UTOPIAN ACADEMY FOR THE ARTS
CONFLICT OF INTEREST POLICY

3.7 Conflicts of Interest.

3.7.1 Conflicts of Interest Policy. Each Board Member will sign a conflict of interest policy at the beginning of each school year affirming his or her unconflicted loyalty to the interest of Corporation.

3.7.2 Inquiry into Self-Dealing Transactions. In its consideration of any action, the Board and its committees shall first conduct appropriate inquiry to determine whether such action involves a Self-Dealing Transaction. "Self-Dealing Transaction" means any transaction having the School as one party and one or more of the following among the other proposed parties to the transaction:

(1) Directors, Officers, or employees of the Corporation or school management company, or blood or marital relations of any of them;

(2) An entity in which a Director, Officer or employee of the Corporation or school management company, or blood or marital relation of any of them, holds a significant ownership or investment interest;

(3) An entity which employs or otherwise compensates a Director, Officer or employee of the Corporation or school management company, or employs or compensates a blood or marital relation; and/or

(4) Any entity which has, as a member of its Board or trustees, a Director, Officer or employee of the Corporation or school management company, or a blood or marital relation of any of them.

3.7.3 Approval of Self-Dealing Transactions. A Self-Dealing Transaction, as defined above, shall be voidable at the sole election of the Corporation unless the following provisions are satisfied:

(1) The Board shall hold one or more meeting(s) to discuss and vote on the transaction or arrangement resulting in the conflict of interest. An Interested Person may make a presentation to the Board, but after such presentation, shall leave the meeting(s) during the discussion of, and the vote on the conflict of interest transaction.

(2) The Board Chair shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(3) After exercising due diligence to determine whether the Corporation can arrange an alternative transaction more favorable to the school with reasonable efforts, the Board concludes that it is in the Corporation's best interests and is fair and reasonable to authorize the Self-Dealing Transaction

(4) The Board authorizes, approves, or ratifies the transaction by the affirmative vote of a majority of the disinterested Directors, and with disclosure or knowledge of the material facts concerning the Self-Dealing Transaction.

Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board (or a committee thereof) that authorizes, approves, or ratifies such contract or transaction.

Notwithstanding the above, no loan shall be made by the Corporation to any of its Directors or officers, as provided further in Section 7.4 of these Bylaws.