



Oak Knoll Kinderhaus Montessori School
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Board of Directors

board@oakknollkinderhaus.com

June 19, 2006 Special Board Meeting,

MINUTES

Attendance:

Board members: Alana Steele, President; Hannah Holland, Vice President; Standrea Williams, Treasurer; Gwen Hourihan, Acting Secretary; Dorothy Chambless; John Chambless; Jonna Dennis; Peter Dimopoulos; Lisa Vigil Ruelas; Nina Powell; Julie Brown.

Location: Lake Campus

CALL TO ORDER

The Vice President called the special meeting of the Board of Directors to order at 7:00 p.m. on July 19.

SECRETARY'S REPORT

This meeting was originally scheduled to be on Monday, June 12th (see June 5, 2006 minutes), but the meeting was adjourned from June 12 to June 19 by e-mail agreement from a majority of the directors so that the President could be there to lead the discussion on the legal issues.

CONFLICT OF INTEREST POLICY

The IRS Conflict of Interest Policy and the Montessori in Redlands' bylaw provisions governing conflicts of Interest were used to form a draft conflict of interest policy for Oak Knoll Kinderhaus.

There was a general discussion about board members being aware of conflicts of interest, and to recuse themselves on matters that will affect themselves or close relatives. Staff salaries, scholarships, and loans were mentioned as possible conflict areas for some current members of the board.

There was general discussion regarding allowing staff members to be voting members on the board. Some stated that staff could be on the board and recuse themselves for certain topics, and others stated Montessori in Redlands' policy of no staff on the board was a better choice. It was noted that it is a peculiar situation to have staff members who are under the supervision of the Head of School participating in decisions as the Head of School's boss - too much general conflict. The directors present generally agreed.

John states typographical error in the policy at the end of Article 2 - change 3.2 to 4.2

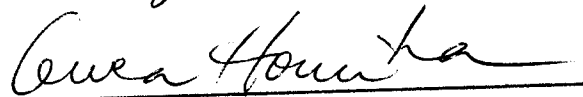
Motion to amend policy so as to not unseat any current board members until September 1, 2006.

Second. Passed.

Vote on the Policy. 8: Yes. 0: No. 1: Abstain. Policy as amended passed.

Move to adjourn the meeting. Second. Passed.

These minutes were approved by the Board of Directors at its regular meeting held August 9, 2006.



Gwen Hourihan, Acting Secretary

ATTACHMENTS:

Conflict of Interest Policy

CONFLICT OF INTEREST POLICY

Article I Purpose

The purpose of the conflict of interest policy is to protect Oak Knoll Kinderhaus's ("Oak Knoll") interest as a tax-exempt organization when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of Oak Knoll or might result in a possible excess benefit transaction.

Another purpose of this policy is to ensure that certain conflicts of interest are avoided and that Oak Knoll abides by standards of conduct in all applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

- a) Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
- b) Any director, principal officer, or member of a committee who may vote on board matters and who is employed by Oak Knoll 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 Oak Knoll has a transaction or arrangement,
- b) A compensation arrangement with Oak Knoll or with any entity or individual with which Oak Knoll has a transaction or arrangement,
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

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 IV, 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
Restrictions on Interested Persons as Directors

Interested persons who are employed by Oak Knoll may not serve as a director on Oak Knoll's Board of Directors.

Article IV
Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing 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 interested person, s/he shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Notwithstanding the above, a conflict of interest exists when a voting member of the board is employed by Oak Knoll or related to a person who is employed by Oak Knoll.

3. Procedures for Addressing the Conflict of Interest

- a) An interested person may make a presentation at the board or committee meeting, but after the presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b) The chairperson of the board or committee shall, 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 Oak Knoll 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 possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Oak Knoll's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a) If the governing 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 the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, including removal from the board.

Article V Records of Proceedings

The minutes of the governing 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 governing 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 alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings

Article VI Voting Restrictions

1. A voting member of the board who is related to any person receiving compensation, directly or indirectly, from Oak Knoll is precluded from voting on matters pertaining to the person's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Oak Knoll for services is precluded from voting on matters pertaining to that member's compensation. However, the member is not precluded from providing information to any committee regarding compensation

Article VII Annual Statements

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

- a) Has received a copy of the conflicts of interest policy,
- b) Has read and understands the policy,

- c) Has agreed to comply with the policy, and
- d) Understands Oak Knoll is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VIII Periodic Reviews

To ensure the Organization 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 Organization'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 IX Use of Outside Experts

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