

Lake Tahoe Community College Foundation
Board of Directors Policy

FP 1 - Conflict of Interest Policy

Reference: *Government Code Sections 1090 et seq.; 1126; and 87200 et seq.; Title 2 Sections 18730 et seq.*

I. Purpose

The purpose of this policy is to protect the integrity of the LTCC Foundation's decision-making process, to enable its constituencies to have confidence in its integrity and reputations of its directors, staff members, and volunteers. Members of the Foundation Board of Directors (Directors) or staff shall not derive any undue personal profit, or gain, directly or indirectly, either monetary or otherwise by reason of his or her service to the Lake Tahoe Community College Foundation.

A conflict of interest is defined as an actual or perceived interest by a Director, staff member, or volunteer in an action that results in, or has the appearance of resulting in personal, organizational, or professional gain to them or any of their family members. A conflict of interest also occurs when a Director, staff member, or volunteer has a financial interest, either directly or indirectly, in a relationship, contract, transaction, or activity with the Foundation.

II. Policy

A. Financial Interest

Directors and employees shall not be financially interested in any contract made by the Board or in any contract they make in their capacity as members of the Board or as employees.

A Director shall not be considered to be financially interested in a contract if his/her interest meets the definitions contained in applicable law (Government Code Section 1091.5).

Directors are encouraged to seek counsel from the District's legal advisor in every case where any question arises.

A Director shall not be deemed to be financially interested in a contract if he/she has only a remote interest in the contract and if the remote interest is disclosed during a Board meeting and noted in the official board minutes. The affected Director shall not vote or debate on the matter or

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attempt to influence any other member of the Board to enter into the contract. Remote interests are specified in Government Code Section 1091(b).

III. Procedure

A. *Annual Board Member Certification*

Annually each Board member shall receive, review, complete, sign, and return a "Conflict of Interest Policy Agreement."

B. *Board Deliberations and Actions Under Financial Interest Circumstances*

Any Board member with a financial interest in a *permissible* transaction before the Board of Directors shall promptly disclose to the Board the nature and scope of that interest, and thereupon be recused from participating in any deliberations or actions by the Board on that matter. The Board meeting minutes shall note the disclosure and recusal. The remaining members of the Board shall then make a determination whether the proposed transaction:

- (a) is just and reasonable for the Foundation at that time it is entered into;
- (b) that the Foundation is entering into the transaction for its own benefit;
- (c) that the Foundation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and
- (d) that the Board is making this decision in good faith after full disclosure of all material facts.

If so, the Board may then authorize or approve the transaction in good faith by a vote of the majority of the Director's then in office, without counting the vote(s) of such financially interested Board member(s).

Upon the disclosure by any Board member with a financial interest in an impermissible transaction before the Board, no action to approve, authorize or ratify the transaction shall be taken.

An impermissible transaction includes a contract or transaction that meets the following conditions:

- (a) The contract or transaction is between the LTCC Foundation and a member of the LTCC Foundation's board of directors.
- (b) The contract or transaction is between the LTCC Foundation and a partnership or unincorporated association of which a LTCC Foundation director is the owner or holder, directly or indirectly, of a proprietorship interest.

(c) The contract or transaction is between the LTCC Foundation and a corporation in which a LTCC Foundation director is the owner or holder, directly or indirectly, of 5 percent or more of the outstanding common stock.

(d) A director of the LTCC Foundation board of directors has a financial interest in a contract or transaction, and without first disclosing such interest to the LTCC Foundation board at a public meeting of the board, that director influences or attempts to influence another director or directors of the LTCC Foundation to enter into the contract or transaction.