

**University Officers as Corporate Directors
Office of the General Counsel
Guidance on Conflicts Management and Disclosure Requirements**

Background.

“The University not only permits but expressly encourages faculty to pursue outside professional activities including interactions with industry, with or without compensation, which will enrich a faculty member's academic contributions to the University.” Section 3.4.5 of University of Nebraska Board of Regent Bylaws. University employees are also encouraged to engage in professional activities outside the University “as a means of contributing to the economic growth and development of the state as well as broadening their experience and keeping them abreast of the latest developments in their specialized fields.” Such activities cannot interfere with the employee’s regular duties at the University, or represent a conflict of

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Paid and Unpaid Board Memberships.

A University official considering appointment as a paid or unpaid board member of a corporation (either for-profit or non-profit) must be cognizant of both University and Nebraska Political Accountability and Disclosure Act (NPADA) requirements for disclosing and managing outside income and potential conflict of interests. The NADC has consistently stated that the

[REDACTED]

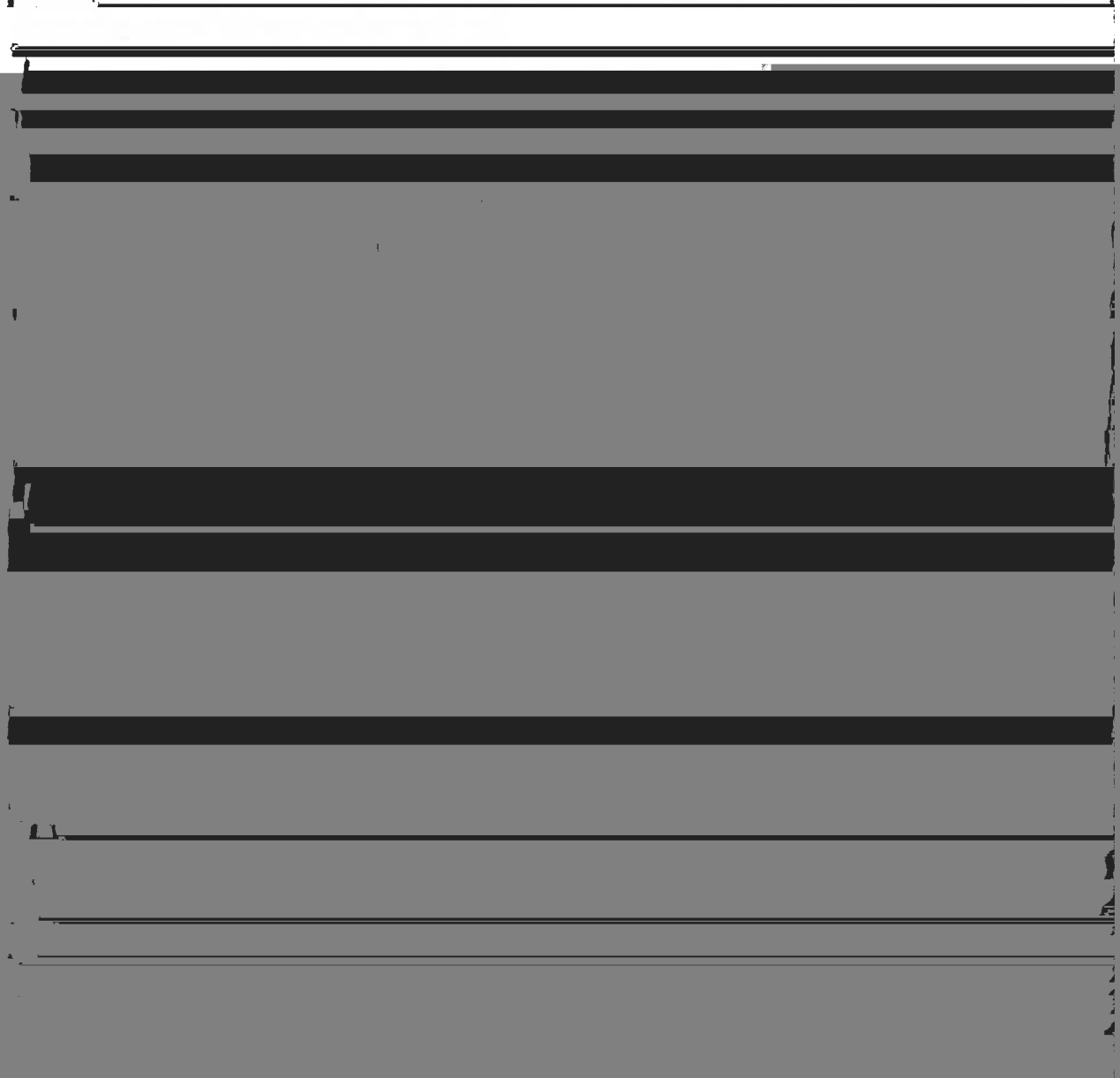
definition of "business" and "business association" within the Nebraska statutes do not distinguish between for-profit and non-profit entities.³

Nebraska Political Accountability and Disclosure Act (NPADA)

The NPADA has two pertinent forms of disclosure: 1) the annual financial interest disclosure, (C-1) and 2) the transactional "Potential Conflict of Interest" form (C-2). The annual C-1 disclosure is based on a list of University officers determined by statute and the NADC from time to time, including most of the senior campus and University administrators in addition to the UNL head football and basketball coaches. If a Board membership includes fees or compensation, most often reported on a W-2 or 1099 form, that financial interest would typically be reported on the annual C-1 disclosure form when it exceeds \$1,000 annually. The C-1 disclosure reflects the financial interests during the calendar year that precedes the date of filing

[REDACTED]

approval by the cognizant University officer suffices to satisfy the requirement that outside activities should not interfere with obligations the employee has to the University. *See* Board Bylaw Section 1.10.1 (b). Indeed, department chairs or heads and deans or directors have the authority to deny approval of an activity that would interfere with normal duties to the



University. Board Policies Section 3.2.8 (8).

As noted in the Office of General Counsel guidance on outside employment, under certain circumstances, a University official must seek Regental approval to serve on a board.⁴ A University official must obtain Board approval before accepting professional employment

⁴ <http://www.nebraska.edu/docs/legal/GCGuidanceOutsideEmployment-3-4-5.pdf>
Last accessed Oct. 11, 2011.

Family Owned or Closely Held Corporations

Family owned and closely held corporations present a different set of issues. By design the accountability structures and practices are different for these companies. Impartiality and the board's integration with management are necessarily different and conflicts are resolved with the

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

board members. While it is possible to serve as an "independent" director on such a board, most

University officers providing services on this type of corporation are likely to have an

