



CAPITAL PUBLIC RADIO, INC. Conflict of Interest Policy

I. Introduction

Capital Public Radio, Inc., a California nonprofit public benefit corporation (the “Corporation”), was formed as an auxiliary organization of the California State University, Sacramento (“CSUS”), to operate one or more FM radio stations offering news, classical and jazz music and other programming of the highest quality for the benefit of individuals within CSUS, Sacramento’s service area.

II. Statutory Basis and Purpose of the Conflict of Interest Policy

Because the Corporation is an auxiliary organization of CSUS, a director (“Director”) or officer (“Officer”) of the Corporation is subject to the following conflict of interest provisions of the California Education Code:

§89906. 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. 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. 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. 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.

This policy is intended to protect the interests of the Corporation when it is contemplating entering into a contract or other transaction that might benefit the private interest of a Director or Officer, directly or indirectly, to preserve the integrity of the decision-making process of the Corporation, and to promote fairness in the process by which conflicts of interest are disclosed and managed in accordance with State laws and regulations.

This policy is intended to supplement, but not replace, any State or Federal laws and regulations governing conflicts of interest applicable to nonprofit and charitable organizations and auxiliaries.

III. Statement of Policy

1. The Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or Officer, unless the transaction is first approved by the Board of Trustees of CSU and the California Attorney General. This provision shall not apply to any reasonable advance due to expenses expected to be incurred in the performance of the Director's or Officer's duties.

2. The Corporation shall not enter into a contract or transaction with a business entity, including but not limited to a corporation, partnership, or limited liability company in which a Director or Officer has a proprietary interest, directly or indirectly through a family relationship, in a contracting business entity, except where the Director's or Officer's outstanding common stock holding in a transacting corporation is less than 5 percent. Such a prohibited contract or transaction in violation of the preceding sentence shall be void *ab initio* and of no legal effect at the inception.

3. The Corporation shall not enter into a contract or transaction in which a Director or Officer has a financial interest, directly or indirectly, in the contract or transaction, except where: (1) the fact of such financial interest is disclosed or known to the governing board **and** that fact is noted in the minutes; (2) the Corporation's Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for authorization, approval or ratification without counting the vote or votes of such financially interested Director(s) and/or Officer(s); and (3) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.



4. A Director shall not seek to influence or attempt to influence another Board member on a contract or transaction in which the Director is financially interested without first disclosing such financial interest to the Board at a public meeting.

5. It is unlawful for any Director to utilize any information, not a matter of public record, which is received by him/her by reason of his/her membership on the Board, 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.

6. A Director and/or Officer are required to disclose any actual or potential conflicts of interest. The obligation to disclose such conflict of interest exists whether the Director or Officer has acted on such conflict of interest. Any question as to whether a particular circumstance presents a conflict of interest should be resolved in favor of disclosure.

IV. Acknowledgment

It is the responsibility of all Covered Individuals to become familiar with and understand this policy and seek further explanation and advice concerning the interpretation and requirements of this policy, and to comply with this policy. Failure to conform one's conduct to the conditions set forth in this policy may result in removal from the Board of Directors, dismissal from employment or such other actions as may be determined by the Board of Directors in its full and final discretion.

All Covered Individuals shall sign a written acknowledgment of receipt of a copy of this policy.

Acknowledgement:

I, _____, have read and understand the foregoing Conflict of Interest Policy of Capital **Public Radio, Inc.** and have had the opportunity to ask any questions I may have. In addition, I understand that I will be required to complete a Conflict of Interest Disclosure Statement annually.

Signature

Date

Your Name



Capital Public Radio, Inc. Conflict of Interest Disclosure Statement

Each Covered Individual is required to file, annually and when required, this Conflict of Interest Disclosure Statement ("Disclosure Statement"). All capitalized terms not defined herein are as defined in Conflict of Interest Policy of Capital Public Radio, Inc. (the "Corporation"). Please return this Disclosure Statement to the Filing Officer by December 31 of each year.

Signature: _____

Your Name: _____ Date: _____

Please respond to the following questions to the best of your knowledge (use continuation sheets, if necessary, to provide more detailed answers to any questions) and put an "X" on the response applicable to your disclosure:

1. Are you an officer of an organization that conducts business or has a relationship with the Corporation?
Yes _____ No _____
If yes, please define. _____

2. Have you ever served on the board of a business in which the Corporation invests?
Yes _____ No _____
If yes, please define. _____

3. Do you have a family relationship with anyone who has a contractual and/or transactional relationship with the Corporation? Family connections include an individual's spouse, parent, child, grandparent, grandchild, great-grandchild, and sibling. The spouses of any children, grandchildren, great-grandchildren, and siblings are considered family relationships as well.
Yes _____ No _____
If yes, please define. _____

4. Have you participated, directly or indirectly, in any employment agreement, Compensation relationship, or any other arrangement/investment opportunity with a third-party vendor doing business with the Corporation that has resulted or could result in personal benefit to you?
Yes _____ No _____
If yes, please define. _____

5. Have you received, directly or indirectly, any salary payments, loans, or gifts of any kind or any free service, discounts, or other fees from any person/organization engaged in any transaction with the Corporation?
Yes _____ No _____
If yes, please define. _____

6. Do you share ownership of a business, including but not limited to a corporation, limited liability company, partnership or equivalent, either directly or indirectly through a family or spousal relationship, that does business with the Corporation? Ownership means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.
Yes _____ No _____
If yes, please define. _____
