

System-wide Policy:	
BT0003 - Conflict of Interest Policy for Trustees	
Version: 2	Effective Date: 06/24/2022

**BOARD OF TRUSTEES CONFLICT OF INTEREST
POLICY FOR TRUSTEES**

PURPOSE

The ultimate purpose of any conflict of interest policy is to ensure that each Trustee exercises independent judgment in a manner that he or she reasonably believes to be in the University’s best interest consistent with the fiduciary duty of loyalty.

APPLICABILITY

This policy applies to all voting members of the Board of Trustees.

CONFLICT OF INTEREST

Pursuant to Tennessee Code Annotated § 49-9-207, it is unlawful for any member of the Board *“to be financially interested in any contract or transaction affecting the interest of the university, or to procure or be a party in any way to procuring, the appointment of any relative to any position of trust or profit connected with the university.”* A violation of this statutory provision subjects such individual to removal by the governor or the Board.

Notwithstanding the foregoing, a Board member may serve as an officer, director, or employee of a bank. Subject to disclosure of such relationships to both the University and the bank, the dual relationship shall not invalidate, or adversely affect, any sale, contract or other business transaction between the University and the bank. In this regard, “bank” means any state or national bank, or state or federal savings and loan association, or credit union established pursuant to chapter 4 of Title 45.¹

A conflict of interest is presumed to exist when a Trustee or an immediate family member: (i) has a financial interest in any entity with which the University is or may be doing business; or (ii) serves in a position of authority (e.g., director, partner, officer, etc.) of an entity with which the University is or may be doing business. For purposes of this policy, an “immediate family member” shall mean a Trustee’s spouse, children of the Trustee or his/her spouse, any other members of the Trustee’s household, and brothers, sisters, or parents of the Trustee or his/her spouse. Although not all conflicts of interest are

¹ Tennessee Code Annotated § 45-2-405.

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impermissible, any actual or potential conflicts of interests should be disclosed as set forth in this policy.

DISCLOSURE REQUIREMENTS

Initial Disclosure. Each Trustee shall complete and submit a conflict of interest and disclosure questionnaire (the “Questionnaire”) no later than thirty (30) days of the effective date of their initial appointment to the Board.

Annual Disclosure. On an annual basis, each Trustee shall update his/her Questionnaire. The annual disclosure shall be completed on or before January 31 of each year.

Ongoing Disclosure. On an ongoing basis, each Trustee shall amend his/her Questionnaire to reflect any additions or revisions to the items required to be disclosed under this policy. In the event that a matter arises quickly and a Trustee has not had an opportunity to update his/her Questionnaire, the Trustee shall orally declare any such conflict of interest prior to the Board or any standing committee thereof considering any matter relating thereto.

Disclosure associated with other Board responsibilities. From time to time, members of the Board may serve on the boards of Related Foundations of the University (as further described in Board Policy BT0016) and/or in other capacities, which may subject them to additional conflicts of interest policies, guidelines, and disclosure requirements applicable to such positions.

Supplemental Disclosures. From time to time, each Trustee may be requested to make disclosures other than those set forth above as may be required by law or as necessary to assist the University with various applications, certifications, filings, or other reports.

Form of Questionnaire. The Questionnaire may be in written or electronic form and is intended to elicit information about any actual or potential conflicts of interest and other required information. If a Trustee is aware of any additional facts or circumstances that are relevant to, but not contemplated by the inquiries set forth in the Questionnaire, the Trustee has an affirmative obligation to disclose such information in accordance with this intent of this policy. If a Trustee is uncertain about whether an item requires disclosure, then he/she is encouraged to contact the Secretary and Special Counsel to the Board for further guidance and clarification.

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Circulation and Review of Questionnaires. The Secretary and Special Counsel to the Board shall be responsible for circulating the Questionnaires to the Board members as contemplated herein. Additionally, the Secretary and Special Counsel to the Board shall review the Questionnaires to identify any actual or potential conflicts of interest. In the event that any actual or potential conflict of interest is identified, such matters shall be brought to the attention of the respective Trustee, the Chair of the Audit and Compliance Committee (or, if the interest involves the Chair an independent member of such Committee), and the Chair of the Board for review and resolution, as may be appropriate.

Abstention from Voting. A Trustee must abstain from voting on or influencing transactions where a conflict of interest exists. For example, a Trustee should abstain from voting on an agreement with a bank, if the Trustee also serves as a director for such bank.

RELATED POLICIES

- Board Policy (BT0001) – Statement of Governance and Trustee Commitment
- Board Policy (BT0002) – Code of Ethics for Trustees