



CONFLICT OF INTEREST POLICY CSUSM CORPORATION BOARD OF DIRECTORS

PURPOSE:

California State University San Marcos Corporation (CSUSM Corporation) work on campus and in the community depends upon the continued trust and confidence in the integrity of the CSUSM Corporation. That integrity is grounded in fair and responsible decision making by its Board of Directors ('Board of Directors'). All Board Directors are expected to conduct their personal and business matters so as to avoid actual, potential or apparent conflict between self-interests and the interests of the CSUSM Corporation and/or California State University San Marcos (CSUSM).

SCOPE:

It is the policy of the CSUSM Corporation that all members of the CSUSM Corporation Board of Directors, shall strictly adhere to the provisions of the California Education Code, Sections 89906, 89907, 89908 and 89909 and to the provisions of the California Corporations Code, Section 5233 (Reference Exhibit A).

POLICY:

I. BOARD OF DIRECTORS:

No Board Director shall be financially interested in any contract or other transaction entered into by the Board that is not in accordance with the conflict of interest provisions set forth in California Education Code Sections 89906-89909. The following contractual relationships are specifically not allowed:

- A. Any contract, other than an employment contract, directly between the corporation and a Board Director.
- B. Any contract between the corporation and a partnership or unincorporated association in which a Board Director is a partner, or an owner, or a holder, directly or indirectly, of a proprietorship interest.
- C. Any contract between the corporation and a for-profit corporation in which a Board Director is the owner or holder, directly or indirectly, of five percent (5%) or more of the outstanding stock.

Any Board Director who has a conflict and cannot divest himself/herself of such interest within a reasonable period of time shall be asked to resign his/her Board position.

A Board Director must disclose any financial interest, which could be impacted by the action of the Board. Under these circumstances the Board Director must recuse himself or herself from the action to approve such a transaction on the part of the Board. Failure to disclose may result in avoidance (voiding) of the contract.

It is the CSUSM Corporation policy that a Board Director employed at a company or organization otherwise eligible to bid on CSUSM Corporation services, such as accounting, finance, legal, etc., would not be eligible to bid while he/she serves as a Board Director.

II. PROCEDURES FOR BOARD OF DIRECTORS:

- A. At the beginning of each fiscal year, all members of the CSUSM Corporation Board of Directors shall be required to sign a Conflict of Interest Statement Acknowledgement.
- B. The Executive Director shall administer the Conflict of Interest Policy for the CSUSM Corporation Board of Directors. The administrator's responsibilities include:
 - a. Ensuring that the conflict of interest statements are distributed to the Board of Directors at the first meeting of a new fiscal year;
 - b. Ensuring that all statements are collected in a timely manner, retained in files, and treated as confidential information;
 - c. Referring any reported conflict or potential conflict to the Finance and Operations Committee.

III. REVIEW AND ADMINISTRATION OF REPORTED CONFLICT:

Any unresolved conflicts will be reviewed by the Finance and Operations Committee and the Committee will determine if the conflict or potential conflict can be resolved. In the absence of resolution, the Finance and Operations Committee will refer the matter to the Board of Directors. The Board of Directors will review and take final action on the matter.

IV. BREACH OF POLICY AND REMEDIES:

In the event there is a breach of this policy or allegation of a breach, the matter shall be reviewed and considered by the Finance and Operations Committee. In its review of the matter, the Finance and Operations Committee shall decide what remedy, if any, is appropriate and which shall be imposed by the Corporation. Any party to the matter may appeal the decision of the Finance and Operations Committee to the Board of Directors for review, consideration, and final decision, in a process to be determined by the Board. The decision by the Board shall be final.

CALIFORNIA EDUCATION CODE 89906-89909

89906. FINANCIAL INTEREST PROHIBITION. 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. EXCEPTION. 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 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. OTHER PROHIBITED FINANCIAL INTERESTS. 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 (5) percent 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. UNLAWFUL TO UTILIZE NON-PUBLIC INFORMATION FOR PERSONAL PECUNIARY GAIN. It is unlawful for any person to utilize any information, not a matter of public record, which is received by him by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he is or is not a member of the governing board at the time such gain is realized.



CSUSM Corporation Board of Directors
Conflict of Interest Annual Acknowledgement Form

FILING YEAR: Fiscal Year 2018-2019

Print Name

The California Education Code requires the monitoring of potential conflicts of interest between CSUSM Corporation and its Board of Directors. As a result, CSUSM Corporation requires that each Director sign an annual acknowledgement form.

In accordance with the CSUSM Corporation conflict of interest policy and provisions set forth in Education Code §89906-89908, the only relationships that are specifically deemed **not** permissible are as follows:

- (a) Any contract, other than an employment contract, directly between CSUSM Corporation Board of Directors and a Board Member.
- (b) Any contract between CSUSM Corporation Board of Directors and a partnership or unincorporated association in which a CSUSM Corporation Board Member is a partner, or an owner, or a holder, directly or indirectly, of a proprietorship interest.
- (c) Any contract between CSUSM Corporation Board of Directors and a for-profit corporation in which a CSUSM Corporation Board Member is the owner or holder, directly or indirectly, of five percent (5%) or more of the outstanding common stock.

Additionally, Education Code §89909 prohibits any CSUSM Corporation Board Member from using CSUSM Corporation information, not a matter of public record, for personal pecuniary gain.

I acknowledge that I have read, understand, and agree to comply with the CSUSM Corporation Conflict of Interest Policy (No. 202) and that over the past calendar year I have not entered into any impermissible transactions as a member of the CSUSM Corporation the Board of Directors. Further, I have not utilized non-public CSUSM Corporation information for personal pecuniary gain.

Signature

Date

CC: Bella Newberg
Executive Director, California State University San Marcos Corporation