

CAL POLY POMONA FOUNDATION, INC.

POLICIES AND PROCEDUES

Subject:	CONFLICT OF INTEREST - BOARD OF DIRECTOR	Policy No.	221
		Date:	10/07/2002
Reference:	309-II-E	Revision:	

PURPOSE

The California Education Code has specific requirements for the governing board of an auxiliary organization regarding conflict of interest. This Policy addresses those requirements.

- §89906. No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he is a member, and any contract or transaction entered into in violation of this section is void.
- §89907. No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of section §89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exist:
- a) The fact of such financial interest is disclosed or known to be the governing board and noted in the minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and
 - b) The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.
- §89908. The provisions of section §89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:
- a) The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.
 - b) The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he is the owner or holder directly or indirectly, of a proprietorship interest.
 - c) The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of five percent (5%) or more of the outstanding common stock.

- d) A member of the governing board of an auxiliary organization, is interested in a contract or transaction within the meaning of section §89906, and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

§89909. It is unlawful for any person to utilize any information, not a matter of public record, which is received by him/her by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he/she is or is not a member of the governing board at the time such gain is realized.

ANNUAL STATEMENT

Each year Board members are required to review the applicable portion of the California Education Code and attest that they do not have any conflicting financial interests.

ENFORCEMENT

If at any time, a Board member determines that a conflict of interest exists, he/she will disclose the circumstances to the Executive Director of the Cal Poly Pomona Foundation, Inc., immediately.

If any member of the Board of Directors is found to be in violation of this Policy or the Financial Interest section of the California Education Code, that member will be given a reasonable period of time to resolve the conflict. In the event that the conflict can not be resolved in a manner compliant with the California Education Code, the Director must resign from the Board.