

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

**Preamble**

The Board of Directors (collectively, the “Board” or the “Directors,” and individually a “Director”) of **IDEA Public Schools** is committed to maintaining the highest legal and ethical standards in the conduct of the business of and to protecting the integrity and reputation of **IDEA Public Schools**, the Board, and all **IDEA** employees, volunteers, and programs.

The Directors and Officers (as defined below) shall exercise their duties honestly, in good faith, and with a high standard of diligence and care. Accordingly, the Directors and Officers shall ensure that they (1) do not compromise their independence of judgment, (2) preserve confidence and trust in the organization and the Board, (3) act at all times as fiduciaries and in the best interest of students, and (4) protect and fulfill the mission of **IDEA Public Schools**. As such, this Policy will assist Directors and Officers as they identify actual or potential conflicts of interest, and with a procedure to address conflicts which may arise.

**General Policy Statement**

The Board as a matter of policy effective January 24, 2020, hereby directs that IDEA Public Schools and its affiliates, discontinues and refrains from entering into any future contract or agreement (written or otherwise but excepting current existing employment agreements) with any other person or entity that an Executive Officer (as defined below) or Director has a reportable conflict of interest in, as defined below or in state law, or that someone who is related to any current Executive Officer or Director within the third degree by consanguinity or the third degree by affinity (as defined below) has a reportable conflict of interest in. The following requirements shall be followed at all times and regardless of source of funds. **Executive Officer shall mean any VP, Senior VP, Chief, Superintendent, CEO.**

**Sec. 1.7.1. ETHICAL PRINCIPLES.**

**Sec. 1.7.1.1. Personal and Professional Integrity.**

Directors and Officers shall conduct themselves in an honest and ethical manner, including the ethical handling of actual or apparent conflicts of interest, as set forth below.

**Sec. 1.7.1.2. Financial Stewardship.**

As a tax-exempt public charity, **IDEA** shall expend funds and record those expenditures in a manner that advances the charitable and educational mission and objectives of **IDEA Public Schools**, and not the private interests of Directors or Officers.

**Sec. 1.7.1.3. Public Accountability.**

DATE ISSUED: January 24, 2020 and Revised  
February 28, 2020; May 1, 2020

1 of 20

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

**IDEA Public Schools and its officers and directors** shall provide comprehensive and timely information in accordance with applicable state and federal law, and shall be responsive to reasonable requests for information about its activities in accordance with the Public Information Act and other applicable law. Additionally, informational data about **IDEA Public Schools**, such as IRS Form 990, audited financial statements and Annual Financial and Compliance Report, shall be made available to the public in accordance with applicable state and federal law.

**Sec. 1.7.1.4. Accuracy and Retention of Records.**

**IDEA Public Schools** will create and maintain records that satisfy operational and legal requirements, including federal, state and local laws.

**Sec. 1.7.1.5. Political Activities.**

As a 501(c)(3) tax-exempt public charity, **IDEA Public Schools** shall not engage in political activities. Directors and Officers shall not use their relationship with IDEA to promote or oppose political candidates or parties, or to create the appearance that **IDEA** endorses or opposes a political candidate or party for elected office.

**Sec. 1.7.1.6. Endorsements and Use of the IDEA Name, Logo and Affiliation.**

The **IDEA** name, logo, letterhead, or other intellectual property may not be used by any person to endorse or gain support for a cause without prior authorization in writing from the Board.

**Sec. 1.7.1.7. Questions, Concerns or Reports of Violations.**

Should a Director or Officer believe a colleague is violating the obligations or expectations of this Policy, or is otherwise acting in an illegal or unethical manner, it is his or her duty to report the matter to the Chair of the Board of Directors, or the Chief Executive Officer or Superintendent, as appropriate. Additionally, IDEA shall establish a reporting hotline or mechanism for reporting concerns, that shall be monitored by external legal counsel and reported to the Board Chair and Internal Audit.

**Sec. 1.7.2. CONFLICTS OF INTEREST.**

**Sec. 1.7.2.1. Statement on State Law.**

**IDEA** and its Officers and Directors shall comply with state law governing conflicts of interest among charter school and charter holder board members and officers, as described in Chapter 12 of the Texas Education Code (concerning related party transactions Sec. 1.7.2.5 below), and 19 TAC §§ 100.1131–100.1135, including, but not limited to the following:

*Sec. 1.7.2.1.1. Employees Serving on the Board*

DATE ISSUED: January 24, 2020 and Revised  
February 28, 2020; May 1, 2020

2 of 20

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

- (1) Directors and Officers of **IDEA** shall comply with Local Government Code, Chapter 171 in the manner provided by the conflict of interest provisions described in 19 TAC §§ 100.1131–100.1135. (*See below.*). Officers, Directors, Employees and Agents of **IDEA** shall also comply with Local Government Code, Chapter 176, with respect to disclosure of conflicts of interest.
- (2) Officers of **IDEA** are defined by the Commissioner of Education to be persons charged with the duties of, or acting as a Chief Executive Officer, a Central Administration Officer, a Campus Administration Officer, or a Business Manager, regardless of whether the person is an employee or contractor of the charter holder, the school, a management company, or any other person; or a volunteer working under the direction of the charter holder, the school, or a management company. A charter holder employee or independent contractor engaged solely in non-charter activities for the charter holder is not an “officer” of **IDEA**.
- (3) The **IDEA** Chief Executive Officer is a person (or persons) directly responsible to the governing body of the charter holder for supervising one or more Central Administration Officers, Campus Administration Officers, and/or Business Managers.
- (4) A Central Administration Officer for **IDEA** is a person charged with the duties of, or acting as, a Chief Operating Officer, director, or assistant director of the charter holder for **IDEA**, including one or more of the following functions:
  - (A) assuming administrative responsibility and leadership for the planning, operation, supervision, or evaluation of the education programs, services, or facilities of the Board, for appraising the performance of the Board’s or **IDEA**’s staff;
  - (B) assuming administrative authority or responsibility for the assignment or evaluation of any of the personnel of the Board, including those employed by a management company;
  - (C) making recommendations to the Board or **IDEA** regarding the selection of personnel of the Board, including those employed by a management company;
  - (D) recommending the termination, non-renewal, or suspension of an employee or officer of the Board, including those employed by a management company; or recommending the termination, non-renewal, suspension, or other action affecting a management contract;
  - (E) managing the day-to-day operations of the Board, as its administrative manager;

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

- (F) preparing or submitting a proposed budget to the charter holder Board or **IDEA** (except for developing budgets for a **IDEA** campus, if this is a function performed by a Campus Administration Officer under the terms of the open-enrollment charter);
  - (G) preparing recommendations for policies to be adopted by the Board, or overseeing the implementation of adopted policies, except for legal services provided by an attorney licensed to practice law in this state, or public accountancy services provided by a certified public accountant licensed to practice public accountancy in this state;
  - (H) developing, or causing to be developed, appropriate administrative regulations to implement policies established by the Board, except for legal services provided by an attorney licensed to practice law in this state, or public accountancy services provided by a certified public accountant licensed to practice public accountancy in this state;
  - (I) providing leadership for the attainment of student performance in **IDEA**, based on the indicators adopted under TEC §§ 39.053–39.054, or other indicators in the **IDEA Public Schools** charter; or
  - (J) organizing the central administration of the Board.
- (5) A Campus Administration Officer for **IDEA** is a person charged with the duties of, or acting as, a principal or assistant principal of a **IDEA** campus, including one or more of the following functions:
- (A) approving teacher or staff appointments for a **IDEA** campus, unless this function is performed by a Central Administration Officer under the terms of the open-enrollment charter;
  - (B) setting specific education objectives for a **IDEA** campus, unless this function is performed by a Central Administration Officer under the terms of the open-enrollment charter;
  - (C) developing budgets for a **IDEA** campus, unless this function is performed by a Central Administration Officer under the terms of the open-enrollment charter;
  - (D) assuming the administrative responsibility or instructional leadership, under the supervision of a Central Administration Officer, for discipline at a **IDEA** campus;
  - (E) assigning, evaluating, or promoting personnel assigned to a **IDEA** campus, unless this function is performed by a Central Administration Officer under the terms of the open-enrollment charter; or

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

- (F) recommending to a Central Administration Officer the termination or suspension of an employee assigned to a **IDEA** campus, or recommending the non-renewal of the term contract of such an employee.
- (6) A Business Manager is a person charged with managing the finances of **IDEA Public Schools** or **IDEA**.
- (7) **Also Excluded from the Board.** Except as otherwise provided by law, a person who receives “compensation or remuneration” (as defined by law and herein) from the nonprofit corporation holding **IDEA Public Schools’** open-enrollment charter may not serve on the Board, with the following exceptions:
- (A) If each charter school operated by the Board as charter holder has received a satisfactory accountability rating, as defined by applicable law, for at least two of the preceding three school years, **IDEA Public Schools** employees may serve on the Board, as described below, and as provided by law.
- (B) If the charter holder has operated at least one charter school which reported attendance that occurred prior to September 2, 2001, but no charter school operated by the charter holder 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 **IDEA Public Schools** employees may serve on the governing body of the charter holder, as provided by law.
- (C) An employee of **IDEA Public Schools** may serve as a Director if: (i) only employees of **IDEA Public Schools**, and not employees of the Board, serve on the Board; (ii) the compensation or remuneration received by that Director is limited to salary, bonuses, benefits, or other compensation received pursuant to the employment relationship with **IDEA Public Schools**; (iii) **IDEA Public Schools** employees do not constitute a quorum of the Board or any committee of the Board; and (iv) all **IDEA Public Schools** employees serving on the Board comply with all applicable conflict of interest provisions required by law.

Sec. 1.7.2.1.2. Conflicts Requiring an Affidavit and Abstention from Voting

The following circumstances shall be deemed a Conflict of Interest (as defined below), and the Director or Officer shall, in addition to the procedures set forth in Section 1.7.2.3 (Conflict of Interest Procedures), take the following action:

- (1) If a Director or Officer has a substantial interest in a business entity or in real property, the Director or Officer 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:

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

- (A) 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
- (B) 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.
- (2) The affidavit described above is filed with the Secretary of the Board of Directors.
- (3) The Director or Officer filing the affidavit shall abstain from further participation in the matter requiring the affidavit. A Director or Officer filing the affidavit shall abstain from further participation in the matter requiring the affidavit unless a majority of the Board is composed of persons who are likewise required to file, and who do file affidavits of similar interests on the same official action.

*Sec. 1.7.2.1.3. Separate Vote on Budget Item*

The Directors shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a Director has a substantial interest. Abstention is required, except as provided above and in 19 TAC § 100.1133(c), otherwise the affected Director may not participate in that separate vote. The affected Director may vote on a final budget if: (1) the affected Director has complied with the above-stated requirements; and (2) the matter in which the affected Director is concerned has been resolved.

**Sec. 1.7.2.2. Statement on Federal Law.**

**IDEA Public Schools** and its Officers and Directors shall comply with the federal regulations regarding private benefit and excess benefit transactions as described in Section 4958 of the Internal Revenue Code and 26 CFR § 53.4958 (the “federal tax rules”) when it is contemplating entering into a transaction or arrangement that may benefit the private interest of a Director or Officer or other individual deemed to be an “interested person” which means a disqualified person under the federal tax rules. A “disqualified person” includes Directors and Officers, and any person who is in a position “to exercise substantial influence over the affairs of the corporation.” A “disqualified person” includes Family (as defined below) of the disqualified person. Federal law has a five-year lookback for purposes of identifying disqualified persons.

*Sec. 1.7.2.2.1. Interested Person*

Any Director or Officer, employee, or member of a committee with powers delegated by the Board who has a direct or indirect Interest, as defined below, is an “Interested Person.”

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

- (1) A person has an “Interest” if the person has, directly or indirectly, through business, investment, or Family:
  - (A) an ownership or investment interest, directly or indirectly, in any entity with which **IDEA Public Schools** has a transaction or arrangement;
  - (B) a compensation arrangement with **IDEA Public Schools**, or with any entity or individual with which **IDEA Public Schools** has a transaction or arrangement; or
  - (C) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which **IDEA Public Schools** is negotiating a transaction or arrangement.
- (2) “Compensation” is defined to include direct and indirect remuneration, as well as gifts or favors that are not insubstantial.
- (3) A person has an “Interest” if the person has a substantial interest in a business entity or a substantial interest in real property as described in Section 1.7.2.1.2 above.

Sec. 1.7.2.2.2. *Interested Person with Conflict of Interest*

An Interested Person shall have a Conflict of Interest (as defined below) only if the Board or the appropriate committee determines that a Conflict of Interest exists in accordance with the procedures set forth below.

**Sec. 1.7.2.3. Conflict of Interest Procedures**

Sec. 1.7.2.3.1. *Duty of Prior Disclosure*

In connection with any actual or potential conflict of interest, an Interested Person shall disclose the existence of the Interest in writing to the Board as soon as he or she has knowledge of it, and the Board shall give such Interested Person the opportunity to disclose all material facts related thereto to the Board or designated committee considering the proposed transaction or arrangement. Such written disclosure shall be made part of and set forth in the Board minutes. In any event, the disclosure of any actual or potential conflict of interest by an Interested Person should occur prior to any consideration of the proposed transaction by the Board.

- (1) **Transaction Not Subject to Board Action.** An Interested Person with any actual or potential conflict of interest with respect to a transaction or arrangement that is not the subject of Board action shall disclose to the President of the Board or Superintendent, any such Interest. Such disclosure shall be made as soon as the Interest is known to the Interested Person.

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

- (2) **Untimely Disclosure.** If an Interested Person fails to disclose the Interest before the Board acts on a transaction as to which a Director has an Interest, then the Interested Person shall promptly submit a written statement to the Board setting forth all material facts regarding the Interest, along with an explanation concerning the untimely nature of the notice.
- (3) **Failure to Disclose.** If the Board has reasonable cause to believe that an Interested Person failed to disclose an Interest, the Board shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose. After hearing the Interested Person’s explanation, and conducting such investigation as may be warranted under the circumstances, the Board may determine that the Interested Person failed to disclose an actual Conflict of Interest. In such event, the Board shall vote on the appropriate corrective action.

*Sec. 1.7.2.3.2. Determining Whether a Conflict of Interest Exists*

After disclosure of the Interest and all material facts related thereto, the Interested Person *shall leave the meeting of the Board or designated committee while a determination is made by disinterested Directors as to whether a conflict of interest (“Conflict of Interest”) exists.* No Director shall vote on any matter in which he or she has a Conflict of Interest.

*Sec. 1.7.2.3.3. Vote by Disinterested Directors*

- (1) **Nonparticipation of Directors with Conflict.** A Director who has a Conflict of Interest shall neither vote nor participate in, nor be permitted to hear the Board’s discussion of the matter, except to disclose material facts and to respond to questions. Such Director shall not attempt to exert his or her influence with respect to the matter, either before, during, or outside of the Board meeting.
- (2) **Action by Disinterested Directors.** If the Board concludes that a Conflict of Interest exists, the Board shall determine by voting whether the transaction should be authorized, approved or ratified. The vote shall be conducted as follows:
  - (A) Except as otherwise permitted by law, Directors with a Conflict of Interest shall leave the room in which the meeting is conducted.
  - (B) Except as otherwise allowed by law, and as set forth in Section 1.7.2.1.2(3), a majority of the disinterested Directors, without regard to any quorum requirement, must vote affirmatively for the transaction to be authorized, approved or ratified. However, a transaction cannot be authorized, approved or ratified by a single Director.
- (3) **Vote Not Disallowed by Presence of Directors with a Conflict.** The presence of, or a vote cast by, a Director with a Conflict of Interest in a transaction does not affect the



**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

validity of a vote regarding the transaction if the transaction is otherwise authorized, approved or ratified, as prescribed herein.

(4) **Circumstances in Which Comparability Data is Necessary.** If the transaction involves compensation for services of a Director, an Officer, or other individual deemed to be a disqualified person (as defined above at page 6(B)) under the federal tax rules, or if the transaction involves the transfer of property or other benefit to a Director, Officer, or other individual deemed to be a disqualified person under the federal tax rules, the disinterested Directors or committee must determine that the value of the economic benefit provided by **IDEA Public Schools** to the Interested Person or Persons does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data (“Comparability Data”).

(A) When considering the comparability of compensation for example, the relevant data which the Board or committee may consider includes, but is not limited to, the following: (i) compensation levels paid by similarly-situated schools; (ii) the availability of similar services within the same geographic area; (iii) current compensation surveys compiled by independent firms; and (iv) written offers from similar institutions competing for the same person’s services. When the transaction involves the transfer of real property as compensation, the relevant factors include, but are not limited to: (i) current independent appraisals of the property, and (ii) offers received in a competitive bidding process.

(B) Based on the Comparability Data, the Board or committee shall determine, by a majority vote of the disinterested Directors or committee members, whether the transaction or arrangement is fair and reasonable to **IDEA Public Schools**. In conformity with the above determination, the Board or committee shall make its decision as to whether to enter into the transaction or arrangement.

(C) If such transaction or arrangement is approved by the Board or committee, the Comparability Data and the approval shall be made part of the Board minutes in accordance with Section 1.7.2.3.4 (**Documentation**) below.

*Sec. 1.7.2.3.4. Documentation*

The Board Secretary shall keep accurate minutes reporting:

(1) **Interest Disclosed; Determination of Conflict of Interest.** That the Interested Person(s) disclosed the Interest and the Board determined whether a Conflict of Interest exists. The minutes should include:

(A) The name(s) of the person(s) who disclosed or otherwise were found to have an Interest in connection with an actual or possible conflict of interest, the nature of the Interest,

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

any action taken to determine whether a Conflict of Interest was present, and the Board's or committee's decision as to whether a Conflict of Interest in fact existed.

(B) The names of the persons who were present for discussions and votes relating to the Conflict of Interest, 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.

(C) A completed Affidavit of Abstention complying with Local Government Code Chapter 171 and 19 TAC §§ 100.1131-1134 (*see* Affidavit Exhibit A).

- (2) **Nonparticipation of Directors with Conflict.** That the Director or Directors with an Interest or a Conflict of Interest left the room and did not participate in the determination of whether a Conflict of Interest exists or the vote regarding the transaction or arrangement;
- (3) **Comparability Data.** The Comparability Data considered and relied upon by the Board in its consideration of the transaction or arrangement; and
- (4) **Vote of Disinterested Directors.** That the remaining disinterested Directors reviewed the Transaction and voted upon it, and the result of their vote.

**Sec. 1.7.2.4. Compensation.**

- (1) A Director who receives compensation, directly or indirectly, from **IDEA Public Schools** for services is precluded from voting on matters pertaining to that Director's compensation.
- (2) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from **IDEA Public Schools** for services is precluded from voting on matters pertaining to that member's compensation.
- (3) No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from **IDEA Public Schools**, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- (4) Except with respect to Board decisions regarding a *bona fide* class or category of employees pursuant to Government Code § 573.062(b), a voting member of the Board or 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 (as defined below and as specified by Government Code § 573.002).

**Sec. 1.7.2.5. Related Party Transactions (SB 1454 Texas Leg. 86<sup>th</sup> R.S.)**

DATE ISSUED: January 24, 2020 and Revised  
February 28, 2020; May 1, 2020

10 of 20

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

A “Related Party” is :

- (1) A party with a current or former board member, administrator, or officer who is:
  - (A) a board member, administrator, or officer of **IDEA**; or
  - (B) related within the third degree of consanguinity or affinity to a board member, administrator, or officer **IDEA**;
- (2) **IDEA Public Schools’s** related organizations, joint ventures, and jointly governed organizations;
- (3) **IDEA Public Schools's** board members, administrators, or officers or a person related to a board member, administrator, or officer within the third degree of consanguinity or affinity; and
- (4) Any other disqualified person, as that term is defined by 26 U.S.C. Section 4958(f).
- (5) A person is a former board member, administrator, or officer if the person served in that capacity within one year of the date on which a financial transaction between the charter holder and a related party occurred.

**IDEA** shall notify the Commissioner of Education that the school intends to enter into a transaction with a related party, and provide an appraisal from a certified appraiser to the Texas Education Agency. Annual audit reports shall separately disclose all financial transactions between the open-enrollment charter school and any related party, separately stating the principal, interest, and lease payments, and the total compensation and benefits provided by the school and any related party for each member of the governing body and each officer and administrator of the school and the related party. The Commissioner has authority to review, reject or order restructuring of any covered transaction with a related party and **IDEA** shall comply with any Commissioner decision or directive.

**Sec. 1.7.2.6. Definitions.**

The following terms shall have the following meaning:

- (1) **Director or Officer.** A member of the governing body of a charter holder, a member of the governing body of a charter school, or an officer of a charter school. An officer means a person charged with the duties of, or acting as, a Chief Executive Officer, a Central Administration Officer, a Campus Administration Officer, or a Business Manager, regardless of whether the person is an employee or contractor of a charter holder, charter school, management company, or any other person; or a volunteer working under the direction of a charter holder, charter school, or management company. A charter holder employee or independent contractor engaged solely in non-charter activities for the charter holder is not an “officer of a charter school.” 19 TAC §100.1001(16).

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

- (2) **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.
- (3) **Substantial interest in business entity.** A person has a substantial interest in a business entity if: (1) the person owns 10% or more of the voting stock or shares of the business entity or owns either 10% or more or \$15,000 or more of the fair market value of the business entity; or (2) funds received by the person from the business entity exceed 10% of the person's gross income for the previous year.
- (4) **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.
- (5) **Substantial interest through a relative or family member.** A Director or Officer is considered to have a substantial interest if a person related to the Director or Officer within the third degree by consanguinity or the third degree by affinity (as defined below) has a substantial interest under **Sec. 1.6.2.5(iii)** above. 19 TAC § 100.1132(d).
- (6) **Family.** Family means a disqualified person's spouse, siblings, spouses of siblings, ancestors, children, grandchildren, great grandchildren, and spouses of children, grandchildren, and great grandchildren.

**IDEA**, and does not qualify for the continuous employment exception to the nepotism laws. *Atty. Gen. Op. JC-442 (2001)*.

**Sec. 1.7.2.7. Trading Prohibited.**

A Director or Officer may not hire, select, appoint, confirm the appointment of, or vote for the hiring, selection, appointment, or confirmation of an individual to a charter position in which the individual's services are under the Director or Officer's direction or control if:

- (1) The person is related to another Director or Officer within the prohibited degree; and
- (2) The appointment would be carried out, in whole or in partial consideration for the other Director or Officer's hiring, selecting, appointing, confirming, or voting for an individual who is related to the first Director or Officer within a prohibited degree. Government Code § 573.044.

**Sec. 1.7.2.8. Source of Funding Irrelevant.**

The rules against nepotism apply to employees paid with public funds, regardless of the source of those funds. Thus, the rules apply in the case of a teacher paid with funds from a federal grant. *Atty. Gen. L.A. No. 80 (1974)*.

DATE ISSUED: January 24, 2020 and Revised  
February 28, 2020; May 1, 2020

12 of 20

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

**Sec. 1.7.2.9. Nepotism Exceptions.**

The nepotism exceptions described in 19 TAC § 100.1115 also apply. Notwithstanding an exception, a Director or Officer related in a prohibited degree may not participate in any deliberation or voting on the appointment, reappointment, or confirmation of same, employment, reemployment, change in status, compensation, or dismissal of an individual, unless the action is taken regarding a *bona fide* class or category of employees.

**Sec. 1.7.2.10. Enforcement of Nepotism Prohibitions.**

In accordance with state law, a Director or Officer who violates the nepotism regulations shall be removed from office by the Board of Directors. A failure to thus remove is a material charter violation.

- (1) Removal must be in accordance with the Articles and Bylaws of **IDEA Public Schools** and in accordance with the terms of the charter and other state and federal law.
- (2) A Director or Officer violating the nepotism laws may also be removed by the Attorney General and may be subject to criminal and other penalties.

**Sec. 1.7.2.11. Delegation of Hiring Authority.**

The Board may delegate final authority to select **IDEA** personnel to the Chief Executive Officer/Superintendent, Human Resources Director, or other designated Officer.

If such authority is designated to the Chief Executive Officer/Superintendent, the Chief Executive Officer/Superintendent is a “public official” for purposes of Chapter 573, Government Code, with respect to a decision made under that delegation of authority. Education Code § 11.1513(f). As such, if the Chief Executive Officer/Superintendent has been delegated final authority to select **IDEA** personnel, the Chief Executive Officer/Superintendent may not hire, select, appoint, confirm the appointment of, or vote for the hiring, selection, appointment, or confirmation of an individual who is to be directly or indirectly compensated from public funds or fees of office, if:

- (1) The person is related to the Chief Executive Officer/Superintendent by consanguinity (blood) within the third degree or by affinity (marriage) within the second degree; or
- (2) The person is related to a Board member by blood or marriage within a prohibited degree. Government Code §§ 573.002, 573.041.

An individual who is related to the Chief Executive Officer/Superintendent within the relevant level or consanguinity (blood) or by affinity (marriage) and was employed by **IDEA** before

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

September 1, 2013 is considered to have been in continuous employment as provided by Government Code § 573.062(a), and is not prohibited from continuing employment with **IDEA**.

Notwithstanding the above, each Director remains subject to Chapter 573, Government Code with respect to all **IDEA** employees. Education Code §§ 11.1513(f), 12.1055.

**Sec. 1.7.3. CONFIDENTIALITY.**

**Sec. 1.7.3.1. No Improper Disclosure.**

A Director and Officer shall exercise care not to disclose Confidential Information. Confidential Information is information deemed confidential by law, and any information not generally known or publicly available, or that **IDEA** maintains as confidential, proprietary, restricted, or otherwise as not to be disclosed generally, and any information that the Board or **IDEA** otherwise determines or deems as Confidential Information.

**Sec. 1.7.3.2. No Use of Information for Personal Benefit.**

A Director shall not use **IDEA Public Schools** property, Confidential Information, or the status of his or her position to solicit business for others, or in any other manner obtain a private financial, social or political benefit.

**Sec. 1.7.4. DISCLOSURE AND ANNUAL REVIEW.**

**Sec. 1.7.4.1. New Directors and Officers.**

Each new Director and Officer shall review a copy of this Policy and shall complete the Annual Statement of Disclosure and Compliance attached hereto as Exhibit C.

**Sec. 1.7.4.2. Periodic Review.**

To ensure that **IDEA Public Schools** 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 are the result of arm's length bargaining; (ii) whether partnerships, joint ventures, and arrangements with management organizations conform to **IDEA Public Schools'** 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.

**Sec. 1.7.4.3. Annual Review.**

DATE ISSUED: January 24, 2020 and Revised  
February 28, 2020; May 1, 2020

14 of 20

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

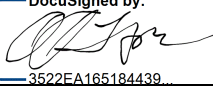
Each Director and Officer shall annually complete the Annual Statement of Disclosure and Compliance. The Board shall treat completed Annual Statements of Disclosure and Compliance as Confidential Information.

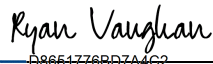
**Sec. 1.7.4.4. Applicable Law.**

This Policy is supplemental to and does not replace federal, state or local laws governing conflicts of interest applicable to charter schools and charitable organizations. When in conflict, the applicable law shall control.

Adopted the 1st day of May, 2020



DocuSigned by:  
  
3522EA165184439...  
\_\_\_\_\_  
Al Lopez, Chair

DocuSigned by:  
  
D8664776BD7A4C2...  
\_\_\_\_\_  
Ryan Vaughan, Secretary

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

**EXHIBIT A**

**STATE OF TEXAS**   §  
    §  
**COUNTY OF \_\_\_\_\_**                             §

I, \_\_\_\_\_, a local public official, make this affidavit and hereby under oath state the following:

I have a substantial interest in a business entity or real property that may receive a special economic effect that is distinguishable from the effect on the public by an action contemplated by **IDEA Public Schools**.

The business entity or real property in which I have a substantial interest is: *[name and address of business and/or description of property]*:

---



---



---

I or a person that is related to me within the first degree of consanguinity (blood) or affinity (marriage) as defined by state law has a substantial interest in this business entity or real property for the following reasons *[check all that apply]*:

- an ownership interest of 10 percent or more of the voting stock or shares of the business entity;
- an ownership interest of 10 percent or more or \$15,000 or more of the fair market value of the business entity;
- funds received from the business entity exceed 10 percent of \_\_\_\_\_ (my, his, her) gross income for the previous year;



**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

real property is involved and \_\_\_\_\_ (I, he, she) have/has an equitable or legal ownership with a fair market value of at least \$2,500;

Upon filing of this affidavit with the official record keeper of the charter holder for **IDEA Public Schools**, I affirm that I shall abstain from voting or further participating in any matter involving the business entity or real property, unless allowed by law.

SIGNED this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Affiant

\_\_\_\_\_  
Title

Before me, the undersigned authority, this day personally appeared \_\_\_\_\_  
\_\_\_\_\_ (Affiant Name) and by oath swore that the facts herein above stated are true and correct to the best of his/her knowledge or belief.

SWORN TO and SUBSCRIBED before me on the \_\_\_\_ day of \_\_\_\_\_,  
20\_\_.

\_\_\_\_\_  
Notary Public, State of Texas

(seal)

My commission expires: \_\_\_\_\_

**IDEA PUBLIC SCHOOLS POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

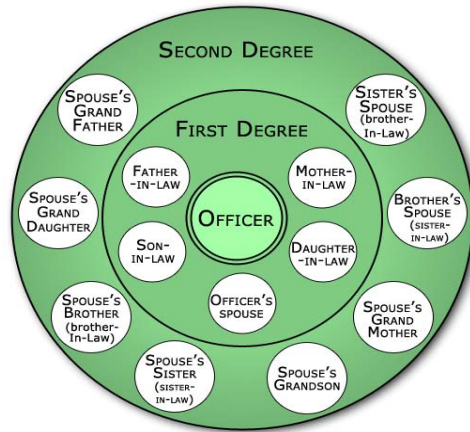
**EXHIBIT B**

**NEPOTISM CHART**

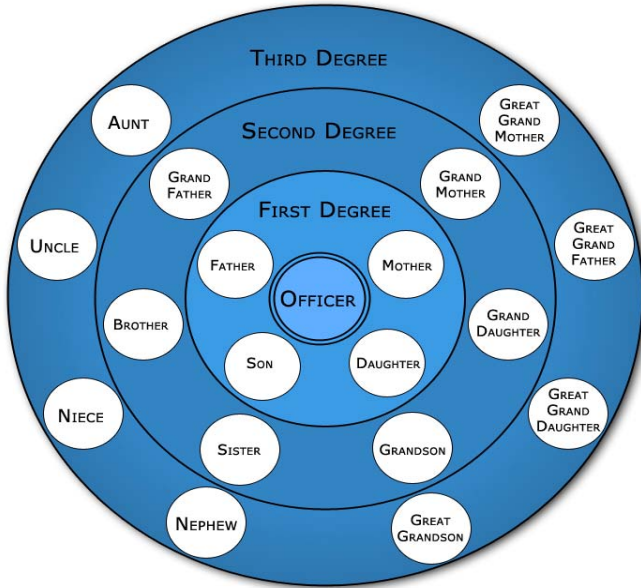
**NEPOTISM CHART**

The chart below shows

- **Affinity Kinship** (relationship by marriage)
- **Consanguinity Kinship** (relationship by blood) for purposes of interpreting nepotism as defined in VTCA Government Code, Chapter 573, §§573.021 - .025



**AFFINITY KINSHIP**  
Relationship by Marriage



**CONSANGUINITY KINSHIP**  
Relationship by Blood

DATE ISSUED: January 24, 2020 and Revised  
February 28, 2020; May 1, 2020

18 of 20

**IDEA Public Schools BOARD POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

PG-1.7

**EXHIBIT C**

**ANNUAL STATEMENT OF DISCLOSURE AND COMPLIANCE**

Name: \_\_\_\_\_

Position: \_\_\_\_\_

- Please describe below any relationships, positions, or circumstances in which you are involved that you believe could be considered an Interest or that might be perceived as an actual or possible Conflict of Interest, as defined in the **IDEA Public Schools** Ethics, Conflict of Interest and Nepotism Policy. Please also describe any familial relationships that would qualify as relationships within the prohibited degree as defined in the **IDEA Public Schools** Ethics, Conflict of Interest and Nepotism Policy.

---



---



---



---



---

- I am involved in no activity, relationship, position or circumstance that could be considered an Interest or might be perceived as an actual or possible Conflict of Interest, as defined in the **IDEA Public Schools** Ethics, Conflict of Interest and Nepotism Policy. I do not have any familial relationships that would qualify as relationships within the prohibited degree as defined in the **IDEA Public Schools** Ethics, Conflict of Interest and Nepotism Policy.

I hereby certify that the information as set forth above is true and complete to the best of my knowledge. I have reviewed and agree to abide by the **IDEA Public Schools** Ethics, Conflict of Interest and Nepotism Policy that is currently in effect.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**IDEA Public Schools BOARD POLICY MANUAL**  
**POLICY GROUP 1 – GOVERNANCE**  
**ETHICS, CONFLICT OF INTEREST, AND NEPOTISM**

PG-1.7

**CERTIFICATION**

The undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of a Board Policy adopted by the Directors of the Corporation on May 1, 2020, which Policy is in full force and effect and has not been revoked or amended.

DocuSigned by:

*Ryan Vaughan*

8733888FD696495...

\_\_\_\_\_  
Ryan Vaughan, Secretary

5/7/2020

\_\_\_\_\_  
Date