

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## CONFLICT OF INTEREST POLICY STATEMENT

### General Policy

It has always been and it will continue to be the policy of the Board of Trustees (the “**Board**”) of The Cooper Union for the Advancement of Science and Art (“**Cooper Union**”) that all Trustees, officers, and key employees (as defined below) of Cooper Union (together, “**Covered Persons**”) shall serve Cooper Union with the highest loyalty, and shall conduct the affairs of Cooper Union in the best interests of Cooper Union without favoritism or preference based on personal considerations. Nonetheless, Cooper Union recognizes and respects the right of its Covered Persons to engage in outside business, financial and/or other activities, even though conflicts of interest may arise from time to time as a result of such activities. While the Board may determine that some conflicts (or even the appearance of conflict) should be avoided, outside activities need not be harmful and, indeed, may be favorable to Cooper Union’s interests, provided that they are disclosed and analyzed in accordance with the rules set forth below.

### Conflict of Interest

A conflict of interest, including any potential conflict, exists whenever there is a proposed transaction, investment, arrangement, grant, program, or other activity (including any compensation arrangement) in which:

- Cooper Union would be a participant and one or more Related Parties (as defined below) would have a financial interest, or
- There could be an actual or perceived conflict of interest for some other reason, including any transaction, investment, arrangement, grant, program, or other activity in which the interests of a Related Party could be seen as competing with the interests of Cooper Union.

### Definitions

The term “**key employee**” means any person who is in a position to exercise substantial influence over the affairs of Cooper Union within the meaning of Section 4958(f)(1)(A) of the Internal Revenue Code of 1986, as amended, and Sections 53.4958-3(c), (d) and (e) of the Treasury Regulations. Key employees will ordinarily include, among others, those members of the academic or administrative staff who participate in management decisions and/or share authority to determine or control a substantial portion of compensation or other expenditures (include evaluating vendors and otherwise assisting in purchasing decisions) as determined by the Audit Committee or by the President..

The term “**Related Parties**” means:

1. Covered Persons;
2. The following living relatives of each Covered Person:

- a. His or her ancestors
  - b. His or her siblings and half-siblings
  - c. The spouses of his or her siblings and half-siblings
  - d. His or her spouse or domestic partner<sup>1</sup>
  - e. His or her children, grandchildren, and great-grandchildren<sup>2</sup>
  - f. The spouse of each of his or her children, grandchildren, and great-grandchildren.
- 3. Any entity or trust of which any individual described in paragraphs (1) or (2) above serves as a director, trustee, officer, general partner, or employee; and
  - 4. Any entity or trust in which any one or more individuals described in paragraphs (1) or (2) above have a direct or indirect ownership or beneficial interest in excess of 5%.

### Procedures

- 1. *Disclosure Questionnaire.* Each year, the Secretary of Cooper Union, on behalf of the Board acting through its Audit Committee, shall cause to be sent to each Covered Person a disclosure questionnaire on conflicts of interest. The Secretary must also provide the disclosure questionnaire to Covered Persons prior to their initial election, appointment, or hiring. Each person receiving a copy of the disclosure questionnaire shall **complete and return** it to the Secretary of Cooper Union **within three weeks** after its receipt. It shall be the continuing duty of the Secretary to provide a copy of all completed disclosure questionnaires to the Chair of the Audit Committee and to retain completed questionnaires and related correspondence for a period of time consistent with Cooper Union's record retention policies.

The disclosure questionnaire must ask the recipient to identify to the best of his or her knowledge:

- a. any entity or trust of which such individual or a Related Party with respect to that individual is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which Cooper Union is known to have (or is known to be in discussions to have) a relationship;
- b. any transaction, agreement or other arrangement in which Cooper Union is a participant (or is known to be in discussions to be a participant) and in which the individual or a Related Party with respect to that individual might have a conflicting interest; and
- c. any other interests that could give rise to conflicts of interest or the appearance of a conflict of interest.

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<sup>1</sup> The term "domestic partner" is defined pursuant to New York Public Health Law Section 2994-A. The term is not limited to registered domestic partner relationships and may include certain individuals who are named as beneficiaries of the life insurance policy or retirement benefits of a Covered Person, as well as certain individuals who are dependent on a Covered Person or upon whom a Covered Person is dependent for support. Individuals who are in relationships but are unmarried should contact Cooper Union to obtain the complete definition.

<sup>2</sup> Adoptive children, grandchildren, and great-grandchildren are included within this definition.

2. *Individual Responsibility to Disclose.* When a Covered Person has a direct interest (or an indirect interest on account of the interest of such Covered Person's Related Party) in a transaction, agreement or other arrangement that involves a potential or actual conflict of interest, if he or she has not already disclosed such interest on the disclosure questionnaire, he or she must immediately disclose such interest and all related material facts to the Secretary or the Chair of the Board (who shall inform the Audit Committee) or to the Audit Committee.
3. *Recusal.* Any Covered Person with such a direct or indirect interest shall not:
  - a. vote on or participate in the deliberations of the Board or relevant Board committee regarding the arrangement;
  - b. influence or attempt to influence such vote or deliberation; or
  - c. attend such vote or deliberation.

The foregoing requirements shall not be construed as preventing the affected Covered Person from answering questions addressed to him or her by other Trustees or other persons invited to participate in the discussion or from presenting background information at the request of such persons.

4. *Audit Committee Procedures.* Once the Audit Committee becomes aware of an arrangement involving a potential or actual conflict of interest, it must:
  - a. Ensure that the steps required under paragraphs (2) and (3) above have been and are being taken by the Covered Person.
  - b. Before approving the arrangement, determine that the arrangement is fair, reasonable, and in Cooper Union's best interest at the time of such determination.
  - c. In addition, before approving an arrangement in which a Covered Person has a substantial financial interest, consider alternative transactions to the extent available.
  - d. Obtain and rely on comparable market data, to the extent available, in making the determination that the arrangement is fair, reasonable, and in Cooper Union's best interest.
5. *Voting.* All determinations and approvals with respect to an arrangement involving a potential or actual conflict of interest must be approved by the affirmative vote of not less than a majority of the Audit Committee members present at a meeting of the Audit Committee (provided a quorum is present and no greater portion is required by applicable law or Cooper Union's Charter). Interested Trustees may be counted solely for determining the presence of a quorum.
6. *Documentation and Retention of Records.* All disclosures and recusals with respect to an arrangement involving a potential or actual conflict of interest, together with the basis for all determinations and approvals of the Audit Committee, must be contemporaneously documented in writing (including in the minutes of any meeting at which the arrangement was discussed and voted on). This documentation must include an account of the consideration of comparable market data and alternative arrangements, to the extent considered or available.

7. *Disclosure to Audit Committee.* If an arrangement involving a potential or actual conflict of interest comes before a committee other than the Audit Committee, the existence of the arrangement (if not already disclosed) must be promptly disclosed to the Audit Committee.

The Board may make changes to this Policy Statement from time to time, as it deems appropriate. The Audit Committee will oversee the implementation of and compliance with this Policy Statement.

A copy of this Policy Statement must be furnished to each Covered Person promptly upon its adoption. In addition, each new Covered Person must be furnished with a copy of this Policy Statement prior to the commencement of his or her duties. Each Covered Person must acknowledge, not less than annually, that he or she has read and is in compliance with this Policy Statement.

**THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART**  
**CONFLICT OF INTEREST DISCLOSURE QUESTIONNAIRE**

This questionnaire has been sent to you pursuant to the Conflict of Interest Policy Statement adopted by Cooper Union.<sup>3</sup>

Please respond to the questionnaire fully and to the best of your knowledge, and return the completed questionnaire within three weeks of its receipt, to Lawrence Cacciatore, Chief of Staff and Secretary to the Board, The Cooper Union for the Advancement of Science and Art, 30 Cooper Square, New York, New York 10003 or by email to [golsen@cooper.edu](mailto:golsen@cooper.edu).

This questionnaire is intended to elicit all information available to you regarding any conflict of interest that you, as a Trustee, officer or key employee of Cooper Union, may have with respect to Cooper Union.

1. I have read and I understand Cooper Union's Conflict of Interest Policy Statement and I agree to comply with the Policy Statement.

YES \_\_\_\_\_ NO \_\_\_\_\_

2. Please list any entity or trust in which you or a Related Party is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which Cooper Union is known to have (or is known to be in discussions to have) a relationship (whether contractually or otherwise).

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*Add additional sheets if necessary. Write "N/A" if not applicable to you.*

Your Initials: \_\_\_\_\_

3. Please list any transaction, agreement, or other arrangement in which Cooper Union is a participant (or is known to be in discussions to be a participant) and in which you or a Related Party might have a conflicting interest. Include transactions, agreements, or other arrangements that are under consideration or discussion.

*A conflicting interest exists:*

- if you or any Related Party of yours has a financial interest in the transaction, agreement, or other arrangement (e.g., as the counterparty to the transaction or as a person entitled to a commission or a finder's fee).
- if you or any Related Party of yours has an interest in the transaction, agreement or other arrangement that could be seen as competing with the interests of Cooper Union (e.g., because the other party is a client of your firm).

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<sup>3</sup> Capitalized terms used herein have the meanings ascribed to them in the Policy Statement.

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*Add additional sheets if necessary. Write "N/A" if not applicable to you.*

Your Initials: \_\_\_\_\_

4. Please list any other interests that could give rise to a conflict of interest under the Policy Statement. Include situations that you are concerned may present actual or potential conflicts, but about which the application of the Policy Statement is unclear to you.

*A conflicting interest may arise from, among other things, the acceptance of gifts, gratuities, or loans from any person or entity from which Cooper Union buys goods or services or otherwise has business dealings.*<sup>4</sup>

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*Add additional sheets if necessary. Write "N/A" if not applicable to you.*

Your Initials: \_\_\_\_\_

**ACKNOWLEDGMENT:** I have completed this questionnaire to the best of my knowledge and ability. If, prior to receipt of the next disclosure questionnaire circulated by Cooper Union, I become aware of any interest involving myself or any Related Party of mine that should be reported in response to one or more of the above questions but has not been reported, I will report such information promptly to the Secretary of Cooper Union.

\_\_\_\_\_  
Print

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

<sup>4</sup> Since it is important also to identify any situations that could present even the appearance of a conflict, please also include here any family relationship with any member of the CU Board or any business relationship with any member of the CU Board.