



MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
Executive Action Summary

Audit Risk and Compliance-Attachment 1

APPROVED
APRIL 10, 2026
BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

Committee Name: Audit, Risk and Compliance

Date: April 10, 2026

Agenda Item: Revision of BOT 103, *Board of Trustees Conflict of Interest Policy*

Resolution:

Information

Review

Action

BE IT RESOLVED that the Board of Trustees hereby approves the revision of BOT 103, *Conflict of Interest Policy*.

Recommendation:

The Trustee Committee on Audit, Risk and Compliance recommends that the Board of Trustees revise BOT 103, *Board of Trustees Conflict of Interest Policy*.

Prior Action by BOT:

Board of Trustees Policy 103 was enacted in December 2006 and amended in May 2020 and October 2024.

Responsible Officers:

The Secretary and Chief of Staff to the Board of Trustees (“Secretary) and the General Counsel are responsible for advising trustees on this policy.

Summary:

This revision to BOT 103, *Board of Trustees Conflict of Interest Policy*, is proposed to strengthen documentation and enhance procedural clarity.

Specifically, the proposed revisions:

1. Formalize written documentation requirements when Trustees disclose potential conflicts of interest, including written clearance responses from the Secretary and General Counsel when no conflict exists. These records will be retained by the Secretary for the duration of the Trustee’s term, ensuring continuity and institutional protection in the event of

personnel transitions. This will occur through the written templated form included in the packet.

2. Establish a fixed annual certification deadline of October 31, promoting consistency, accountability, and administrative efficiency in the annual disclosure process.

Together, these revisions enhance transparency, protect trustees through clear documentary records, and align the policy with best practices in public-sector board governance and fiduciary oversight. Additionally, a technical revision to the annual conflict disclosure form under the policy is included for reference.

Background Information:

The proposed revisions to BOT 103, *Board of Trustees Conflict of Interest Policy*, are informed by a comprehensive benchmarking review of conflict-of-interest requirements across Big Ten institutions, peer public universities, and applicable state statutory frameworks. This review reflects a consistent governance baseline: nearly all university governing boards require, at minimum, annual conflict-of-interest disclosure by trustees, coupled with an affirmative obligation to update disclosures as potential conflicts arise throughout the year.

Across institutions, conflict-of-interest requirements are frequently statute-based, with board-level policies supplementing state law by clarifying procedures, documentation expectations, and internal governance roles. While the specific mechanisms vary, most policies operate as affirmative covenants, binding trustees to ongoing compliance with fiduciary duties of care, loyalty, and obedience. Notably, although few peer policies explicitly articulate consequences for non-compliance or non-disclosure, each relies on the trustee's affirmative duty to disclose and adhere to the policy as a condition of board service.

Benchmarking further indicates that best practices increasingly emphasize clear documentation, and written disclosure processes, particularly in environments where the board secretary, general counsel, or other senior administrators may change over time. Several peer institutions maintain written records of disclosures and related determinations to preserve institutional memory, ensure continuity, and protect trustees acting in good faith reliance on guidance received.

In this context, the proposed revisions to BOT 103 are intended to strengthen the University's governance framework by formalizing written disclosure and clearance procedures and establishing a consistent annual certification deadline. These changes align the policy with prevailing peer practices, reinforce fiduciary accountability, and enhance transparency and institutional resilience while preserving flexibility to address conflicts as they arise.

Source of Funds:

Not applicable.

Resource Impact:

Not applicable.



Board of Trustees Policy

POLICY NUMBER: BOT 103

POLICY NAME: Conflict of Interest Policy

Effective Date:	October 25, 2024
Last Review Date:	October 25, 2024
Next Scheduled Review Date:	October 2029

I. POLICY STATEMENT

This policy clarifies the parameters surrounding actual and potential conflicts of interest for members of the Board of Trustees. The policy includes an affirmation of a trustee’s fiduciary responsibilities to the University and outlines how actual or potential conflicts of interest are to be managed and disclosed.

II. RESPONSIBLE OFFICE

The Secretary and Chief of Staff to the Board of Trustees (“Secretary”) and the General Counsel are responsible for advising trustees on this policy.

III. SCOPE

This policy applies to members of the Board of Trustees.

IV. DEFINITIONS

Conflict of Interest

Duty of Care: Requires governing board members to carry out responsibilities in good faith and with the level of diligence, care, and skill which ordinarily prudent persons would reasonably exercise under similar circumstances in like positions. Accordingly, a board member must act in a manner that they reasonably believe to be in the best interests of the institution.

Duty of Loyalty: Requires governing board members to act in good-faith and in a manner that is reasonably believed to be in the interests of the University and its public purposes rather than their own interests or the interests of another person or organization. The governing board member must not act out of expedience, avarice, or self-interest.

Duty of Obedience: Requires governing board members to ensure that the University is operating in furtherance of its stated purposes, operating in compliance with the law, and acting in accordance with its own policies and governing documents.

Fiduciary: A fiduciary relationship is one of trust or confidence between parties. A fiduciary is someone who has special responsibilities in connection with the administration, investment, monitoring, and distribution of assets of the University, including land, infrastructure, funding, reputation of the institution, and its role in the community. Governing board members, as fiduciaries, act in accordance with the duties of care, loyalty, and obedience.

Gift: Any gratuity, favor, accommodation, discount, entertainment, hospitality, loan, forbearance, services, training, transportation, lodging, meals, kickback, or other items if there is reason to believe it was given to or received by a trustee or a trustee's family member due to the trustee's official status.

IV. POLICY

The people of Michigan, through the State Constitution, established the Board of Trustees of Michigan State University and granted the board general supervision of the University. "The Constitution confers upon the Board of Trustees the freedom, power, and responsibility to develop a free and distinguished university and to promote the welfare of mankind through teaching, research and public service." Preamble, Michigan State University Board of Trustees Bylaws. In carrying out its public trust, the Board of Trustees has adopted this policy to enhance public confidence in the board.

1. **Fiduciary Responsibilities.** Trustees will act in a manner consistent with their fiduciary responsibilities to the University. As fiduciaries, trustees have a duty of care, a duty of loyalty, and a duty of obedience to the University. Trustees will place the University's interests ahead of their private interests. Trustees will exercise their powers and duties in the best interests of the University and for the public good.
2. **Conflict of Interest.**
 1. A conflict of interest exists when a trustee's financial interests or other opportunities for personal benefit may compromise, or reasonably appear to compromise, the trustee's independence of judgment in fulfilling their board duties.
 2. A conflict of interest can arise due to the indirect personal financial interests of a trustee that may occur through relationships with third parties such as a

trustee's immediate family, business relationships, fiduciary relationships, professional interests, or investments.

3. Trustees will remain free from the influence of, or the appearance of, any conflicting interest in fulfilling their board duties. Trustees will exercise care that no detriment to the University results from conflicts between their interests and those of the University.
4. Trustees will refrain from accepting duties, incurring obligations, or engaging in activities that would be incompatible with, or in conflict with, their board duties.
3. **Contracts.** No trustee shall have a pecuniary interest, whether direct or indirect, in any contract with the University that would induce or have the potential to induce action on the part of the trustee to promote the contract for their own personal benefit.
4. **Use of Authority/Information.** Trustees will not use their positions, or any privileges or information attendant to their offices, to obtain or provide others with a benefit that is inconsistent with the University's interests.
5. **Outside Influence.** No trustee will solicit or accept any gift, loan, or other thing of value, or the promise thereof in the future, from anyone outside the University, which would tend to influence improperly the manner in which the trustee performs their duties.
6. **Competition with University.** No trustee will knowingly compete with the University for any property, asset, or opportunity, which may be of interest to the University, unless the University has been informed of the opportunity on a timely basis and has declined to act on it. If a trustee may plan to act on the opportunity should the University decline to do so, the trustee will not be part of any University decision to decline the opportunity.
7. **Diversion of Opportunity.** No trustee will divert to another individual or entity an opportunity which may be of interest to the University, unless the University has been informed of the opportunity on a timely basis and has declined to act on it.
8. **Disclosure of Conflicts.** Trustees will sign a conflict of interest disclosure statement no later than October 31 of each year which certifies that, at the time of signing, the trustee is aware of their affirmative duty to disclose any conflicts of interest and is unaware of any material conflict of interest between their private interests and those of the University at the time of signing.
If in the course of their duties a potential conflict of interest arises, the trustee shall promptly and fully disclose the details of the potential conflict in writing to the secretary and shall refrain from participating in any way in the matter to which the conflict relates until the conflict question has been resolved. This recusal is required for an identified conflict of interest or even the appearance of a conflict of interest. The General Counsel shall provide a written response to the trustee.
The secretary shall inform the Chair of the Audit, Risk, and Compliance Committee and the General Counsel of all conflict of interest concerns which have been disclosed to the secretary. Written disclosures and written clearance determinations shall be maintained by the secretary for the duration of that trustee's term on the board.
9. **Trustees Emeriti.** Trustees Emeriti must not disclose any privileged or confidential information that they acquired acting as a board member. This provision extends after their term as a board member expires. Trustees Emeriti may not enter into a new or expanded business relationship with the University for a period of one year

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following the end of their term of office. This section applies to those trustees who leave the board without obtaining Trustee Emeritus status.

10. **Interpretation.** This Policy is to be interpreted and applied in a manner that will best serve the interest of the University.

V. PROCEDURES

1. **Determining Conflicts.** The opinion of the General Counsel will be final with regard to determining compliance with this Policy. The General Counsel uses a 'reasonable observer' threshold in determining compliance as described below:

If a reasonable observer, having knowledge of all the relevant facts and circumstances, would conclude that a trustee has an actual or potential conflict of interest in a matter related to the University, then a conflict of interest is determined to exist.

2. **Addressing Conflicts.** If it is determined that a conflict of interest exists, the Chair of the Audit, Risk, and Compliance Committee, the secretary, and the General Counsel shall work with the affected trustee to address the conflict and explore arrangements that would resolve or manage the conflict. If after reasonable efforts, it is not possible to reach a mutually acceptable alternative arrangement, the transaction shall be prohibited.
3. **Violations.** If a trustee fails to disclose a conflict of interest or a conflict is otherwise discovered after the fact, the matter shall be forwarded to the Office of Audit, Risk, and Compliance and General Counsel for review and corrective action.

VI. RELATED POLICIES AND INFORMATION

This Policy is in addition to any obligations imposed on a trustee by the State law on conflicts of interest, P.A. 1968, No. 317, MCL 15.321 et seq.

VIII. HISTORY

Enacted: December 6, 2006

Amended: May 15, 2020
October 25, 2024
April 10, 2026

Retired Policy No. 01-01-10

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Michigan State University
Board of Trustees

Annual Conflict of Interest Acknowledgement and Disclosure

The people of Michigan, through the State Constitution, established the Board of Trustees of Michigan State University and granted the board general supervision of the University. "The Constitution confers upon the Board of Trustees the freedom, power, and responsibility to develop a free and distinguished university and to promote the welfare of mankind through teaching, research and public service." Preamble, Michigan State University Board of Trustees Bylaws. In carrying out its public trust, the Board of Trustees has adopted BOT 103, *Board of Trustees Conflict of Interest Policy*, to enhance public confidence in the Board.

I have read the Conflict of Interest Policy (BOT 103) and comply fully with its items and conditions at all times during my service as a trustee. If at any time following the submission of this document, I become aware of any actual or potential conflicts of interest, or if the information provided below becomes inaccurate or incomplete, I will promptly notify the Secretary of the Board of Trustees and follow all requirements mandated in BOT 103 to resolve such a conflict.

Disclosure of Actual or Potential Conflicts of Interest

- 1. To the best of your knowledge, do you, or does any member of your immediate family, have a significant financial interest in any entity that does business or intends to do business with the University? Yes No

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If yes, please describe.

- 2. Are you a member of the board of directors (or of the governing board if it is not called the board of directors) or of an advisory board of any entity that reasonably could hold the potential for a conflict of interest involving your service as a trustee? Yes No

If yes, please list and describe the nature of the board and entity.

- 3. Do you (a) own or control, (b) serve as the general partner of, or (c) have a material interest* in, any entity that reasonably could hold the potential for a conflict of interest involving your service as a trustee? Yes No
If yes, please list.

*A "material interest" is a direct or indirect ownership of more than 5 percent of the total assets or capital stock of any business entity.

Board of Trustees Member Printed Name: _____

Board of Trustees Member Signature: _____

Date: _____



Michigan State University

Board of Trustees

Request for Office of General Counsel Review of Actual or Potential Conflict(s) of Interest

Per BOT Policy 103, please describe the relationship, interest, or circumstance that may create an actual or potential conflict of interest involving the University.

Board of Trustees Member Printed Name: _____

Board of Trustees Member Signature: _____

Date: _____

General Counsel Review

Opinion:

No Conflict

Appearance of Conflict

Actual Conflict

General Counsel Recommendation(s) (if any):

General Counsel Printed Name: _____

General Counsel Signature: _____

Date: _____