

**CONFLICT OF INTEREST POLICY
OF
BELLA MENTE CHARTER SCHOOL**

**Article I
Purpose**

The purpose of this Conflict of Interest Policy (this "Policy") is to protect the interests of Belle Mente Charter School, a California nonprofit public benefit corporation, and the charter school it operates (collectively, the "Corporation"), when it contemplates entering into a transaction or arrangement that might benefit the private interests of an officer, director, or any other person in a position of authority within the Corporation or might result in a possible excess benefit transaction as defined by Internal Revenue Code Section 4958. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations and charter schools. In the event of any inconsistency with California law, California law shall prevail. To the extent the Corporation is subject to more stringent law than what is required by this Policy, the more stringent requirement shall govern.

**Article II
Definitions**

1. Interested Person

Any director, principal officer, or member of a committee with board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

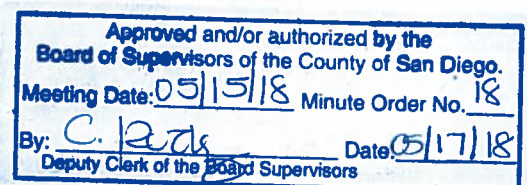
A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which the Corporation has entered into or proposes to enter into any transaction or arrangement;

b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has entered into or proposes to enter into any transaction or arrangement; or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation entered into or proposes to enter into any transaction or arrangement.

However, notwithstanding the above and consistent with California Corporations Code Section 5233 regarding self-dealing transactions, a financial interest shall not include: (1) the compensation, typically director and officer stipends, per meeting fees and reimbursement of expenses, of a director as a director or officer of the Corporation; (2) a transaction which is part of a public or charitable program of the Corporation if it: (i) is approved or authorized by the Corporation in good faith and without unjustified favoritism; and (ii) results in a benefit to one or



more directors or their families because they are in the class of persons intended to be benefited by the public or charitable program; or (3) a transaction, of which the interested director or directors have no actual knowledge, and which does not exceed the lesser of 1 percent (1%) of the gross receipts of the Corporation for the preceding fiscal year or one hundred thousand dollars (\$100,000).

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any transaction or arrangement to which the Corporation is a party where there is an actual or possible conflict of interest, the interested person must disclose the existence and nature of his or her financial interest to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the potentially interested person, a determination must be made about whether an actual conflict of interest exists. The disinterested board or committee members shall determine on a case by case basis whether the disclosed interest constitutes an actual conflict of interest.

3. Procedures for Addressing the Conflict of Interest

a. If it is determined that there is a conflict of interest, the interested person may make a presentation at the board or committee meeting and may answer questions regarding factual information related to the transaction or arrangement. The interest person shall abstain from otherwise participating in any discussions and votes concerning the transaction or arrangement.

b. The chairperson of the board or committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would give rise to a conflict of interest, the board or committee shall

determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Corporation's best interest, for the Corporation's own benefit, and whether the transaction or arrangement is fair and reasonable to the Corporation. In conformity with the above determination, the board or committee shall make its decision as to whether to enter into the transaction or arrangement.

e. Notwithstanding the foregoing, compliance with the any of the approval procedures set forth in California Corporations Code Section 5233 regarding self-dealing transactions shall constitute compliance with this Policy.

4. Violations of the Conflict of Interest Policy

a. If the board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board or committee determines that the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV Records of Proceedings

The minutes of meetings of the board and all committees with board-delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the 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 transaction or arrangement, the content of the discussion, including any proposed alternatives, and a record of any votes taken in connection with the transaction or arrangement.

Article V Compensation

a. A voting member of the board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation, except for compensation, typically director and officer stipends, per meeting fees and reimbursement of expenses, of a director as a director or officer of the Corporation.

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

compensation (typically director and officer stipends, per meeting fees and reimbursement of expenses) of a director or officer of the Corporation.

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

Article VI Annual Statements

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

- a. Has received a copy of the Policy;
- b. Has read and understands the Policy;
- c. Has agreed to comply with the Policy; and
- d. Understands that the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII Periodic Reviews

To ensure that the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII Use of Outside Experts

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

APPROVED AND ADOPTED by the Board of Directors of Bella Mente Charter School.

RESOLUTION NO. 2017-11-28-B

RESOLUTION OF THE BOARD OF DIRECTORS OF BELLA MENTE CHARTER SCHOOL AUTHORIZING THE ADOPTION OF A CONFLICT OF INTEREST CODE AND CERTAIN OTHER ACTIONS RELATED THERETO

CLERK OF THE BOARD OF SUPERVISORS

WHEREAS, Bella Mente Charter School (“Corporation”), as a California nonprofit public benefit corporation that operates a public charter school, is required to adopt a Conflict of Interest Code pursuant to Government Code Section 87300;

WHEREAS, the Fair Political Practices Commission (“FPPC”) has adopted a regulation (2 Cal. Code Regs. § 18730) which is a model conflict of interest code and requires certain local agency officials, employees, and consultants to file FPPC Form 700s, Statement of Economic Interests; and

WHEREAS, the Corporation desires to adopt a Conflict of Interest Code incorporating the FPPC Model Code by reference.

NOW, THEREFORE, this Board of Directors of Bella Mente Charter School hereby finds, resolves and orders as follows:

Section 1. A Conflict of Interest Code, in the form attached as Exhibit A, is hereby tentatively adopted and promulgated.

Section 2. The President or Chief Executive Officer is hereby directed to open a 45-day public comment period to begin on November 29, 2017, by posting a Notice of Intention to Adopt a Conflict of Interest Code on the Corporation’s employee bulletin boards or in the employee newsletters, on the Corporation’s website, and concurrently mailing notice to the Clerk of the Board of Supervisors of the County of San Diego.

Section 3. The Conflict of Interest Code shall become effective immediately upon:

a. Its final approval by this Board of Directors following close of the public comment period and after a public hearing, if requested, at its meeting on March 13, 2018; and

b. Its approval by the Board of Supervisors of the County of San Diego as the code reviewing body.

Section 4. Upon its final approval by the Board of Directors of the Corporation, the President/ Chief Executive Officer is hereby directed and authorized to submit a certified copy thereof to the Board of Supervisors of the County of San Diego for approval.

Section 5. This resolution shall take effect immediately upon its adoption.

EXHIBIT A

**[BELLA MENTE CHARTER SCHOOL
CONFLICT OF INTEREST CODE AND APPENDIX]**

**BELLA MENTE CHARTER SCHOOL
CONFLICT OF INTEREST CODE**

1. Standard Code of FPPC

The Political Reform Act of 1974 (Gov. Code § 81000 *et seq.*) requires each state and local government agency to adopt and promulgate a conflict of interest code. As a local government agency, Bella Mente Charter School, a California nonprofit public benefit corporation ("Corporation"), is therefore required to adopt such a code. The Fair Political Practices Commission ("FPPC") has adopted a regulation (2 Cal. Code of Regs. § 18730) that contains the terms of a model conflict of interest code, which can be incorporated by reference as an agency's code. After public notice and hearing, the regulation may be amended by the FPPC to conform to amendments in the Political Reform Act.

2. Adoption of Standard Code of FPPC

The terms of 2 Cal. Code of Regs. § 18730 and any future amendments to it duly adopted by the FPPC are hereby adopted and incorporated herein by reference. This regulation and the Appendix attached hereto designating officials and employees and establishing disclosure categories shall constitute the Conflict of Interest Code of Corporation ("Code"). This Code shall take effect when approved by the Board of Supervisors for the County of San Diego, and shall thereupon supersede any and all prior codes adopted by Corporation.

3. Filing of Statements of Economic Interests

Pursuant to Section 4 of the model code set forth in 2 Cal. Code of Regs. Section 18730(b), each designated employee set forth in the Appendix shall file a Statement of Economic Interests ("Form 700") with the Secretary of the Corporation. Upon receipt of the statements of the members of the Board of Directors, the Secretary shall make and retain copies and forward the originals of these statements to the Clerk of the Board of Supervisors for the County of San Diego. Statements for all other designated employees shall be retained by the Secretary.

**APPENDIX TO
BELLA MENTE CHARTER SCHOOL
CONFLICT OF INTEREST CODE OF**

Preamble

Any person designated in Section I of this Appendix who is unsure of any right or obligation arising under this Code may request a formal opinion or letter of advice from the FPPC or an opinion from legal counsel to Bella Mente Charter School, a California nonprofit public benefit corporation ("Corporation"). (Gov. Code § 83114; 2 Cal. Code of Regs. § 18730(b)(11).) A person who acts in good faith in reliance on an opinion issued to him or her by the FPPC shall not be subject to criminal or civil penalties for so acting, provided that all material facts are stated in the opinion request. (Gov. Code § 83114(a).)

Opinions rendered by legal counsel to Corporation do not provide any statutory defense to an alleged violation of conflict of interest statutes or regulations. The prosecuting agency may, but is not required to, consider a requesting party's reliance on such legal counsel's opinion as evidence of good faith. In addition, Corporation may consider whether such reliance should constitute a mitigating factor to any disciplinary action that Corporation may bring against the requesting party under Government Code section 91003.5.

**I.
Designated Employees**

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Members of the Board of Directors	1, 2
Executive Director	1, 2
Principal	1, 2
Consultants/ New Positions	*

* Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the Code, subject to the following limitation:

The Executive Director or designee may determine in writing that a particular consultant/new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's/ new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director or designee's determination is a public record and shall be retained for public inspection in the same manner and location as this code. (Gov. Code § 81008.)

II.
Disclosure Categories

Category 1

Designated positions assigned to this category must report:

Interests in real property which are located in whole or in part within two (2) miles of any facility utilized by a Corporation charter school, including any leasehold, beneficial or ownership interest or option to acquire such interest in real property.

Category 2

Designated positions assigned to this category must report:

Investments and business positions in business entities or income (including gifts, loans, and travel payments) from any source of the type that provides services, supplies, products, materials or equipment that the Corporation utilizes or currently plans to utilize, including school supplies, books, and furnishing.

**Descriptions of Positions and Offices with Explanation of Reasons for
Employees and Consultants as "Designated Employees"**

Members of the Board of Directors

The members of the Board of Directors ("Board") of Bella Mente Charter School ("Corporation") formulate general policy and programs of Corporation and hire the Executive Director. The Board is responsible for assuring that all aspects of the financial and programmatic accountability systems are consistent with the school's charter. The Board has responsibility to ensure that Corporation's staff fulfills Corporation's obligations to its charter authorizer and the California Department of Education.

The Corporation does not have any surplus or special reserve funds to invest, and the Board does not direct the investment of public moneys, formulate or approve investment policies, approve or establish guidelines for asset allocations or approve investment transactions. Consequently, members of the Board are not "other officials who manage public investments" within the meaning of Government Code Section 87200, as defined in California Code of Regulations, Title 2, Section 18700.3, and each member is instead designated under Corporation's Conflict of Interest Code and required to disclose reportable interests in real property located in whole or in part within two (2) miles of any facility utilized by a Corporation charter school, as well as investments and business positions in business entities or income from any source of the type that provides services, supplies, products, materials, or equipment that the Corporation utilizes or currently plans to utilize, including school supplies, books, and furnishings.

Executive Director

As an employee of Corporation, the Executive Director ("ED") serves as the corporate chief executive officer ("CEO") generally participates in the formulation of Corporation's general policy and programs, and implements policy on behalf of the Board. The ED hires employees and contractors, including those providing management, curriculum, technology, and instructional services. The ED has general supervision, direction, and control of the business and affairs of Corporation.

The Corporation does not have any surplus or special reserve funds to invest, and the ED does not direct the investment of public moneys, formulate or approve investment policies, approve or establish guidelines for asset allocations, or approve investment transactions. Consequently, the ED is not an official who manages public investments within the meaning of Government Code Section 87200, as defined in California Code of Regulations, Title 2, Section 18700.3, and the ED is instead designated under Corporation's Conflict of Interest Code.

Principal

The Principal may make limited purchasing decisions related to his/her school that may be approved without significant amendment or modification by the ED. The Principal is therefore designated under Corporation's Conflict of Interest Code and required to disclose

reportable investments and business positions in business entities or income from any source of the type that provides services, supplies, products, materials, or equipment that the designated position's school utilizes or currently plans to utilize.

**DECLARATION OF PRESIDENT/ CHIEF EXECUTIVE OFFICER OF
BELLA MENTE CHARTER SCHOOL
ADOPTION OF CONFLICT OF INTEREST CODE**

I, Erin Feeley, hereby declare:

I am the President/ Chief Executive Officer of Bella Mente Charter School, a California nonprofit public benefit corporation ("Corporation").

On November 28, 2017, the Board of Directors of Corporation considered the proposed Conflict of Interest Code ("Code"). The proposed Code designates the officers, employees, and consultants who make governmental decisions.

The Board of Directors set April 10, 2018, for a public hearing, if requested, and for final adoption of the Code. Thereafter, notice of intent to adopt the Code was (i) mailed on November 29, 2017 to the Board of Supervisors of the County of San Diego and (ii) posted on November 29, 2017, on all Corporation employee bulletin boards or newsletters and on the Corporation's website.

On April 10, 2018 at the time and place set forth in the notice, *[a public hearing was held on the proposed Code. No person appeared at the public hearing, and no written comments were received. Accordingly, the hearing was thereupon closed and]* the Board of Directors adopted the Code and directed that it be submitted to the Board of Supervisors of the County of San Diego as the code-reviewing body.

Dated: April 10, 2018



Erin Feeley, President/ Chief Executive Officer

**NOTICE OF INTENTION TO ADOPT A CONFLICT OF INTEREST CODE
FOR BELLA MENTE CHARTER SCHOOL**

NOTICE IS HEREBY GIVEN that Bella Mente Charter School ("Corporation"), a California nonprofit public benefit corporation, tentatively approved a Conflict of Interest Code ("Code") pursuant to Government Code Section 87300 at its meeting on November 28, 2017, and intends to finally adopt the Code. Pursuant to Government Code Sections 87200 and 87302, the Code will designate public officials, employees, and consultants of Corporation who make governmental decisions, manage Corporation's investments, and who, therefore, must disclose certain investments, interests in real property, sources of income, and business positions, and disqualify themselves from making or participating in the making of governmental decisions affecting those interests.

A public comment period has been established commencing on November 29, 2017, and terminating on January 13, 2018 (a 45-day period). Any interested person may present written comments concerning the proposed Code no later than January 13, 2018, to the Corporation's representative at the address listed below. No public hearing on this matter will be held unless any interested person or his or her representative requests a public hearing no later than 15 days prior to the close of the written comment period.

The exact terms of the proposed Code, and all of the information upon which the Code is based, are available for inspection and copying by interested persons by contacting the Corporation's representative at the address listed below, and are also available at the office of the Clerk of the San Diego County Board of Supervisors. The Corporation has prepared a written explanation of the reasons for the designations and the disclosure responsibilities and has available all of the information upon which its proposed Code is based. Any general inquiries concerning the proposed Code should be directed to the Corporation's representative listed below.

Erin Feeley
Executive Director
Bella Mente Charter School
1737 W. Vista Way
Vista, CA 92083
Phone: (760) 621-8948
Fax: (760) 639-0611

SECRETARY'S CERTIFICATE

I, CAROLINE VEALE, Secretary of the Board of Directors of Bella Mente Charter School, a California nonprofit public benefit corporation, County of San Diego, California, hereby certify as follows:

The attached is a full, true, and correct copy of the resolutions duly adopted at a regular meeting of the Board of Directors of Bella Mente Charter School, which was duly and regularly held on the 28th day of November, 2017, at which meeting a quorum of the members of the Board of Directors was present; and at such meeting such resolutions were adopted by the following vote:

AYES: UNANIMOUS

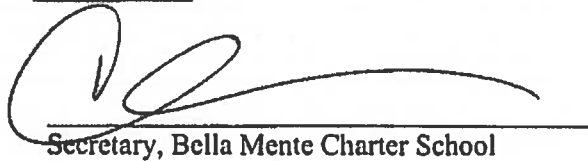
NOES:

ABSTAIN:

ABSENT:

I have carefully compared the same with the original minutes of such meeting on file and of record in my office; the attached resolution is a full, true, and correct copy of the original resolution adopted at such meeting and entered in such minutes; and such resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this 28 day of November, 2017.


Secretary, Bella Mente Charter School

RESOLUTION NO. 2017-11-28-A

**RESOLUTION OF THE BOARD OF DIRECTORS OF
BELLA MENTE CHARTER SCHOOL ADOPTING A
CONFLICT OF INTEREST POLICY**

WHEREAS, the Board of Directors ("Board") of Bella Mente Charter School ("Corporation"), a nonprofit public benefit corporation, has determined that it is in the best interests of the Corporation that a conflict of interest policy be adopted in order to protect the interests of the Corporation, and the charter school it operates, when it contemplates entering into a transaction that has the potential to benefit the private interest of any officer, director or employee of the Corporation or any private party; and

WHEREAS, the Board has reviewed and considered the Conflict of Interest Policy attached hereto as Exhibit A.

NOW, THEREFORE, this Board of Directors of Bella Mente Charter School hereby finds, resolves and orders as follows:

Section 1. The Conflict of Interest Policy attached hereto as Exhibit A is hereby approved and adopted as the Conflict of Interest Policy of the Corporation.

Section 2. The Secretary of the Corporation is hereby directed to file this resolution with the minutes of the proceedings of the Board of Directors.

Section 3. This resolution shall take effect immediately upon its adoption.

EXHIBIT A
[CONFLICT OF INTEREST POLICY
OF
BELLA MENTE CHARTER SCHOOL]