

**BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL 2 (BSNBCS2)**  
**CODE OF ETHICS FOR SCHOOL TRUSTEES, OFFICERS AND EMPLOYEES**

The Board of Trustees (the “Board”) of BSNBCS2 (the “School”) recognizes that sound, ethical standards of conduct serve to increase the effectiveness of School leadership as educational leaders in their community. Actions based on an ethical code of conduct promote public confidence and the attainment of the School’s goals. The Board also recognizes its obligation to adopt a code of ethics consistent with the provisions of the New York General Municipal Law, New York Not-For-Profit Corporations Law and the New York Education Law, setting forth the standards of conduct required of all School trustees, officers and employees. Therefore, every trustee, officer and employee of the School, whether paid or unpaid, shall adhere to the following standards of conduct:

1. *Gifts:* A trustee, officer or employee shall not directly or indirectly solicit any gifts nor accept or receive any single gift having a value of \$75 or more, or gifts from the same source having a cumulative value of \$75 or more over a twelve-month period, whether in the form of money, services, loan, travel, entertainment, hospitality, thing or promise, or any other form, if it could reasonably be inferred that the gift was intended to influence him or her in the performance of his or her official duties or was intended as a reward for any official action on his or her part.

However, the Board welcomes and encourages the writing of letters or notes expressing gratitude or appreciation to staff members. Gifts from children that are principally sentimental in nature and of insignificant financial value may be accepted in the spirit in which they are given.

2. *Confidential information:* A trustee, officer or employee shall not disclose confidential information acquired by him or her in the course of his or her official duties or use such information to further his or her own personal interest. In addition, he/she shall not disclose information regarding any matters discussed in an executive session of the Board, whether such information is deemed confidential or not.

3. *Representation before the Board:* A trustee, officer or employee shall not receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board, a committee of the Board or the School.

4. *Representation before the Board for a contingent fee:* A trustee, officer or employee shall not receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board, a Committee of the Board or the School whereby the compensation is to be dependent or contingent upon any action by the School with respect to such matter, provided that this paragraph shall not prohibit the fixing at any time of fees based upon the reasonable value of the services rendered.

5. *Disclosure of interest in matters before the Board:* A trustee, officer or employee of the School, whether paid or unpaid, who participates in the discussion or gives official opinion to the Board, a committee of the Board or the School on any matter before the Board, a committee of the Board or the School shall publicly disclose on the official record the nature and extent of any direct or indirect financial or other private interest, he or she, or his or her spouse, has in such matter. The term “interest” means a direct or indirect pecuniary or material benefit accruing to a trustee, officer or employee.

6. *Investments in conflict with official duties:* A trustee, officer or employee shall not invest or hold any investment directly in any financial, business, commercial or other private transaction that creates a conflict with his or her official duties.

7. *Private employment:* A trustee, officer or employee shall not engage in, solicit, negotiate for or promise to accept private employment when that employment or service creates a conflict with or impairs the proper discharge of his or her official duties.

8. *Future employment:* A trustee, officer or employee shall not, after the termination of service or employment with the Board, appear before the Board or any panel or committee of the Board, in relation to any case, proceeding, or application in which he or she personally participated during the period of his or her service or employment or that was under his or her active consideration. This shall not bar or prevent the timely filing by a present or former officer or employee of any claim, account, demand or suit against the Board on his or her own behalf or on behalf of any member of his or her family arising out of any personal injury or property damage or for any lawful benefit authorized or permitted by law.

#### *Distribution of Code of Ethics*

The Chief Executive Officer shall cause a copy of this Code of Ethics to be distributed annually to every trustee, officer and employee of the School. Each trustee, officer and employee elected or appointed thereafter shall be furnished a copy before entering upon the duties of his or her office or employment. Whenever the Board materially changes any provision hereof, the Executive Director shall cause a copy of such amendment to every Trustee, officer and employee of the School.

#### *Penalties*

In addition to any penalty contained in any other provision of law, any person who shall knowingly and intentionally violate any of the provisions of the Board's code of ethics may be fined, suspended or removed from office or employment, as the case may be, in the manner provided by law. Willful and knowing violations of certain provisions of the General Municipal Law constitute a misdemeanor.

### **BSNBCS2 CONFLICT OF INTEREST POLICY**

The purpose of this Conflict of Interest Policy (the "Policy") is to protect the interests of BSNBCS2 (the "School") when it is contemplating entering into a transaction or arrangement that may benefit the private interests of a Trustee, Officer or employee of the School. Before entering into any transaction or arrangement that may benefit the private interests of a Trustee, Officer or employee of the School, the Board of Trustees of the School (the "Board") shall determine whether the transaction or arrangement is prohibited under this Policy.

#### **Article 1**

##### **Conflicts of Interest**

Section 1. School Trustees, Officers and employees, subject to certain limited exceptions, are generally prohibited from having a direct or indirect pecuniary or material benefit accrue from a contract with the School, provided, however, this does not preclude the payment of lawful compensation and necessary expenses of such Trustee, Officer or employee in holding his or her position with the School, as applicable. A Trustee, Officer or employee will also be considered to have a pecuniary or material benefit in a contract if the School is party to a contract with (i) his or her spouse, minor children or

dependents (except contracts of employment with such School), (ii) a firm, partnership or association of which he or she is a member or employee, (iii) a corporation of which he or she is an officer, trustee or employee or (iv) a corporation any stock of which is owned or controlled directly or indirectly by him or her. Trustees, Officers and employees shall not have an interest in any contract with the Schools when such School Trustee, Officer or employee, individually or as a member of the Board, has the power or duty to (a) negotiate, prepare, authorize or approve the contract or authorize or approve payment thereunder (b) audit bills or claims under the contract, or (c) appoint an officer or employee who has any of the powers or duties set forth above.

Section 2. The Chief fiscal officer, Board Treasurer or employees of the Schools shall not have an interest in a bank or trust company designated as a depository, paying agent, registration agent or for investment of funds of the Schools of which he/she is an officer or employee. The provisions of this section shall not preclude the payment of lawful compensation and necessary expenses of trustee, officer or employee in one or more positions of public employment, the holding of which is not prohibited by law.

Section 3. School Trustees, Officers and employees are also restricted from engaging in any Related Party Transaction, which is not already expressly prohibited by Sections 1, 2 and 3 above, except as approved by the Board. In determining whether to approve a Related Party Transaction, the Board must determine if the transaction is fair, reasonable and in the best interests of the School at the time of such determination. With respect to any Related Party Transaction involving a charitable corporation and in which a Related Party has a substantial financial interest, the Board shall consider alternative transactions to the extent available, approve the transaction by majority vote of those present and document the basis for approval and considered alternatives contemporaneous with the final decision.

Section 4. Employees of the School may not serve on the Board of Trustees.

Section 5. Not more than 40% of the persons serving on the Board may be interested persons. An "interested person" is: (a) any person currently being compensated by the School for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor or otherwise, or any Relative of any such person; or (b) voting members who are affiliated with any single entity other than the School or another charter school education corporation.

Section 6. Where the School has engaged a not-for-profit educational service provider or other entity that provides comprehensive services to the School pursuant to a contract between such entity and the School, no more than two (2) Trustees may be affiliated with such not-for-profit entity, or have immediate family members so affiliated; provided, however, that in such case the following restrictions shall apply:

- (i) termination of the contract with the not-for-profit educational service provider or other entity shall constitute cause for removal of such person(s) from the Board, and upon such termination such person(s) may be removed from the Board by vote of a majority of the Trustees provided there is a quorum of at least a majority of the entire Board present at the meeting;
- (ii) such person(s) shall not hold the offices of Chair or Treasurer;

- (iii) when the Board has proper grounds to go into executive session pursuant to the Open Meetings Law, and the Board is to discuss or vote upon an issue related to the not-for-profit management company or other entity, the personnel of such company or entity, or such person(s), the Board may, after such person(s) has had an opportunity to fully address the Board, continue such executive session outside of the presence of such person(s); and
- (iv) number of Trustees shall not be less than seven (7) where two (2) Trustees are affiliated with the not-for-profit educational service provider or other entity and not less than six (6) where one (1) Trustee is affiliated with the not-for-profit educational service provider or other entity.

**Article 2  
Disclosure and Voting**

Any potential or actual conflict of interest of a Trustee, Officer or employee described in Article 1 of this Policy must be promptly disclosed in good faith in writing to his or her immediate supervisor and to the Board or an authorized committee thereof as soon as he or she has knowledge of such actual or prospective interest, together with all material facts known to such Trustee, Officer or employee with respect to the actual or potential conflict of interest. Such written disclosure shall be made part of and set forth in the minutes of the Board. All such potential or actual conflicts of interest shall be reviewed by the Board.

Any Trustee, Officer or employee to which the potential or actual conflict of interest relates shall not be present at or participate in the Board or committee deliberation or vote on the matter giving rise to such conflict; provided that nothing shall prohibit the Board or a committee from requesting that the person with the conflict of interest present information as background or answer questions at a committee or Board meeting prior to the commencement of deliberations or voting relating thereto. If not prohibited by Article 1 of this Policy, any matter involving an actual or potential conflict of interest shall be approved by not less than a majority vote of the Board members, present and voting at the meeting; provided, that the Trustee to which the potential or actual conflict of interest relates shall not be permitted to vote. No Trustee, Officer or employee shall vote, act, or attempt to influence improperly the deliberations, as applicable. Any attempt to vote, act, or improperly influence deliberations may be grounds for removal from the Board or termination of employment with the School.

The existence and resolution of the conflict must be documented in the School's records including in the minutes of any meeting at which the conflict was discussed or voted upon.

**Article 3  
Committee Review**

The Board may delegate to the Finance Committee or any Board committee comprised solely of Independent Trustees (each a "Committee") the adoption, implementation of and compliance with this Policy. The Board may delegate to such Committee review and approval of any potential or actual conflict of interest; provided that if the potential or actual conflict of interest is of a nature that would otherwise require full Board approval, the Committee shall provide a recommendation as to whether or not to approve the potential or actual conflict of interest to the full Board, and the Board shall be responsible for making a final determination. In the event the Board delegates the review and approval of conflicts of interest to a committee, all references to the Board in this Policy shall be deemed to refer

to such Committee and all references to a majority of the Board shall be deemed to refer to a majority of such Committee.

#### **Article 4**

##### **Records of Proceedings**

The minutes of all meetings of the Board and all committee meetings at which a potential or actual conflict of interest is considered shall contain the following:

(i) The names of the persons who disclosed or otherwise were determined to have a potential or actual conflict of interest, the nature of the potential or actual conflict of interest, any action taken to determine whether a conflict of interest exists, and the Board's decision as to whether a conflict of interest exists.

(ii) The names of the persons who were present for discussions and votes relating to any determinations under this Policy, including whether the Trustee, Officer or employee left the room during any such discussions, the content of such discussions, and whether or not the transaction was approved by the Board. The minutes shall be documented contemporaneously to the discussion and decision regarding the conflict of interest.

#### **Article 5**

##### **Disclosures**

Prior to the initial election or appointment of a Trustee to the Board, and thereafter on an annual basis, all Trustees, in addition to all Officers and employees, shall disclose in writing to the Secretary of the School:

(i) Any entity of which the Trustee, Officer or employee is an officer, director, trustee, member, owner (except as a shareholder of a public corporation which does not do business with the School) or employee;

(ii) Any entity of which a Relative of the Trustee, Officer or employee is an officer, director, trustee, member, owner or employee and with which the School has a relationship;

(iii) Any Financial Interest the Trustee, Officer or employee may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the School for a fee or other compensation; and

(iv) Any position or other material relationship such Trustee, Officer or employee may have with any not-for-profit corporation or any position or other material relationship held by a Relative of such Trustee Officer or employee, with which the School has a business relationship.

Each Trustee, Officer and employee shall also annually sign and submit to the Board Secretary a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

#### **Article 6**

##### **Miscellaneous**

Section 1. Any contract willfully entered into by or with the School which is prohibited by this Conflict of Interest Policy shall be null, void and wholly unenforceable.

Section 2. In no instance shall a trustee, officer or employee of a for-profit educational management organization having a business relationship with the School serve as a voting member of the Board for the duration of such business relationship.

Section 3. Trustees, officers, or employees of any single external organization shall hold no more than 40% of the total seats comprising the Board.

Section 4. Trustees, Officers and employees shall avoid at all times engaging in activities that would appear to be unduly influenced by other persons who have a special interest in matters under consideration by the Board. If this occurs, such Trustee, Officer or employee shall disclose in writing all known facts prior to participating in a Board discussion of these matters and the Trustee, Officer, or employee's interest in the matter will be reflected in the Board minutes.

Section 5. Trustees, Officers and employees shall make all appropriate disclosures whenever a grievance of conflict of interest is lodged against them.

Section 6. Trustees, Officers and employees may never ask a subordinate, a student or a parent of a student to work on or give to any political campaign.

## **Article 7 Definitions**

Capitalized terms used herein shall have the meanings ascribed to such terms below:

(i) **Affiliate.** An affiliate of the School is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the School.

(ii) **Financial Interest.** A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangements involving the School.

(iii) **Independent Trustee.** A member of the Board of Trustees (the "Board") who:

(a) is not, and has not been within the last three years, an employee or a Key Person of the School or an Affiliate of the School, and does not have a Relative who is, or has been within the last three years, a Key Person of the School or an Affiliate of the School;

(b) has not received, and does not have a Relative who has received, in any of the last three fiscal years, more than ten thousand dollars in direct compensation from the School or an Affiliate of the School

(c) is not a current employee of or does not have a substantial financial interest in, and does not have a Relative who is a current officer of or has a substantial financial interest in, any entity that has provided payments, property or services to, or received, payments, property or services from, the School or an Affiliate of the School if the amount paid by the School if the amount paid by the School to the entity or received by the School from the entity for such property or services, in any of the last three fiscal years, exceed the less of \$10,000 or 2% of such entity's consolidated gross revenues if the entity's consolidated gross revenue was less than \$500,000.00; \$25,000 if the entity's consolidated gross

revenue was \$500,000 or more but less than \$10,000,000; \$100,000 if the entity's consolidated gross revenue was \$10,000,000 or more;

(d) is not and does not have a Relative who is a current owner, whether wholly or partially, director, officer or employee of the School's outside auditor or who has worked on the School's audit at any time during the past three years.

For purposes of this definition, "compensation" does not include reimbursement for expense reasonably incurred as a Trustee and "payment" does not include charitable contributions, dues or fees paid to the School for services which the School performs as part of its nonprofit purposes, or payments made by the School at fixed or non-negotiable rates or amounts for services received, provided that such services by and to the School are available to individual members of the public on the same terms, and such services received by the School are not available from another source.

(iv) **Key Person.** This term means: any person, other than a Trustee or Officer, whether or not an employee of the School, who: (a) has responsibilities, or exercises powers or influence over the School as a whole similar to the responsibilities, powers, or influence of Trustees and Officers; (b) manages the School, or a segment of the School that represents a substantial portion of the activities, assets, income or expenses for the School; or (c) alone or with others controls or determines a substantial portion of the School's capital expenditures or operating budget.

(v) **Officer.** A person who has the authority to bind the School as designated in the By-Laws of the School.

(vi) **Related Party.** Persons who may be considered a Related Party of the School or an Affiliate of the School under this Policy include:

- a. Trustees, Officers, or Key Persons of the School or an Affiliate of the School;
- b. Relatives of Trustees, Officers, or Key Persons;
- c. Any entity in which a person in (i) or (ii) has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%;
- d. Founders of the School; and
- e. Any non-stock entity controlled by one or more Key Persons.

(vii) **Related Party Transaction.** Any transaction, agreement or any other arrangement with the School or an Affiliate of the School in which a Related Party has a Financial Interest, except that a transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party's financial interest in the transaction is de minimis; or (ii) the transaction would not be customarily reviewed by the Board or by Boards of organizations similar to the School in the ordinary course of business and is available to others on the same or similar terms.

(viii) **Relative.** A spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or a domestic partner as defined in section 2994-A of the New York Public Health Law.

(ix) **Trustee.** Any voting or non-voting member of the governing board of the School.

## **BSNBCS2 SCHOOL WHISTLEBLOWER POLICY**

Section 1. Policy. BSNBCS2 (the "School") is committed to lawful and ethical behavior in all of its activities and requires all persons associated with the School including but not limited to its Trustees, Officers, employees and volunteers, to act in accordance with all applicable laws, regulations and policies and to observe high standards of business and personal ethics, honesty and integrity in the conduct of their duties and responsibilities ("Code of Conduct"). It is the policy of the School to prevent or detect and correct any improper activities.

Section 2. Procedure for Reporting. It is the responsibility of all Trustees, Officers, employees and volunteers to report in good faith any concerns they may have regarding actual or suspected activities which may be illegal or in violation of the School's policies with respect to, without limitation, fraud, theft, embezzlement, accounting or auditing irregularities, bribery, kickbacks, discrimination, harassment and misuse of the School's assets, as well as any violation or suspected violations of high business and personal ethical standards, as such standards relate to the School in accordance with this Whistleblower Policy. Alleged violations and potential violations should be reported to the Chairman of the Board of Trustees (the "Board") or the Principal (the "Designated Officials"). Any Designated Official receiving such a report shall promptly provide written notice of same to the Finance Committee, if any, or to such other committee of independent Trustees formed by the Board to oversee all whistleblower matters as they may arise, or if there is no such committee, to the independent Trustees on the Board; as defined in the School's Conflict of Interest Policy, or, if there are allegations against one or more Board members, to at least one other Officer and one Trustee not named in the complaint (in each case, the "Independent Committee").

Section 3. Handling of Reported Violations. The Independent Committee (or the Designated Official(s) receiving such notice under the general oversight and direction of the Independent Committee) shall investigate all reports filed in accordance with this Whistleblower Policy with due care and promptness. Reported matters will be investigated to determine if the allegations are true, whether the issue is material, and what actions, if any, are necessary to correct the problem. Investigators will issue a full report of all matters raised under this Whistleblower Policy to the Independent Committee, which will, in turn issue a full report to the Board. The Board may conduct a further investigation upon receiving such a report.

Section 4. Good Faith. Anyone reporting a concern or complaint concerning a violation or suspected violation of the Code of Conduct must act in good faith and have reasonable grounds for believing the matter raised is a material violation of law or ethical standard or a material accounting or auditing matter. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Section 5. Confidentiality. Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. The School shall take reasonable steps to ensure that the identity of the reporting person and the reported information remain confidential, except as otherwise required by law or as necessary to carry out an investigation or remedial action.

Section 6. No Retaliation. No Trustee, Officer, employee or volunteer of the School who in good faith reports any action or suspected action taken by or within the School that is illegal, fraudulent or in violation of the Code of Conduct shall suffer intimidation, harassment, coercion, discrimination or other retaliation, express or implied, or, in the case of employees, adverse employment consequences. An



employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the School prior to seeking resolution outside the School.

Section 7. Handling of Reported Violations. The notified Designated Official will acknowledge receipt of the report to the reporting person, but only to the extent the reporting person's identity is disclosed or a return address is provided, within five (5) business days. All reports will be promptly investigated; the scope of any such investigation being within the sole discretion of the Independent Committee, and appropriate corrective action will be taken if warranted by the investigation.

Section 8. Distribution of the Whistleblower Policy. A copy of this Whistleblower Policy shall be distributed to all Trustees, Officers, employees and volunteers of the School who provide substantial services to the School.

Section 9. Record Retention. All records relating to any report or any investigation of a report shall be maintained for at least seven (7) years.