

32nd District Agricultural Association
Board Policies

Board Policy 2.03: Conflicts of Interest

Date Adopted/Last Revised: ~~February 27, 2020~~ September 24, 2026

Note: Capitalized terms not otherwise defined in this Board Policy have the meanings set forth in the Definitions section of Board Policy 1.01. Should any provision in this policy contradict any provision of California law, California law shall control.

Purpose

It is in the best interest of the 32nd DAA to be aware of and properly manage all real, potential, and perceived conflicts of interest. This Board Policy is designed to help 32nd DAA Personnel identify situations that present potential conflicts of interest and to provide guidelines for handling perceived, potential, or actual conflicts of interest in accordance with the 32nd DAA's institutional values and legal requirements.

Section 2.03.01 sets forth the reporting procedure applicable to 32nd DAA employees other than the CEO and CEO Direct Reports.

Section 2.03.02 sets forth the reporting procedure applicable to Board Members, the CEO, and CEO Direct Reports.

Note: This Board Policy supplements but does not replace any disclosure or recusal requirements set forth in the Conflict of Interest Code of the California Department of Food and Agriculture ("COI Code") or any other applicable state law or regulation, including but not limited to, California common law, California Government Code, section 1090, California Public Contracts Code, section 10410, and the Political Reform Act of 1974 (including any regulation promulgated by the Fair Political Practices Commission to enforce the Political Reform Act of 1974, [collectively, "California Law"]).

If any provision contained in this Board Policy conflicts with any provision set forth in the COI Code and/or California Law, the provision contained in the COI Code and/or California Law shall govern and control.

Definitions

For the purpose of this Board Policy, the following definitions apply:

- **Family Member:** any member of an employee's or Board Member's family (spouse, parent, sibling, child, stepchild, grandparent, grandchild, great-grandchild, in-law, or registered domestic partner)
- **Interest:** any interest, financial or otherwise, whether direct or indirect, including, but not limited to: being employed by, consulting with, holding office in (including serving on a fiduciary or advisory board of), representing, or deriving income from a Third Party
- **Third Party:** any individual or entity, whether organized for profit or not-for-profit, other than the 32nd DAA
- **Transaction:** any transaction between a Third Party and the 32nd DAA in which the Third Party would receive something of value (whether financial or not) from the 32nd DAA

Policy

All 32nd DAA Personnel are expected and required to avoid any relationship or activity that might impair, or appear to impair, their ability to ethically carry out their responsibilities, without disclosing that information and obtaining the appropriate approval in accordance with this Board Policy.

In general, a conflict of interest may occur if an outside Interest or activity influences, appears to influence, or has the potential to influence the ability of an individual to exercise objectivity in the performance of their duties at the 32nd DAA or to perform their duties in the best interests of the 32nd DAA. Specific examples of potential conflicts of interest include, but are not limited to, situations where an employee or Board Member:

- Participates in decision-making related to, or otherwise seeks to influence, a potential Transaction between the 32nd DAA and a Third Party in which they have an Interest or their Family Member has an Interest.
- Receives compensation, gifts, favors, entertainment, personal advancement, or other benefits of more than a nominal value (~~\$500~~ applicable gift limit established by the California Fair Political Practices Commission (FPPC), accumulated annually from the same source) from a Third Party, which has engaged in, or seeks to engage in, a Transaction with the 32nd DAA.

- Discloses or uses confidential, privileged, special, or inside information about the 32nd DAA or its employees or Board Members for personal gain or advantage.
- Has an opportunity to influence the 32nd DAA's business, administrative, or other material decisions in a manner that leads to personal gain or advantage.
- Uses their position at the 32nd DAA to obtain employment at the 32nd DAA for their Family Members or other Third Parties in which they have an Interest.

The above list of examples is not exhaustive. All 32nd DAA Personnel are expected to exercise careful judgment in determining whether or not to disclose a potential conflict of interest in accordance with this Board Policy. In the case of uncertainty about whether a situation constitutes a potential conflict of interest, 32nd DAA Personnel are encouraged to err on the side of disclosure.

2.03.01: Disclosure Requirement and Approval Procedure for Employees Other Than the CEO and CEO Direct Reports

Any time an employee other than the CEO or CEO Direct Report is aware or becomes aware of facts or circumstances that could give rise to a potential conflict of interest or, in a reasonable person's judgment, could present the appearance of impropriety, such employee shall promptly report that information to their direct supervisor.

Any employee who is or becomes aware that the 32nd DAA is considering entering into a Transaction with a Third Party in which the employee (or their Family Member) has an Interest shall ensure that their direct supervisor is made aware of the potential conflict of interest *prior to* the Transaction being entered into by the 32nd DAA.

All disclosed information will be treated on a confidential basis, except to the extent necessary for the protection of the interests of the 32nd DAA or as otherwise required under California law. The CEO may issue additional policies and procedures to address these disclosures, provided that all disclosures shall be reviewed at least "two levels up" (*i.e.*, the supervisor of an employee who discloses any perceived, actual, or potential conflict of interest will consult with their own supervisor in addressing the disclosure).

Reporting and Violations of the Policy

An employee who discovers or suspects a violation of this Board Policy should follow the procedures outlined in *Board Policy 2.05: Reporting Wrongdoing*.

Violations of this Board Policy will be treated as serious misconduct. The Board delegates the responsibility to establish appropriate investigation and disciplinary procedures relating to violations of this section to the CEO.

2.03.02: Disclosure Requirement and Approval Procedure for Board Members, CEO, and CEO Direct Reports

Any time the CEO, a CEO Direct Report, or a Board Member is aware or becomes aware of facts or circumstances that could give rise to a potential conflict of interest or, in a reasonable person's judgment, could present the appearance of impropriety, such individual shall promptly report that information to the Board at its next regularly scheduled meeting.

Any time the CEO, a CEO Direct Report, or a Board Member is aware, or becomes aware, that the 32nd DAA is considering entering into a Transaction with a Third Party in which the CEO, a CEO Direct Report, a Board Member, or one of the foregoing's Family Members may have an Interest, such individual shall disclose the existence of the potential conflict of interest and all material facts to the Board *in advance* of the Transaction being entered into by the 32nd DAA. Such report shall be made first to the Board Chair and Board Vice Chair and subsequently reviewed by the full Board in a publicly noticed meeting. The CEO shall not knowingly permit such a Transaction to proceed without first obtaining the Board's express approval following full disclosure to the Board, during a regularly scheduled meeting, of all material facts. This applies to Transactions above and below the amount of any delegation of signature authority made by the Board to the CEO.

Recusal

When the CEO, a CEO Direct Report, or a Board Member has an Interest in a proposed Transaction, that individual will provide information as requested and then will abstain from any deliberation on the merits of the proposal or the vote.

Reporting Violations of the Policy

Any individual who discovers or suspects a conflict of interest should follow the procedures outlined in *Board Policy 2.05: Reporting Wrongdoing*.

Documentation

The minutes of any Board meeting at which any actual, potential, or perceived conflict of interest is disclosed or discovered involving the CEO, a CEO Direct Report, or a Board Member will contain:

- The name of the person who disclosed, or otherwise was found to have, an actual, potential, or perceived conflict of interest; the nature of the interest; any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest or duality of interest in fact existed.
- The name of each person present for discussions, the vote of each Board Member relating to the Transaction, a summary of the discussion, including adopted alternatives to the proposed Transaction, and a record of any votes taken in connection with the discussion.