

Board of Directors Conflict of Interest Disclosure Policy

California State University, Dominguez Hills Foundation

PURPOSE

California State University, Dominguez Hills Foundation (“Foundation”) is a California nonprofit public benefit, tax-exempt corporation. It is also an auxiliary of The California State University subject to the California Education Code and the policies of the CSU.

The Board of Directors of the Foundation are governed by this policy in order to establish standards of conduct that ensure that all statutory requirements involving conflicts of interest have been addressed and that Board members have established guidelines applicable to their activities and dealings on behalf of the Foundation.

STATEMENT OF POLICY

Members of the Board of Directors of the Foundation are subject to the following conflict of interest provisions of the California Education Code:

§89906 FINANCIAL INTEREST PROHIBITED. 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/she 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 §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 CERTAIN PROVISIONS NOT APPLICABLE. The provisions of §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 §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 NONPUBLIC 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/her by reason of his/her membership of 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.

- A. Each member of the Board of Directors shall on annual basis review prior year transactions and relationships and acknowledge in writing compliance with the above statutory provisions.

PROCEDURES

1. Members of the Board of Directors shall consult with the Foundation Chair and Foundation Chief Operating Officer/Chief Financial Officer regarding transactions or relationships that may constitute a Conflict of Interest. If a Conflict of Interest is deemed to exist pursuant to such initial consultation, it shall first be reported to the Audit Committee to devise and recommend to the Board a proposed resolution of, or course of action with respect to, the Conflict of Interest.
2. If a Conflict of Interest is deemed by the Foundation Chair and Foundation Chief Operating Officer/Chief Financial Officer to exist, the Audit Committee shall place the matter on the regular meeting agenda for appropriate action by the Board of Directors. The Board shall discuss the matter in open session, allowing the Director whose conduct is at issue to provide an explanation. The Board shall then by majority vote (not including the vote of any Director whose conduct is at issue) take action regarding the matter. Such action may include, but is not limited to, validation of the transaction pursuant to §89907, if available, validation of the transaction with conditions, censure or removal of the Director, rescission of the transaction, or any other action deemed appropriate by the Board.
3. If a transaction is proposed that may constitute a Conflict of Interest, the Foundation Chair and Foundation Chief Operating Officer/Chief Financial Officer shall determine whether the proposed transaction represents a conflict that would violate §89906 and, if so, whether to present the proposed transaction to the Board for possible approval in accordance with §89907, if available, or whether the proposed transaction should not be pursued.

4. Members of the Board of Directors shall recuse themselves from the vote on any matter that involves an actual or potential Conflict of Interest involving that Director.
5. Any allegation or evidence of violation of this Conflict of Interest policy by a Director shall be reported to the Foundation Chair and Foundation Chief Operating Officer/Chief Financial Officer. The Foundation Chair and Foundation Chief Operating Officer/Chief Financial Officer shall discuss the matter with the Director to obtain additional facts and perspective. If a Conflict of Interest relationship is deemed to exist, it shall be reported to the Audit Committee to devise and recommend to the Board a proposed resolution of, or course of action with respect to, the Conflict of Interest.
6. Officers, Directors or employees may report any allegation or evidence of violation of this Conflict of Interest policy, or irregularities in accounting or financial matters, to the Audit Committee Chairman Foundation Chief Operating Officer/Chief Financial Officer. The Audit Committee, in consultation with the Foundation Chair and Foundation Chief Operating Officer/Chief Financial Officer, shall then take proper action to investigate the matter and recommend a response to the allegations. Employees who report suspected Conflicts of Interest or financial or accounting irregularities shall be protected from any retaliation as a result of the report.
7. All members of the Foundation Board of Directors shall annually submit a Conflict of Interest Disclosure Form to the Foundation Chief Operating Officer/Chief Financial Officer. All Board of Directors members must submit these disclosures within 30 days of request from the Foundation. If a member has not submitted their form within 30 days, the Foundation Chief Operating Officer/Chief Financial Officer shall notify the Foundation Chair, who shall formally communicate its required submittal to the member. If the disclosure form is not received within 15 days of the Chair's communication, the issue will be placed on the Audit Committee's agenda for discussion and recommended action to the Board of Directors, including the possibility of censure and/or removal from the Board.