interest Policy (this "Policy") and procedures contained in this Policy are to prevent the personal interest of administrators, officers and Directors from interfering with the performance of their respective duties to the Corporation, to prevent administrators, officers and Directors from personally benefitting, whether financially, professionally or politically, at the expense or to the detriment of the Corporation and to comply with the laws of the State of Texas.

DEFINITIONS:

"Business Entity." A sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, agency, political subdivision, or any other entity recognized by law.

"Conflict of Interest" or "Conflict." When an Administrator, Officer or Director or a person related to such Administrator, Officer or Director as provided below: (a) is a party to a transaction with the Corporation; or (b) has a beneficial interest in or is closely linked to a transaction with the Corporation and such personal interests could reasonably be expected to exert an influence on the Administrator's, Officer's or Director's judgment. For purposes of this Policy: (i) "Board" means the Board of Directors of the Corporation; (ii) "Director" means a member of the Board; (iii) "Officer" means a corporate officer of the Corporation; and (iv) "Administrator" means any person employed by the Corporation in a managerial position.

"Consanguinity." Two persons are related to each other by consanguinity (blood) if one is a descendant of the other or if they share a common ancestor. An adopted child is considered to be a child of the adoptive parents for this purpose.

"First Degree of Affinity." A husband and wife are related to each other in the first degree by affinity. For other relationships, the degree of affinity is the same as the degree of the underlying relationship by Consanguinity. For example, if two persons are related to each other in the Second Degree by Consanguinity, the spouse of one of the persons is related to the other person in the Second Degree by Affinity.

"Relation by Affinity." Two persons are related to each other by affinity (marriage) if they are married to each other or if the spouse of one of the persons is related by Consanguinity to the other person. The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of the marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives. This provision applies to a Director or Officer only until the youngest child of the marriage reaches the age of 21 years.

"Second Degree by Affinity." A person's relatives within the second degree by affinity are: (a) the person's spouse; (b) anyone related by Consanguinity to the person's spouse within the first or second degree; and (c) the spouse of anyone related to the person by Consanguinity within the first or second degree.

"Substantial Interest in Business Entity." A person has a substantial interest in a Business Entity if: (a) the person owns 10 percent or more of the voting stock or shares of the Business Entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the Business Entity; or (b) funds received by the person from the Business Entity exceed 10 percent of the person's gross income for the previous year.

"Substantial Interest in Real Estate." A person has a substantial interest in real estate if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

“Substantial Interest through a Relative or Family Member.” A Director or Officer is considered to have a Substantial Interest under this section if a person related to the Director or Officer within the Third Degree by Consanguinity or the Second Degree by Affinity, has a Substantial Interest as defined herein.

“Third Degree by Consanguinity.” An individual’s relatives within the third degree by Consanguinity are the individual’s: (a) parent or child (first degree); (b) brother, sister, grandparent or grandchild (second degree); and (c) great-grandparent, great-grandchild, aunt or uncle (who is a sibling of a parent of the person), nephew or niece (who is a child of a brother or sister of the person) (third degree). Note: half-blood relationships fall within the same degree as those of the full blood.

POLICY AND PRACTICES:

1. **Employees Serving on the Board.** Except as otherwise provided by law, a person who receives “compensation or remuneration” (as defined by law) from the Corporation may not serve on the governing body of the Corporation; provided, however, that:

(a) if each charter school operated by the Corporation has received a satisfactory rating, as defined by applicable law, for at least two of the preceding three school years, then charter school employees may serve on the governing body of the Corporation as described below and as provided by law;

(b) if the Corporation has operated at least one charter school which reported attendance that occurred prior to September 2, 2001, but no charter school operated by the Corporation has received a sufficient number of substantive ratings to determine whether it has received a satisfactory rating for at least two of the preceding three school years, then charter school employees may serve on the governing body of the charter holder as provided by law; or

(c) an employee of a charter school may serve as a member of the governing body of the Corporation if: (i) only employees of the charter school, and not employees of the Corporation, serve on the governing body of the Corporation; (ii) the only compensation or remuneration received by the Director is salary, bonuses, benefits or other compensation received pursuant to the employment relationship with the Corporation; (iii) charter school employees do not constitute a quorum of the governing body or any committee of the governing body; and (iv) all charter school employees serving on the governing body comply with all applicable conflict of interest provisions required by law.

2. **Conflicts Requiring an Affidavit and Abstention from Voting.** The following circumstances shall be deemed a “Conflict of Interest” or “Conflict” and the Director, officer or administrator shall, in addition to the practices set forth in this Policy, take action as described below:

(a) if a Director, Officer or Administrator has a Substantial Interest in a Business Entity or a Substantial Interest in Real Property, the official shall file, before a vote, decision or other action on any matter involving the Business Entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:

(i) in the case of a Substantial Interest in a Business Entity, the vote, decision, or other action on the matter will have a special economic effect on the Business Entity that is distinguishable from the effect on the public; or

(ii) in the case of a Substantial Interest in Real Property, it is reasonably foreseeable that a vote, decision or other action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

(b) the affidavit described above must be filed with the Secretary of the Board of Directors.

(c) if a Director, Officer or Administrator is required to file and does file an affidavit as required above, the Director, Officer or Administrator is not required to abstain from further participation in the matter requiring the affidavit if:

(i) the Director, Officer or Administrator is a member of the governing body of the Corporation or the charter school, and

(ii) a majority of the members of the governing body of which the Director, Officer or Administrator is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

3. **Separate Vote on Budget Item.** The Board of Directors shall take a separate vote on any budget item specifically dedicated to a contract with a Business Entity in which a member of the governing body of the Corporation has a Substantial Interest. Abstention is required except as provided above. Otherwise the affected Director may not participate in that separate vote. The affected Director may vote on a final budget if: (a) the affected Director has complied with this chapter; and (b) the matter in which the affected Director is concerned has been resolved.

4. **Personnel Matters.** Except with respect to decisions of the Board of Directors regarding a bona fide class or category of employees pursuant to law, a Director or a member of any committee whose jurisdiction includes compensation matters is precluded from voting on personnel matters (including matters related to compensation) concerning a person related within the Third Degree by Consanguinity or within the Second Degree by Affinity. Directors, Officers and Administrators shall comply with the requirements of this Policy with respect to a personnel matter concerning a person related to the Director, Officer or Administrator within the Third Degree by Consanguinity or the Second Degree by Affinity as if the personnel matter were a transaction with a Business Entity subject to those sections.

5. **Related Quorum.** Persons related to one another within the Third Degree by Consanguinity or within the Second Degree by Affinity shall not constitute a quorum of the governing body or any committee of the governing body of the Corporation or the charter school.

6. **Nepotism.**

(a) **Exception Based on Accountability Rating.** The Corporation is excepted from the nepotism prohibition described below if the Corporation is rated academically acceptable or higher as provided by law.

(b) **Nepotism Generally Prohibited.** Except as set forth above and applicable law, a Director, Officer or Administrator may not hire, select, appoint, confirm the appointment of or vote for the hiring, selection, appointment or confirmation of an individual that is to be directly or indirectly compensated from public funds or fees of office, if:

(i) the person is related to the Director, Officer or Administrator by Consanguinity within the Third Degree or by affinity within the Second Degree; or

(ii) the Director, Officer or Administrator holds the appointment or confirmation authority as a member of a local board and the person is related to another member of the board by Consanguinity or by Affinity within a prohibited degree.

(c) Independent Contractors. The nepotism law governs the hiring of an individual, whether the individual is hired as an employee or as an independent contractor.

(d) Existing Employees/Continuous Employment. The nepotism prohibitions do not apply to the appointment of a person to a position if the person is employed in the position immediately before the election or appointment of the Director, Officer or Administrator to whom the person is related in a prohibited degree and that prior employment is continuous for at least:

(i) thirty days, if the Director, Officer or Administrator is appointed; or

(ii) six months, if the Director, Officer or Administrator is elected.

7. **Board Vote**. Following the required affidavit for a Conflict or possible Conflict or any condition listed above, the Board shall determine whether a Conflict exists and, if a Conflict does exist, the Board shall vote to authorize or reject the transaction or take any other action deemed necessary to address the Conflict in the best interests of the Corporation. Such Board votes shall take place at a regular or special meeting of the Board at which a quorum is present in accordance with the Corporation's Bylaws. The minutes of any meeting where a Conflict is considered shall reflect: (i) that a disclosure of the Conflict was made; (ii) that the Director with the Conflict abstained from discussion and voting on such matter; and (iii) any other relevant factors deemed necessary by the Board.

8. **No Interested Party Vote**. A Director, Officer or Administrator having a duality of interest or possible Conflict with regard to a particular issue shall not vote nor use his or her personal influence relating to such issue. During Board deliberations related to possible Conflicts, any Director with a possible Conflict may be asked to leave the room until the Board is ready to take action. However, such Director may be asked to remain in the meeting or return to the meeting to provide clarifying information in such a discussion or debate.

9. **Duty to Disclose**. Anyone in a position to make decisions about spending the Corporation's resources (i.e., transactions such as purchase contracts), who also stands to benefit from that decision, has a duty to disclose such a Conflict as soon as it arises or becomes apparent and he or she should not participate in any final decisions.

10. **Distribution**. A copy of this Policy shall be given to all Directors, Officers and Administrators upon the earlier of the commencement of such person's relationship with the Corporation or at the official adoption of this Policy. Each Director, Officer and Administrator shall sign and date the Conflict of Interest Acknowledgment and Disclosure Form upon receipt of this Policy and annually thereafter; provided, however, that failure to sign such form shall not affect the validity or enforceability of this Policy in any way.

BTX Schools, Inc.

**Conflicts of Interest
Acknowledgment and Disclosure Form**

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This Conflicts of Interest Acknowledgment and Disclosure Form must be filed annually by all the parties identified in the Policy as adopted by the Board of Directors of BTX Schools, Inc.

xx I have no conflict of interest to report

 I have the following conflict of interest to report (please specify):

shelly Esque

Signature

Shelly Esque

Printed Name

10/17/16

Date

Conflicts of Interest Policy BTX SCHOOLS, INC.

PURPOSE:

The purpose of this Conflicts of Interest Policy (this "Policy") and procedures contained in this Policy are to prevent the personal interest of administrators, officers and Directors from interfering with the performance of their respective duties to the Corporation, to prevent administrators, officers and Directors from personally benefitting, whether financially, professionally or politically, at the expense or to the detriment of the Corporation and to comply with the laws of the State of Texas.

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"Conflict of Interest" or "Conflict." When an Administrator, Officer or Director or a person related to such Administrator, Officer or Director as provided below: (a) is a party to a transaction with the Corporation; or (b) has a beneficial interest in or is closely linked to a transaction with the Corporation and such personal interests could reasonably be expected to exert an influence on the Administrator's, Officer's or Director's judgment. For purposes of this Policy: (i) "Board" means the Board of Directors of the Corporation; (ii) "Director" means a member of the Board; (iii) "Officer" means a corporate officer of the Corporation; and (iv) "Administrator" means any person employed by the Corporation in a managerial position.

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"Relation by Affinity." Two persons are related to each other by affinity (marriage) if they are married to each other or if the spouse of one of the persons is related by Consanguinity to the other person. The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of the marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives. This provision applies to a Director or Officer only until the youngest child of the marriage reaches the age of 21 years.

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POLICY AND PRACTICES:

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(a) if each charter school operated by the Corporation has received a satisfactory rating, as defined by applicable law, for at least two of the preceding three school years, then charter school employees may serve on the governing body of the Corporation as described below and as provided by law;

(b) if the Corporation has operated at least one charter school which reported attendance that occurred prior to September 2, 2001, but no charter school operated by the Corporation has received a sufficient number of substantive ratings to determine whether it has received a satisfactory rating for at least two of the preceding three school years, then charter school employees may serve on the governing body of the charter holder as provided by law; or

(c) an employee of a charter school may serve as a member of the governing body of the Corporation if: (i) only employees of the charter school, and not employees of the Corporation, serve on the governing body of the Corporation; (ii) the only compensation or remuneration received by the Director is salary, bonuses, benefits or other compensation received pursuant to the employment relationship with the Corporation; (iii) charter school employees do not constitute a quorum of the governing body or any committee of the governing body; and (iv) all charter school employees serving on the governing body comply with all applicable conflict of interest provisions required by law.

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(i) in the case of a Substantial Interest in a Business Entity, the vote, decision, or other action on the matter will have a special economic effect on the Business Entity that is distinguishable from the effect on the public; or

(ii) in the case of a Substantial Interest in Real Property, it is reasonably foreseeable that a vote, decision or other action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

(b) the affidavit described above must be filed with the Secretary of the Board of Directors.

(c) if a Director, Officer or Administrator is required to file and does file an affidavit as required above, the Director, Officer or Administrator is not required to abstain from further participation in the matter requiring the affidavit if:

(i) the Director, Officer or Administrator is a member of the governing body of the Corporation or the charter school, and

(ii) a majority of the members of the governing body of which the Director, Officer or Administrator is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

3. **Separate Vote on Budget Item.** The Board of Directors shall take a separate vote on any budget item specifically dedicated to a contract with a Business Entity in which a member of the governing body of the Corporation has a Substantial Interest. Abstention is required except as provided above. Otherwise the affected Director may not participate in that separate vote. The affected Director may vote on a final budget if: (a) the affected Director has complied with this chapter; and (b) the matter in which the affected Director is concerned has been resolved.

4. **Personnel Matters.** Except with respect to decisions of the Board of Directors regarding a bona fide class or category of employees pursuant to law, a Director or a member of any committee whose jurisdiction includes compensation matters is precluded from voting on personnel matters (including matters related to compensation) concerning a person related within the Third Degree by Consanguinity or within the Second Degree by Affinity. Directors, Officers and Administrators shall comply with the requirements of this Policy with respect to a personnel matter concerning a person related to the Director, Officer or Administrator within the Third Degree by Consanguinity or the Second Degree by Affinity as if the personnel matter were a transaction with a Business Entity subject to those sections.

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(ii) the Director, Officer or Administrator holds the appointment or confirmation authority as a member of a local board and the person is related to another member of the board by Consanguinity or by Affinity within a prohibited degree.

(c) Independent Contractors. The nepotism law governs the hiring of an individual, whether the individual is hired as an employee or as an independent contractor.

(d) Existing Employees/Continuous Employment. The nepotism prohibitions do not apply to the appointment of a person to a position if the person is employed in the position immediately before the election or appointment of the Director, Officer or Administrator to whom the person is related in a prohibited degree and that prior employment is continuous for at least:

- (i) thirty days, if the Director, Officer or Administrator is appointed; or
- (ii) six months, if the Director, Officer or Administrator is elected.

7. **Board Vote**. Following the required affidavit for a Conflict or possible Conflict or any condition listed above, the Board shall determine whether a Conflict exists and, if a Conflict does exist, the Board shall vote to authorize or reject the transaction or take any other action deemed necessary to address the Conflict in the best interests of the Corporation. Such Board votes shall take place at a regular or special meeting of the Board at which a quorum is present in accordance with the Corporation's Bylaws. The minutes of any meeting where a Conflict is considered shall reflect: (i) that a disclosure of the Conflict was made; (ii) that the Director with the Conflict abstained from discussion and voting on such matter; and (iii) any other relevant factors deemed necessary by the Board.

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BTX Schools, Inc.

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Acknowledgment and Disclosure Form**

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☒ I have no conflict of interest to report

☐ I have the following conflict of interest to report (please specify):


Signature

Nora J. Walsh
Printed Name

10/25/16
Date