

LOS ANGELES COMMUNITY COLLEGES  
OFFICE OF THE CHANCELLOR  
ADMINISTRATIVE REGULATIONS

INDEX NUMBER AO-5

<b>REFERENCE:</b> Board Rules, Chap. XIII Article 13102	<b>TOPIC:</b> Conduct of Board of Directors
<b>ISSUE DATE:</b>	<b>INITIATED BY:</b> Business Services
<b>CHANGES:</b>	<b>DATE OF CHANGES:</b>

1. No member of the board of directors 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. Any contract or transaction entered into in violation of this section is void.
2. No contract or other transaction entered into by the board of directors of an auxiliary organization is void under the provisions of Education Code Section 72677; nor shall any member of such board be disqualified or deemed guilty of misconduct in office under such provisions, if both of the following conditions are met:
  - a. The fact of such financial interest if disclosed or known to the board of directors and noted in the minutes, and the 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.
  - b. The contract or transaction is just and reasonable as to auxiliary organization at the time it is authorized or approved.
3. The provisions of Education Code Section 72678 shall not be applicable if any of the following conditions are met:
  - a. The contract or transaction is between an auxiliary organization and a member of the board of directors 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 or she 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 board of directors or 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 board of directors of an auxiliary organization is interested in a contract or transaction within the meaning of Education Code Section 7267.7 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 control or transaction.
4. It is unlawful for any person to utilize any information, not a matter of public record, which is received by the person by reason of his/her membership on the board of directors of an auxiliary organization, for personal pecuniary gain, regardless of whether he or she is or is not a member of the board at the time such gain is realized.