Sections 89906 through 89909 of the California Education Code Mandates that Directors’ of auxiliary organizations such as the University Enterprises Corporation shall have no financial interest in any contract or other transaction entered into by the Board. This policy summarizes the applicable laws and incorporates the summary into a statement of review and compliance to be signed by each Director on an annual basis. Similar statements are completed by designated officers and administrators of the University.

The Foundation shall fully comply will all provisions of Sections 89906-89909 of the California Education Code (Code). Further, each member of the Board, appointed pursuant to the Bylaws of the University Enterprises Corporation, shall receive annually a copy of the applicable sections of the Code with interpretation of the law by the University Enterprises Corporation’s Counsel and will certify, by signature, his or her compliance.

The Code requires that relationships between Directors and the University Enterprises Corporation are not permissible in those cases where a contract is drawn directly between a Director and University Enterprises Corporation, a contract between the University Enterprises Corporation and an entity (partnership or unincorporated association) in which a University Enterprises Corporation Director is a partner, owner or holder of a proprietorship interest, or a contract between the University Enterprises Corporation and a for-profit corporation in which a University Enterprises Corporation Director is the owner or holder of five (5) percent or more of the outstanding common stock.

It was indicated that each Director would be required to affirm adherence annually.