

**PARTNERSHIP FOR LOS ANGELES SCHOOLS
CONFLICTS OF INTEREST POLICY**

Adopted as of February 6, 2008

Article I

Purpose

The purpose of the conflicts of interest policy is to protect the interests of Partnership for Los Angeles Schools (the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or any other person having substantial influence over the Corporation. This policy implements but does not replace any applicable state or federal laws governing conflicts of interest with respect to nonprofit and charitable corporations.

Article II

Definitions

1. Interested Person

An interested person is any director, officer, member of a committee with board delegated powers, or other person who has substantial influence over the Corporation who has a direct or indirect financial interest, as defined below, with respect to the Corporation.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family--

(a) an actual or potential ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or is negotiating a transaction or arrangement (excluding an interest of less than 1% of any publicly held company); or

(b) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or

(c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Article III

Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, the interested person shall leave the board or committee meeting while the financial interest is discussed and any action is voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

(a) 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. A person shall be disinterested only if he or she has no financial interest with respect to the transaction to be reviewed and if the person who has a conflict of interest has not previously approved a conflict of interest transaction for such person.

(b) After exercising due diligence, the board or committee shall determine whether the Corporation can obtain an overall more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. Such diligence shall include written documentation of comparable third party arrangements.

(c) After a complete factual basis has been developed, the board or committee may seek an opinion of counsel with respect to the transaction in appropriate circumstances.

(d) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to 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 Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination

(e) If a conflict of interest transaction results in benefit to a person that is to be considered compensation, such characterization shall be clearly documented, and the Corporation shall file all appropriate tax reporting for such compensation.

4. Violations of the Conflicts of Interest Policy

(a) If the board or committee has reasonable cause to believe that a member has failed to disclose a financial 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 response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member

has in fact failed to disclose a financial interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

1. The minutes of the 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 a conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the 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 as well the factual information and reports reviewed, and a record of any votes taken in connection therewith.
2. The Corporation shall maintain a list of the persons for whom transactions in which such person had a financial interest were approved and the persons who approved those transactions. The Corporation also shall maintain a list of each of its directors and the persons for whom such directors approved transactions in which a person had a financial interest.

Article V

Compensation Committees

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's own compensation.

Article VI

Annual Statements

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement substantially in the form attached hereto as Exhibit A (or such other form as is approved by the board from time to time) which affirms that 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 that the Corporation is a charitable organization and that in order to maintain its federal tax exemption must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII

Periodic Reviews

To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- (b) Whether partnership and joint venture arrangements and arrangements with for-profit organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

Article VIII

Use of Outside Experts

In conducting the periodic reviews provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

**ACKNOWLEDGMENT OF RECEIPT OF
PARTNERSHIP FOR LOS ANGELES SCHOOLS
CONFLICTS OF INTEREST POLICY**

A conflict of interest exists where any director or officer of Partnership for Los Angeles Schools a) is authorized to or b) participates in the decision to authorize others to enter into a business transaction on behalf of Partnership for Los Angeles Schools which business transaction may directly or indirectly materially benefit that director or officer, or any related or affiliated person or entity (“Insider”). By way of example only, a conflict of interest may occur when:

1. An Insider’s business, friend or relative provides goods or services to Partnership for Los Angeles Schools in return for money or other consideration;
2. A vendor or person with whom an Insider has a business relationship provides goods or services to Partnership for Los Angeles Schools in return for money or other consideration;
3. An Insider receives a referral fee or preferential discount, gift, or other valuable consideration from a vendor or any other outside party, for referring Partnership for Los Angeles Schools business to such vendor or party.

Each potential conflict of interest shall be reported to the board of directors before any action affecting the particular matter is taken and the board shall determine how to proceed.

The undersigned hereby acknowledges that the undersigned:

- (a) has received a copy of the Partnership for Los Angeles Schools CONFLICTS OF INTEREST POLICY (the "Policy");
- (b) has read and understands the Policy;
- (c) agrees to comply with the policy; and
- (d) understands that Partnership for Los Angeles Schools is a charitable organization and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Date: _____, 20_____

Signature

Print Name