

CONFLICT OF INTEREST AND DISCLOSURE CODE

AP No. 2712

Board Reviewed: 5/17/06; 9/9/09; 12/14/11; 11/12/14; 4/13/16; 4/11/18

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- I. The Political Reform Act (Government Code Section 81000, et. seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it, duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this District by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this District.
- II. Definitions - The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.
- III. Designated Employees - The persons holding positions listed in Section XXI are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.
- IV. Disclosure Categories - This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200, if they are designated in this code in that same capacity or if the geographical jurisdiction of this District is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, et seq. In addition, this code does not establish any disclosure obligation for any ~~designated~~ employees who are designated in a conflict of interest code for another District, if all of the following apply:
 - A. The geographical jurisdiction of this District is the same as or is wholly included within the jurisdiction of the other District;
 - B. The disclosure assigned in the code of the other District is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and
 - C. The filing officer is the same for both agencies.¹ Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Section XXI specify which kinds of financial interests are reportable. Such a designated employee shall disclose in

¹ Designated employees who are required to file statements of economic interests under any other District's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and district statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government code section 81004.

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his/her statement of economic interests those financial interests he/she has which are of the kind described in the disclosure categories to which he/she is assigned in Section XXI. It has been determined that the financial interests set forth in a designated employee's disclosure categories are the kinds of financial interests which he/she foreseeably can affect materially through the conduct of his/her office.

V. Statements of Economic Interests - Place of Filing.

All officials and employees required to submit a statement of economic interests shall file their statements with the Superintendent/President or his or her designee. The District shall make and retain a copy of statements filed by Board of Trustees and the Superintendent/President and forward the originals of such statements to the Executive Officer of the Board of Supervisors of Los Angeles County. The District shall retain the originals of statements for all other Designated Positions named in the District's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

VI. Statements of Economic Interests - Time of Filing.

A. Initial Statements. All designated employees employed by the District on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within thirty (30) days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within thirty (30) days after the effective date of the amendment.

B. Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within thirty (30) days after assuming the designated positions, or if subject to State Senate confirmation, thirty (30) days after being nominated or appointed.

C. Annual Statements. All designated employees shall file statements no later than April 1st.

D. Leaving Office Statements. All persons who leave designated positions shall file statements within thirty (30) days after leaving office.

VII. Statements for Persons Who Resign Prior to Assuming Office - Any person who resigns within twelve (12) months of initial appointment, or within thirty (30) days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he/she did not make or participate in the making of, or use his/her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his/her appointment. Such persons shall not file either an assuming or leaving office statement.

A. Any person who resigns a position within thirty (30) days of the date of a notice from the filing officer shall do both of the following:

1. File a written resignation with the appointing power; and

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2. File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he/she did not make, participate in the making, or use the position to influence any decision of the District or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

VIII. Contents of and Period Covered by Statements of Economic Interests

- A. Contents of Initial Statements. Initial statements shall disclose any reportable investments, interests in real property, and business positions held on the effective date of the code and income received during the twelve (12) months prior to the effective date of the code.
- B. Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable investments, interests in real property, and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the twelve (12) months prior to the date of assuming office, or the date of being appointed or nominated, respectively.
- C. Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income, and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.
- D. Contents of Leaving Office Statements. Leaving office statements shall disclose reportable investments, interests in real property, income, and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

IX. Manner of Reporting - Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the District, and shall contain the following information:

- A. Investments and Real Property Disclosure. When an investment or an interest in real property² is required to be reported,³ the statement shall contain the following:
 1. A statement of the nature of the investment or interest;

² For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

³ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

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2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
 3. The address or other precise location of the real property;
 4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).
- B. Personal Income Disclosure. When personal income is required to be reported,⁴ the statement shall contain:
1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
 2. A statement whether the aggregate value of income from each source, or a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
 3. A description of the consideration, if any, for which the income was received;
 4. In the case of a gift, the name, address, and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
 5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.
- C. Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁵ the statement shall contain:

⁴ A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include a salary or reimbursement for expenses received from a state, local or federal government District.

⁵ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customer of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

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1. The name, address, and a general description of the business activity of the business entity;
 2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).
- D. Business Position Disclosure - When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he/she is a director, officer, partner, trustee, employee, or in which he/ she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.
- E. Acquisition or Disposal during Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.
- X. Prohibition on Receipt of Honoraria
- A. No member of a state board or commission, and no designated employee of a state or local government District, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his/her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official. Subdivisions (a), (b), and (c) of Government Code section 89501 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.
 - B. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government code section 89506.
- XI. Prohibition on Receipt of Gifts in Excess of \$470
- A. No member of a state board or commission, and no designated employee of a state or local government District, shall accept gifts with a total value of more than \$470 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his/her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.
- Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

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XII. Loans to Public Officials

- A. No elected officer of a state or local government District shall, from the date of his/her election to office through the date that he/she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government District in which the elected officer holds office or over which the elected officer's District has direction and control.
- B. No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he/she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government District in which the public official holds office or over which the public official's District has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.
- C. No elected officer of a state or local government District shall, from the date of his/her election to office through the date that he/she vacates office, receive a personal loan from any person who has a contract with the state or local government District to which that elected officer has been elected or over which that elected officer's District has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.
- D. No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he/she holds office, receive a personal loan from any person who has a contract with the state or local government District to which that elected officer has been elected or over which that elected officer's District has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.
- E. This section shall not apply to the following:
1. Loans made to the campaign committee of an elected officer or candidate for elective office;
 2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such

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persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section;

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time;
4. Loans made, or offered in writing, before January 1, 1998.

XIII. Loan Terms

- A. Except as set forth in subdivision (B), no elected officer of a state or local government District shall, from the date of his/ her election to office through the date he/she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.
- B. This section shall not apply to the following types of loans:
 1. Loans made to the campaign committee of the elected officer;
 2. Loans made to the elected officer by his/her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section;
 3. Loans made, or offered in writing, before January 1, 1998.
- C. Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

XIV. Personal Loans

- A. Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:
 1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired;
 2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
 - a) The date the loan was made;
 - b) The date the last payment of one hundred dollars (\$100) or more was made on the loan;
 - c) The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous twelve (12) months.
- B. This section shall not apply to the following types of loans:

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1. A loan made to the campaign committee of an elected officer or a candidate for elective office;
 2. A loan that would otherwise not be a gift as defined in this title;
 3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due;
 4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations;
 5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.
- C. Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.
- XV. Disqualification - No designated employee shall make, participate in making, or in any way attempt to use his/her official position to influence the making of any governmental decision which he/she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his/her immediate family, or on the following:
- A. Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;
 - B. Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;
 - C. Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by, or promised to the designated employee within twelve (12) months prior to the time when the decision is made;
 - D. Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or
 - E. Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$470 or more provided to, received by, or promised to the designated employee within twelve (12) months prior to the time when the decision is made.
- XVI. Legally Required Participation - No designated employee shall be prevented from making or participating in the making of any decision to the extent his/her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his/her participation legally required for purposes of this section.

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- XVII. Disqualification of State Officers and Employees - In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his/her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his/her immediate family has, within twelve 12 months prior to the time when the official action is to be taken:
- A. Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
 - B. Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value one thousand dollars (\$1,000) or more.
- XVIII Disclosure of Disqualifying Interest - When a designated employee determines that he/she should not make a governmental decision because he/she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.
- XIX. Assistance of the Commission and Counsel - Any designated employee who is unsure of his/her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 or from the attorney for his/her District, provided that nothing in this section requires the attorney for the District to issue any formal or informal opinion.
- XX. Violations - This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal, and civil sanctions provided in the Political Reform Act, Government Code sections 81000 - 91015. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.
- XXI. Designated Positions and Disclosure Requirements
- A. Public Officials Who Manage Public Investments - It has been determined that the positions shown below manage public investments and must make disclosure pursuant to Government Code Section 87200 et seq.:

Members of the Board of Trustees
 - B. Disclosure Categories: The disclosure categories listed below identify the types of investments, business entities, sources of income, or real property which the designated employees must **disclose** for each disclosure category to which he/she is assigned.

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1. Category 1:

Persons in this category shall disclose all interest in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the District.

Persons are not required to disclose a residence, such as a home or vacation cabin, used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.

2. Category 2:

Persons in this category shall disclose all investments and business positions.

3. Category 3:

Persons in this category shall disclose all income (including gifts, loans and travel payments) and business positions.

4. Category 4:

Persons in this category shall disclose all business positions, investments in, or income (including gifts, loans and travel payments) received from business entities that manufacture, provide or sell service and/or supplies of a type utilized by the District and associated with the job assignment of designated positions assigned to this disclosure category.

5. Category 5:

Individuals who perform under contract the duties of any designated position shall be required to file Statement of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendation or counsel to the District which could affect financial interest shall be required to file Statements of Economic Interest, unless they fall within the Political Reform Act's exceptions to the definition of consultant. The level of disclosure shall be as determined by the Superintendent/President or his or her designee of the District.

Designated Positions, and the Disclosure Categories assigned to them, are as follows:

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C. DESIGNATED POSITIONS	DISCLOSURE CATEGORIES
Superintendent/President	1, 2, 3,
Vice President, Academic Affairs	2, 3
Vice President, Student Services	2, 3
Vice President, Finance and Business	1, 2, 3,
Executive Dean, Institutional Research and Planning	2, 3
Dean, Student Affairs	2, 3
Dean, Public Safety	4
Associate Dean, Public Safety	4
Dean, Career Technical Education	4
Executive Dean, Counseling and Student Success	4
Executive Director, Human Resources	2, 3
Director, Community and Governmental Relations	4
Director, Student Life	2,3
Director, Financial Aid, Scholarship, and Veterans Services	2, 3
Director, Marketing and Communications	4
Director, Information & Technology Services	4
Director, Contract Management & Vendor Services	1, 2, 3
Director, Facilities Services	1, 4
Manager, Maintenance and Operations	4
Assistant Director, Facilities Services	1, 4
Director, Accounting	4,
Risk Manager	4
Consultants/New Positions*	5

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*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitations: The Superintendent/President or his or her designee may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant’s or new position’s duties and, based on that description, a statement of the extent of disclosure requirements. The Superintendent/President or his or her designee’s, determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

XXII. References / Sources:

Government Code Sections 87103(e), 87300-87302, 89501, 89502, and 89503,89503, Title 2, Section 18730