



August 19, 2008

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Raj K. Chopra, Ph.D.
Superintendent/President

Governing Board
David J. Agosto
Jorge Dominguez, Ph.D.
Jean Roesch, Ed.D.
Yolanda Salcido
Terri Valladolid

RECEIVED

AUG 27 2008

SAN DIEGO
COUNTY GRAND JURY

Honorable Kenneth K. So
Presiding Judge
Superior Court of California
County of San Diego
220 West Broadway
San Diego, CA 92101

Re: Southwestern College's Response to Grand Jury Report Filed May 27, 2008
Entitled: "Ethics 101: Course Requirement for Community Colleges"

Dear Judge So:

On May 27, 2008, a report was filed by the 2007/2008 San Diego County Grand Jury entitled: "Ethics 101: Course Requirement For Community Colleges". Pursuant to California Penal Code § 933(c) Southwestern College is required to comment to your Honor on the findings and recommendations contained in the report. However, before commenting on the specific findings and recommendations contained in the Grand Jury's Report, Southwestern College believes that a brief overview of the California Community College system and Southwestern College is appropriate to provide context for the comments in this response.

Overview of the California Community College System:

California Education Code § 70900 provides for the creation of a community college system in California. Specifically, the legislature stated that, with the enactment of a statute, community colleges in California were "hereafter established pursuant to law and the Board of Governors of the California Community Colleges."

The Education Code provides for a two-tiered system of control over California community colleges. At the state level, a Board of Governors comprised of 16 voting members and one nonvoting member selects a chief executive officer, known as the Chancellor of the Community, who is thereafter responsible for "execut[ing] the duties and responsibilities as may be delegated to him or her by the board." Providing general supervision, the Board of Governors establishes "minimum standards" with which the community college districts must comply. Specifically, the Board of Governors enacts certain basic requirements regarding finances, academic standards, and faculty and staff employment. However, nothing in the Education Code provides the Board of Governors with the authority to mandate precisely how a local community college operates. On the contrary, the Education Code emphasizes the importance of community colleges retaining local autonomy over substantive issues, stating that "[t]he work of the board of governors shall at all times be directed to maintaining and continuing, to the *maximum degree permissible*, local authority and control in the administration of the California community colleges."

At the local level, a community college district's Board of Trustees exercises this "local authority and control" over a community college's operation. This governing board, comprised of five or seven members, "fix[es] and prescribe[s] the duties to be performed by all persons in community college service in the district." In addition, such a governing board is entitled to include one or more nonvoting student members. The districts' Boards of Trustees oversee all significant operational issues within their respective districts.

These two levels of authority work together in a system of "shared governance" in an effort to improve the California community college system. As part of this "shared governance," state and local authorities collaborate via the "Consultation Council," a board comprised of 18 representatives of institutional groups including community college district trustees, business officers, and staff union officers. While state leadership provides administrative control over certain issues, this local council is largely responsible for the substantive policy decisions affecting the community colleges. Specifically, the group operates as a principal avenue through which community college districts can "[e]valuate new policy proposals necessitated either by legal requirements or local need, appoint task groups to develop new policy proposals, [and] review and provide advice on policy issues currently in development..." The council meets once a month to "allow the entire community college system" an opportunity to make recommendations to the state Chancellor, who then will make recommendations to the Board of Governors on issues not specifically delegated to the local Board of Trustees.

Overview of Southwestern College

Southwestern College has served as the only public institution of higher education in South County since its establishment in 1961. Offering more than 285 associate degrees and certificate options, Southwestern College makes a marked difference in the lives of 18,000 students annually. Operating as the lone community college within the Southwestern Community College District, the college is managed in part by the District's Board of Trustees. The members of the Board of Trustees, honored with the opportunity to provide public service, are committed to the advancement of Southwestern College and, most importantly, the intellectual development of its students. As the following pages will demonstrate, the Board of Trustees, through its enthusiasm, hard work, and attention to detail, has proven capable of fulfilling such noble goals.

It is against this background on community colleges governance that Southwestern College responds to the findings and recommendations contained in the Grand Jury Report.

Southwestern College Responses to Grand Jury Findings:

Finding 1: Not all Board members take the time to review and comprehend all supporting documentation provided on agenda items and these members' vote is sometimes merely a rubber stamp of staff recommendation.

Response 1: **The Board Disagrees.** The Trustees of Southwestern College are dedicated to complying with their fiduciary responsibility for the oversight of the college's operation. In that regard, the Trustees do, in fact, take the time necessary to thoroughly review and comprehend all documentation on agenda items. As such, in exercising their independent judgment, the Trustees at times agree, and, at other times, disagree with staff recommendations. The Trustees' votes are not a rubber stamp of staff recommendations.

Finding 2: A limit of three four-year terms for Trustees of the Local Community Colleges would be consistent with limits for State legislators, would provide continuity of leadership and also allow newly elected members to acquire the knowledge the position requires.

Response 2: **The Board Disagrees.** The Board disagrees with the factual assertion that a limit of three four-year terms for Trustees would be consistent with limits for State Legislatures. The California Government Code states that "[t]he term of office of a Senator is four years. The term of office of a Member of the Assembly is two years." (Gov. Code, §9001.) Furthermore, the California Constitution provides limits on the numbers of terms that Senators and Members of the Assembly may serve. Specifically, Senators may serve a maximum of 2 terms (8 years), while Members of the Assembly are entitled to serve up to 3 terms (6 years). (Cal. Const., art. IV, §2, subd. (a), par. (1) – (2).) Accordingly, the finding that *all* California lawmakers maintain a limit of **three** four-year terms is not factually correct. [**emphasis added**]

Nevertheless, the Board disagrees that term limits are necessary. First, there is no empirical data indicating that term limits result in better run community colleges. Second, Southwestern College has a history of incumbent trustees being voted out of office by the will of the voters, thus negating the necessity of term limits. (Attached hereto as Exhibit A is a chart of Board membership make-up since 2000)

Finding 3: The imposition of limits on campaign contributions or restrictions on who may contribute to candidates for Trustee would reduce the perception that elections could be influenced by firms doing business with the District.

Response 3: **The Board Disagrees.** First, here again, the Board disagrees with the premise that the public perceives elections to be influenced by firms doing business with the District. Public disclosure requirements for Trustee candidates currently require disclosure and transparency from which the public can ascertain the source of contributions to candidates. No community college district in San Diego County currently has a campaign contribution limit in place. In fact, the

one district that maintained a campaign contribution limit, the San Diego Community College district, voted to repeal its \$3,500 limit in September of 2007 after finding that challenger candidates were disadvantaged by the contribution limit.¹

Finding 4: Student Trustees play a valuable role in bringing student concerns to the attention of their governing boards.

Response 4: **The Board Agrees.** It goes without saying that only a student can truly express the concerns of the student body to the Administration. Accordingly, the Board encourages the Student Trustee to present to the Board any and all concerns of students at Southwestern College and to fully engage in discussions on all such concerns. The insight offered by the Student Trustee is of extreme value to the Board and Superintendent.

Finding 5: There is no local entity to enforce the existing codes of ethics and to apply penalties for violations.

Response 5: **The Board Disagrees.** Southwestern College maintains its own Code of Ethics that was adopted before the issuance of the Grand Jury Report. The Code of Ethics demands that “[t]he governing Board maintains high standards of ethical conduct for its members.” Moreover, the Code of Ethics requires that all trustees undertake a list of responsibilities. (Attached hereto as Exhibit B) In addition to local ethical regulations, certain state-wide policies ensure that California community colleges’ governing boards comply with standards of ethics. First, Southwestern College trustees follow the guidance of the various regulations of the Community College League of California.² Second, the leadership must abide by standards set forth in Standard IV of the Accrediting commission for Community and Junior Colleges (“ACCJC”)³

Finding 6: Board of Trustees members and upper level administrators within the local community college districts are ill prepared to fill out annual financial disclosure statements. Some staff members did not know that real property in the district, other than personal residence, must be listed on the Form 700.

¹ (*College District Repeals Limit on Campaign Contributions*, The San Diego Union-Tribune (September 4, 2007) available at: http://www.signonsandiego.com/uniontrib/20070904/news_1m4comcol.html.)

² (*Publications*, Community College League of California, available at: <http://www.ccleague.org/i4a/pages/index.cfm?pageid=3285>.)

³ (*ACCJC Standards and Policies*, Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, available at: <http://www.accjc.org/standards.htm>.)

Response 6: **The Board Disagrees.** Fair Political Practice Commission (“FPPC”) Form 700 required of Board of Trustee Members and Upper Level Administrators includes instructions on proper completion. In addition, the FPPC is readily available to answer any questions that may arise in completing Form 700 telephonically at a Toll-Free advice line (1 (866) ASK-FPPC). Also, the FPPC provides a Statement of Economic Interests Reference Pamphlet at its web site (www.fppc.ca.gov). (Attached hereto as Exhibit C and D, respectively) All Board Members and Upper Level Administrators are aware that real property in the district, other than a personal residence, must also be listed on Form 700.

Finding 7: There is no local entity to monitor randomly the Forms 700 for community college personnel, to respond to complaints or non-disclosure and to refer violators to the Fair Political Practices Commission.

Response 7: **The Board Disagrees.** The FPPC’s Enforcement Division is the agency primarily responsible for ensuring timely and proper filing of Form 700. Persons who fail to timely file and/or file false Form 700 may also be referred to the California State Attorney General or the San Diego County District Attorney for investigation and possible prosecution. In addition, Southwestern College has an Agency Official to coordinate the distribution and monitoring of all Form 700 issues. Form 700 is a publicly available document maintained by the County of San Diego Clerk of the Board of Supervisors. As such, any member of the public may review any Form 700 and make a referral to the FPPC or law enforcement if appropriate.

Finding 8: A local Educational Ethics Committee is needed to establish and enforce a uniform code of ethics for officials of the five local community colleges, as well as to monitor compliance with the Brown Act.

Response 8: **The Board Disagrees.** Each Community College in San Diego County is unique in its organizational structure and operation, and, as such, a “one size fits all” approach to establishing a local Ethics Committee for all five college districts is not appropriate. As stated previously in this response, Southwestern College officials comply with the Code of Ethics adopted on March 12, 2008. The Code of Ethics provides that all remedies available under California law may be pursued for a violation of the Code of Ethics. With regard to monitoring any violation of the Brown Act, here again, a separate Educational Ethics Committee is not needed because the District Attorney is authorized to investigate and prosecute all such violations.

Finding 9: Items that are placed in the lost and found are not properly inventoried in all districts. Board policies do not provide for proper disposition for items that are not claimed by the owner.

Response 9: **The Board Disagrees.** The District follows Board Policy #4031. Items placed in lost and found are turned in to the Campus Police Department where they are logged and tagged. Campus Police will then attempt to identify and contact the owners of the items. Items not returnable to the owners are held for a minimum of forty-five (45) days. If no one claims the lost items, they are sent to the Purchasing and Material Control Manager who holds the items to be later disposed of/sold at the District Surplus Sale. In some cases, when the items appear to be of use to the District, the items are sent to the appropriate department. Books are returned to the bookstore in exchange for credit to be applied to the District General Fund. Items determined to be of no value are discarded.

Finding 10: In some districts, college vehicles and other assets that are no longer needed are not always made available for public auction. Sole source bidding or directed sales to college staff is inappropriate.

Response 10: **The Board Disagrees.** Southwestern College complies with Education Code Section 81450. Surplus Sales are held as needed and merchandise is sold and disposed of during this sale. Prior to going on sale, items are listed and sent to the Board for approval. Money generated from the Surplus Sale is deposited into the General Fund. Items that are not sold during the sale are subsequently sold and/or destroyed and disposed of. Moreover, due to Hazardous Waste and Electronic Waste regulations, the District finds it more cost effective to dispose of computers, monitors, and other electronic devices through an Electronic Recycling Program rather than the Surplus Sale. This electronic waste appears as part of the District's State Recycling Report.

Finding 11: At some colleges attorneys are being paid for services that do not require legal expertise such as acting as parliamentarian at open sessions of governing board meetings and attending interviews of prospective candidates for cabinet level positions.

Response 11: **The Board Disagrees.** Southwestern College attorneys provide valuable advice and counsel to the Board of Trustees and College Administrators on a wide variety of issues dealing with the operation of the college. In attending Board meetings and Cabinet Level interviews, attorneys have been able to immediately answer Trustees' and Administrators' questions on a variety of issues that have or could have legal ramifications for the college. Providing immediate answers to questions benefits the college by permitting the Board and Administrators to take action in an expeditious manner.

Finding 12: A cost/benefit analysis of an employed legal staff for basic legal services versus a wholly contracted legal counsel would be a useful tool in identifying and controlling a district's legal expenditures.

Response 12: **The Board Disagrees.** Although the Board is keenly aware of the necessity of containing legal costs to the fullest extent possible, it does not believe that a cost /benefit analysis would be helpful in that regard. Legal services cannot be easily quantified like other services or products, where a cost/benefit analysis may be beneficial. There is no such thing as "basic" legal services. Each and every legal matter is unique and requires a specific individualized response and course of action. The District will continue to employ legal staff with expertise in the areas of the law most encountered in the operation of the college.

Finding 13: At least one district has sworn peace officers who do not meet California Peace Officer Standards and Training (POST) requirements.

Response 13: **The Board Disagrees.** Southwestern College's Police Department personnel meet California Peace Officer Standards and Training ("POST") requirements. Moreover, POST audits the District on an annual basis to ensure compliance.

Southwestern College Responses to Grand Jury Recommendations:

Recommendation (08-91): Endorse and support the County Educational Ethics Committee for community college districts, as proposed above in this report.

Response to Recommendation (08-91): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

In recommending the creation of the County Educational Ethics Committee, the Grand Jury notes that the San Diego County Office of Education ("SDCOE") has recently "had greater responsibilities with respect to community colleges." Specifically, the report states that the SDCOE has provided services to San Diego County community college districts, including processing district payroll and payment warrants to vendors. Regardless of whether the SDCOE has performed these tasks, there is no authority supporting the proposal of an "Educational Ethics Committee lead by the SDCOE. The fact that the SDCOE may have provided routine financial services in no way grants the SDCOE the authority to

“promulgate a uniform and comprehensive code of ethics for all community college districts” with a yearly budget of up to \$500,000.

In addition, no provision within the Education Code provides a county’s office of education with the authority to oversee the ethical policies of a community college. On the contrary, the Education Code expressly provides that county boards of education have jurisdiction only over certain “school districts,” with the term “school district” specifically “not includ[ing] any community college district.”⁴ Therefore the SDCOE may not fulfill the role of ethical overseer because the county lacks oversight authority.

Moreover, state-wide and local regulations are in place to ensure that Southwestern College’s Board of Trustees operates in an ethical manner. Southwestern College maintains its own Code of Ethics. Nothing within the Education Code provides a county’s office of education with the right to interfere with a community college’s substantive ethical policies. Rather, state-wide ethics rules for community colleges, as well as Southwestern College’s very own Code of Ethics, ensure that Southwestern College’s Board of Trustees operates in an efficient and ethical manner.

Recommendation for (08-92): Formulate a ballot proposal, for approval by voters of the district, to limit terms of trustees.

Response to Recommendation (08-92): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

The Board does not believe that term limits are necessary. As stated previously in this response, there is no empirical data that indicates term limits result in better run community colleges. Second, Southwestern College has a history of incumbent trustees being voted out of office by the will of the voters, thus negating the necessity of term limits.

Recommendation (08-93): Adopt a Governing Board Policy that would limit campaign contributions to a candidate for Trustee, whether to a candidate or to a Political Action Committee (PAC) on behalf of that candidate.

Response to Recommendation (08-93): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

The Grand Jury Report provides that there “should be” campaign

⁴ (Ed. Code, §§1001, 1002.)

contribution limits in community college governing board elections. Specifically, the report recommends a “reasonable limit” of \$300 because such a figure is in-line with donation restrictions on candidates in political elections within San Diego County. However, despite the appeal of the consistency in such an argument, the California legislature has already determined that only the governing boards of community college districts have authority to enact set such limits. Specifically, the Education Code provides that “[t]he governing board of a community college district may by resolution limit campaign expenditures or contributions in elections.”⁵

No community college district in San Diego County currently has a campaign contribution limit in place. In fact, the one district that maintained a campaign contribution limit, the San Diego Community College district, voted to repeal its \$3,500 limit in September of 2007, after finding that challenger candidates were disadvantaged by the contribution limit. In addition, campaign contribution limits would benefit wealthy candidates who are able to self-finance an election, putting their less wealthy opponents at a financial disadvantage.

Recommendation (08-94): Adopt a Governing Board Policy that would limit the total amount of campaign contributions a candidate for Trustee could receive to a reasonable amount to be determined by the governing board.

Response to Recommendation (08-94): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

A policy limiting the amount of campaign contributions a candidate could receive would benefit wealthy candidates able to self fund a campaign. These candidates would not need contributions to finance an election and could therefore outspend an opponent who would be limited by the contribution limits if such a policy were in place. In addition, such a policy would hurt candidates opposed by independent expenditure committees.

Recommendation (08-95): Adopt a Governing Board Policy that would set standards for staff members from soliciting campaign contributions. The Policy should include a provision prohibiting staff members from soliciting campaign contributions for Governing Board candidates from contractors and other firms doing business with the district.

Response to Recommendation (08-95): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

⁵ (Ed. Code §72029.)

Southwestern College has adopted a Code of Ethics that addresses many of the issues in this recommendation. Specifically, Code of Ethics # 6 currently exists to forbid Trustees from being influenced by any special interest group (i.e., political contributors). Moreover, Code of Ethics # 15 prohibits using District time, personnel, supplies, and equipment for non-District activities. A policy prohibiting staff from engaging in political activities in their individual capacity and on their own time would implicate constitutional considerations. It is not the intent of Southwestern College to stymie the participation of Trustees or Staff in the political process.

Recommendation (08-96): Adopt a Governing Board Policy that provides disclosure standards for Trustees. The Policy should include a requirement that a trustee disclose the fact that a bidder on a contract donated to his or her campaign.

Response to Recommendation (08-96): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

Southwestern College Code of Ethics #12 specifically prohibits Trustees from having any Conflict of Interest or even the appearance of impropriety because of their position on the Governing Board. Also, Code of Ethics # 6 forbids Trustees from being influenced by any special interest group (i.e., political contributors). Furthermore, Government Code Section 1090 provides for criminal penalties for any public official to vote on a matter in which he/her has a financial interest.

Recommendation (08-97): Adopt a Governing Board Policy that would set standards for buyouts of administrative contracts. The Policy should include a provision limiting administrator contract buyouts to amounts specified in their contracts. No salary or benefits should exceed the 18-month period specified in the State Education Code. No damages or special payments should be granted.

Response to Recommendation (08-97): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

As stated in the Grand Jury Report, the California Education Code specifically states that buy outs of Administrative Contracts should not exceed 18 months. Any additional board policy on this issue would thus be duplicative and unnecessary. Nevertheless, Southwestern College agrees that payments should be limited to the specific amount included in an Administrator's contract. However, the Board must maintain the ability to address each Administrative separation issue individually since no two are ever the same. Thus, a policy strictly prohibiting the payment of damages and/or special payments may not be in the best interest of the college.

Recommendation (08-98): Endorse a policy to expand the public Governing Board meeting agendas according to the spirit of the Brown Act. For items concerning awards of contracts, approving bids and hiring consultations, the agenda should include the amount of bid and award, scope of work, time period, name and address of contract, and college contact.

Response to Recommendation (08-98): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

Southwestern College complies in all respects with the provisions of California Government Code Sections 54950 et.seq. (Brown Act). In addition, Code of Ethic # 17 requires the Board to adhere to the law and spirit of the open meeting laws and regulations. Because State Law dictates the requirements for all public agency meetings and because the District Attorney investigates any violation of the Brown Act, any additional policy would be contrary to State Law, duplicative, and unnecessary.

Recommendation (08-99): Adopt a district policy that the campus police chief reports directly to the Chancellor or President/Superintendent or an appropriate Vice Chancellor or Vice President.

Response to Recommendation (08-99): **Southwestern College will not implement the proposed recommendation because it is not warranted.** The campus police chief currently reports directly to a Vice President of the college as recommended by the report.

Recommendation (08-100): Review the qualifications of all sworn campus police officers for compliance with requirements of the California Commission on Peace Officer Standards and Training (POST).

Response to Recommendation (08-100): **Southwestern College will not implement the proposed recommendation because it is not warranted.**

The District has already reviewed the qualifications of all sworn campus police officers and is in full compliance with the requirements of POST.

Recommendation (08-101): Adopt a Governing Board policy for all real property purchases that specifies a date to be listed on the public agenda when the purchase is voted on. This data should include the current assessed valuation and information on amounts of all sales in the last two years for comparison with the amount of the current purchase price.

Response to Recommendation (08-101): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

The District meets the existing requirements of the Brown Act and all other legal requirements regarding real property purchases.

Recommendation (08-102): Undertake cost/benefit analysis on the feasibility of employing a Counsel for the District as opposed to contracting for all legal services.

Response to Recommendation (08-102): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

Legal services cannot be easily quantified like other services or products, where a cost/benefit analysis may be beneficial. There is no such thing as “basic” legal services. Each and every legal matter is unique and requires a specific individualized response and course of action. The District will continue to employ legal staff that has expertise in the areas of the law most encountered in the operation of the college.

Recommendation (08-103): Direct District Human Resources officers to adopt procedures to avoid the appearance of nepotism and inappropriate supervisory relationships in the hiring process. These procedures should include the identification and screening of applicants who are close friends and relatives of elected Governing Board members and staff.

Response to Recommendation (08-103): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

Southwestern College has in place several Code of Ethics that addresses this recommendation. Specifically, there is Code of Ethics # 13 which prohibits fulfilling one’s responsibilities without regard to prejudice, provinciality, partisanship, or animosity. The current Code of Ethics goes beyond the recommendation by not only prohibiting fulfilling one’s responsibilities without regard to provinciality (i.e., inappropriate relations) or partisanship (i.e., nepotism), but even forbids acting against one’s responsibility because of animosity. In addition, Code of Ethics #12 specifically prohibits Trustees from having any Conflict of Interest or even the appearance of impropriety because of their position on the Governing Board.

Recommendation (08-104): Adopt Governing Board Policies regarding the disposition of surplus property. Said Policies should include a requirement that any college surplus property donated to non-profit organizations or sold by means of public auctions and prohibit purchase by college staff/employees or relatives.

Response to Recommendation (08-104): **Southwestern College will not implement the proposed recommendation because it is not warranted or reasonable.**

Education Code Sections 81450 et. seq. governs the disposal of surplus property for Community Colleges. Included in these Code sections are the public notice and bidding requirements, along with the excess property disposal protocols. (Attached hereto as Exhibit E) Moreover, Code of Ethics # 12 specifically prohibits Trustees from using Board membership for personal gain. Accordingly, the recommended policy is duplicative and unnecessary.

Sincerely,

A handwritten signature in cursive script that reads "Raj K. Chopra". The signature is written in black ink on a white background.

Raj K. Chopra, Ph.D., Superintendent/President

On behalf of the Southwestern Community College Board of Trustees

EXHIBIT A

**Southwestern Community College District
Governing Board Membership History**

2006 – 2008					
Name	Seat #	Term #	Term of Office	Officer/Member	Note
David J. Agosto	3	2 1	12/04 – 12/08 12/00 – 12/04	Board President	Unseated/replaced Judy Schulenberg Election 11/00
Jorge Dominguez, Ph D	5	1	12/06 – 12/10	Board Member	Unseated Christine Aranda Election 11/06
Jean Roesch, Ed.D.	1	2 1	12/04 – 12/08 12/00 – 12/04	Board Vice President	Unseated/replaced Jerry Griffith Election 11/00
Yolanda Salcido	4	2 1	12/06 – 12/10 12/02 – 12/06	Board Member	Unseated Nancy Mulcahy Election 11/02
Terri Valladolid	2	3 2 1	12/06 – 12/10 12/02 – 12/06 12/98 – 12/02	Board Member	Unseated/replaced Dr. G. Gordon Browning Election 11/98
Leticia Diaz (6/08 – 5/09) Adrian Del Rio (6/07 – 5/08)				Student Board Member	

2004 – 2006					
Name	Seat #	Term #	Term of Office	Officer/Member	Note
David J. Agosto	3	2 1	12/04 – 12/08 12/00 – 12/04	Board Member	Unseated/replaced Judy Schulenberg Election 11/00
Christine Aranda, Ed.D.	5	1	12/02 – 12/06	Board Member	Unseated/replaced Maria Neves-Perman Election 11/02
Jean Roesch, Ed.D.	1	2 1	12/04 – 12/08 12/00 – 12/04	Board Member	Unseated/replaced Jerry Griffith Election 11/00
Yolanda Salcido	4	2 1	12/06 – 12/10 12/02 – 12/06	Board Member	Unseated Nancy Mulcahy Election 11/02
Terri Valladolid	2	3 2 1	12/06 – 12/10 12/02 – 12/06 12/98 – 12/02	Board Member	Unseated/replaced Dr. G. Gordon Browning Election 11/98
Hector Rivera (6/06 – 5/07) Luis Quinonez (11/05 – 5/06) Luis Banaga (6/05 – 10/05) Terry Newton (6/04 – 5/05)				Student Board Member	

2002 – 2004					
Name	Seat #	Term #	Term of Office	Officer/Member	Note
David J. Agosto	3	2 1	12/04 – 12/08 12/00 – 12/04	Board Member	Unseated/replaced Judy Schulenberg Election 11/00
Christine Aranda, Ed.D.	5	1	12/02 – 12/06	Board Member	Unseated/replaced Maria Neves-Perman Election 11/02
Jean Roesch, Ed.D.	1	2 1	12/04 – 12/08 12/00 – 12/04	Board Member	Unseated/replaced Jerry Griffith Election 11/00
Yolanda Salcido	4	2 1	12/06 – 12/10 12/02 – 12/06	Board Member	Unseated Nancy Mulcahy Election 11/02
Terri Valladolid	2	3 2 1	12/06 – 12/10 12/02 – 12/06 12/98 – 12/02	Board Member	Unseated/replaced Dr. G. Gordon Browning Election 11/98
Brandy Hill (6/03 – 5/04) Robert Williams (6/02 – 5/03)				Student Board Member	

2000 – 2002					
Name	Seat #	Term #	Term of Office	Officer/Member	Note
David J. Agosto	3	2 1	12/04 – 12/08 12/00 – 12/04	Board Member	Unseated/replaced Judy Schulenberg Election 11/00
Maria Neves- Perman	5		12/81 – 11/02	Board Member	Unseated/replaced Mary Gwen Brummitt Election 11/81
Jean Roesch, Ed.D.	1	2 1	12/04 – 12/08 12/00 – 12/04	Board Member	Unseated/replaced Jerry Griffith Election 11/00
Nancy Mulcahy	4	1	12/98 – 12/02	Board Member	Unseated/replaced Augie Bareno Election 11/98
Terri Valladolid	2	3 2 1	12/06 – 12/10 12/02 – 12/06 12/98 – 12/02	Board Member	Unseated/replaced Dr. G. Gordon Browning Election 11/98
Nicholas Stong (6/01 – 5/02) Ambar Ausano (6/00 – 5/01)				Student Board Member	

EXHIBIT B

CODE OF ETHICS

References: Accreditation Standard IV.B.1.a, e, and h

The Governing Board maintains high standards of ethical conduct for its members. Members of the Governing Board are responsible to:

1. Give evidence of good citizenship in community and state affairs;
2. Accept the legal and ethical commitments and responsibilities of the Governing Board to residents of the District to the staff, to the taxpayers and, most importantly, to the students served;
3. Dedicate themselves to the highest ideals of honor and integrity in all public and personal relationships;
4. Not accept or solicit loans or gifts from employees of the Southwestern Community College District or their family members;
5. Recognize that a Governing Board member has no legal authority as an individual, that decisions can be made only by a majority vote of the entire Board at a Board meeting, and that no individual Governing Board member has authority to direct staff or programs at the District;
6. Render all decisions regarding the issues at hand based on the available facts and independent judgment, and to refuse to surrender that judgment to any other individual or special interest group;
7. Be aware of the cultural and economic make-up, and the geographic distribution of the members of our community, and to make responsible decisions to meet the educational goals of a diverse population;
8. Encourage the free expression of opinion by all Governing Board members and to seek systematic communications between the Board and students, staff and all elements of the community;
9. Abide by majority decisions of the Governing Board, while retaining the right to seek changes in decisions through ethical and constructive channels;
10. Keep confidential all information and discussions conducted during closed sessions of the Governing Board;

CODE OF ETHICS

11. Bring direct and indirect credit to the District through personal effort in business, social, professional, and personal relationships;
12. Avoid any conflict of interest or the appearance of impropriety that could result because of their position as Governing Board members, and to not intentionally use Board membership, the goodwill or name of the College or District for personal gain or prestige;
13. Fulfill the responsibilities of their commission without regard to prejudice, provinciality, partisanship, or animosity;
14. Recognize that the District is a major employer and that the Governing Board's actions will affect the capacity of many people to practice the profession or trade in which they have so much personal investment;
15. Refrain from using District time, personnel, supplies, and equipment for non-District activities;
16. Work with other Governing Board members to establish effective Board policies and to delegate authority for the administration of the District to the Superintendent/President;
17. Ensure public input into Governing Board deliberations and adhere to the law and spirit of the open meeting laws and regulations;
18. Be informed and educated about the District, educational issues and the responsibilities of trusteeship and devote adequate time to perform the work of the Governing Board.

The Governing Board will promptly address any violation by a Board member or Board members of the Code of Ethics in the following manner:

The Superintendent/President and Governing Board President are authorized to consult with legal counsel when they become aware of or are informed about alleged violations of legal or unethical behavior, including but not limited to conflicts of interest, use of public resources or violations of laws concerning open government or confidentiality of closed session information. Violations of law may be referred to the District's General Counsel, the District Attorney or the Attorney General, as appropriate.

Violations of the Code of Ethics will be addressed by the President of the Board, who will first discuss the alleged violation with the Board member to reach a resolution. If resolution

CODE OF ETHICS

is not achieved and further action is deemed necessary by the President of the Board, s/he may either bring recommendations for further action directly to the full Board or appoint an ad hoc committee to examine the matter and recommend further courses of action to the full Board. If the President of the Governing Board is alleged to have violated the Code of Ethics, the Vice President of the Governing Board is authorized to pursue resolution.

Based upon the findings and/or recommendations of the President, Vice President or any ad hoc committee, the Governing Board may act in any of the following ways:

- The Governing Board may determine that a workshop or retreat on standards of conduct, ethics or other related topics would best address the issue(s).
- The Governing Board may issue a public statement in which it expresses concern with an individual Board member's behavior.
- The Governing Board may elect to take no further action.
- The Governing Board may pursue any other remedies available under California law.

EXHIBIT C



2007/2008

FORM 700

Statement of Economic Interests

Also available on the FPPC Web site:
Form 700 Reference Pamphlet

a public document

Fair Political Practices Commission

428 J Street, Suite 620 • Sacramento, CA 95814
Toll-Free Advice Line: 866-ASK-FPPC • (866) 275-3772
Telephone: (916) 322-5660
www.fppc.ca.gov

Who must file:

- ♦ Elected and appointed officials and candidates listed in Government Code Section 87200.
- ♦ Employees and appointed officials filing pursuant to a conflict-of-interest code. Effective January 1, 2008, all candidates running for local elective offices that are designated in a conflict-of-interest code (for example, county sheriffs, city clerks, school board trustees, and water board members) also must file. Obtain your disclosure categories, which describe the interests you must report, from your agency. They are not part of the Form 700.
- ♦ Members of newly created boards and commissions not yet covered under a conflict-of-interest code.

(See Form 700 Reference Pamphlet, page 2. The Reference Pamphlet is available on the FPPC Web site at www.fppc.ca.gov or from your filing officer.)

Where to file:

87200 Filers

State offices	⇒ Your agency
Judicial offices	⇒ The clerk of your court
Retired Judges	⇒ Directly with FPPC
Legislative Staff	⇒ Directly with FPPC
County offices	⇒ Your county filing official
City offices	⇒ Your city clerk
Multi-County offices	⇒ Your agency

Members of Boards/Commissions of Newly Created Agencies:

File with your newly-created agency or with your agency's code reviewing body as provided by the code reviewing body.

Code Filers — State and Local Officials and Employees Designated in a Conflict-of-Interest Code:

File with your agency, board, or commission unless otherwise specified in your agency's conflict-of-interest code. In most cases, the agency, board, or commission will retain the statements. Candidates file with their local elections office.

How to file:

A Form 700 should be provided to you by your filing official. An interactive version of the Form 700 is available on our Web site at www.fppc.ca.gov.

You only have to report investments and business positions in business entities, real property, and income from sources that are located in or doing business in your agency's jurisdiction. However, reportable gifts must be disclosed regardless of the jurisdiction. See Form 700 Ref. Pamphlet, page 12, for more information.

When to file:

Annual Statements

⇒ March 3, 2008*

- Elected State Officers
- Judges and Court Commissioners
- State Board/Commission Members listed in Government Code Section 87200

⇒ April 1, 2008

- Most other filers

Individuals filing under conflict-of-interest codes in city and county jurisdictions should verify the annual filing date with their local filing officer.

*Because March 1 is a Saturday, the deadline is extended. Statements postmarked by the filing deadline are considered timely filed.

Assuming, Leaving and Initial Statements

Most filers file within 30 days of assuming or leaving office or within 30 days of the effective date of a newly adopted or amended conflict-of-interest code.

Candidate Statements

File no later than the final filing date for the declaration of candidacy or nomination documents.

Amendments

Statements may be amended at any time. You are only required to amend the schedule that needs to be revised. It is not necessary to amend the entire filed form. Obtain amendment schedules from your filing official or interactively at www.fppc.ca.gov.

Statements that are mailed are considered filed on the postmark date. There is no provision for filing deadline extensions. Statements of 30 pages or less may be faxed by the deadline as long as the originally signed paper version is sent by first class mail to the filing officer within 24 hours.

See Form 700 Ref. Pamphlet, page 5, for more information.

INTRODUCTION

The Political Reform Act (Gov. Code Sections 81000-91014) requires most state and local government officials and employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions which may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the attached Statement of Economic Interests, Form 700, and for interpreting the law's provisions.

Gift Prohibition

Most state and local officials, employees, and candidates are prohibited from accepting gifts totaling more than \$390 (effective January 1, 2007) in a calendar year from a single source.

In addition, state officials, state candidates, and certain state employees are subject to a \$10 limit per calendar month on gifts from lobbyists and lobbying firms registered with the Secretary of State. (See Ref. Pamphlet, page 9, for more detailed information.)

State and local officials and employees also should check with their agency to determine if any other restrictions apply.

Honorarium Ban

Most state and local officials, employees, and candidates are prohibited from accepting an honorarium for any speech given, article published, or attendance at a conference, convention, meeting, or like gathering. (See Ref. Pamphlet, page 9, for more detailed information.)

Loan Prohibitions

Certain state and local public officials are subject to restrictions on loans. (See Ref. Pamphlet, page 13.)

Disqualification

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect their economic interests. This may include interests they are not required to disclose (for example, a personal residence is often not reportable, but may be disqualifying). Specific disqualification requirements apply to 87200 filers (for example, city councilmembers, members of boards of supervisors and planning commissioners). These officials must orally identify the economic interest that creates a conflict of interest and leave the room before a discussion or vote takes place at a public meeting. For more information, consult Government Code Section 87105 and Regulation 18702.5, or refer to the booklet entitled "Can I Vote? Conflicts of Interest Overview," all of which are available on the FPPC Web site. Visit www.fppc.ca.gov and click on the Library & Publications icon.

Post-Governmental Employment

There are restrictions on representing clients or employers before former agencies. The provisions apply to elected state officials, most state employees, local elected officials, county chief administrative officers, city managers, including the chief administrator of a city, and general managers or chief administrators of local special districts. The FPPC Web site has facts sheets explaining the provisions.

Late Filing

The filing officer who retains originally signed statements of economic interests may impose on an individual a fine for any statement that is filed late. The fine is \$10 per day up to a maximum of \$100. Late filing penalties can be reduced or waived under certain circumstances.

Persons who fail to timely file their Form 700 may be referred to the FPPC's enforcement division (and in some cases to the Attorney General or district attorney) for investigation and possible prosecution. In addition to the late filing penalties, a fine of up to \$5,000 per violation may be imposed.

For assistance concerning reporting, prohibitions, and restrictions under the Act:

- Call the FPPC toll-free at (866) ASK-FPPC.
- See the booklet entitled "Your Duty to File: A Basic Overview of State Economic Disclosure Law and Reporting Requirements for Public Officials."

Form 700 Public Access

Statements of Economic Interests are public documents. The filing officer must permit any member of the public to inspect and copy any statement.

- Forms must be available as soon as possible during the agency's regular business hours, but in any event not later than the second business day after the statement is received.
- No conditions may be placed on persons seeking access to the forms.
- No information or identification may be required from persons seeking access.

Reproduction fees of no more than 10 cents per page may be charged.

INSTRUCTIONS — COVER PAGE

Enter your name, mailing address, and daytime telephone number in the spaces provided. Because the Form 700 is a document available for public review, you may list your business/office address instead of your home address.

Part 1. Office, Agency, or Court

- Enter the name of the office sought or held, or the agency or court. Consultants must enter the public agency name rather than their private firm name. (Examples: State Assembly; Board of Supervisors; Office of the Mayor; Department of Finance; Hope County Superior Court.)
- Indicate the name of your division, board, or district, if applicable. (Examples: Division of Waste Management; Board of Accountancy; District 45.)
- Enter your position title. (Examples: Director; Chief Counsel; City Council Member; Staff Services Analyst.)
- If you hold multiple positions (for example, a city council member who also is a member of a county board or commission), you may be required to file statements with each agency.

To simplify your filing obligations, you may complete an expanded statement.

To do this, enter the name of the other agency(ies) with which you are required to file and your position title(s) in the space provided. Attach an additional sheet if necessary. Complete one statement covering the disclosure requirements for all positions. Each copy must contain an original signature. Therefore, before signing a statement, make a copy for each agency. Sign each copy with an original signature and file with each agency.

Remember that if you assume or leave a position after a filing deadline, you must complete a separate statement. For example, a city council member who assumes a position with a county special district after the April 1 annual filing deadline must file a separate assuming office statement. In subsequent years, the city council member may expand his or her annual filing to include both positions.

Part 2. Jurisdiction of Office

- Check the box indicating the jurisdiction of your agency and, if applicable, identify the jurisdiction. Judges, judicial candidates, and court commissioners have statewide jurisdiction. All other filers should review Ref. Pamphlet, page 12, to determine their jurisdiction.
- If your agency is a multi-county office, list each county in which your agency has jurisdiction.
- If your agency is not a state office, court, county office, city office, or multi-county office (for example, school districts and special districts), check the "other" box and enter the county or city in which the agency has jurisdiction.

Example:

This filer is a member of a water district board with jurisdiction in a portion of Sutter County.

Part 3. Type of Statement

Check at least one box. The period covered by a statement is determined by the type of statement you are filing. If you are completing a 2007 Annual Statement, do not change the pre-printed dates to reflect 2008. Your annual statement is used for reporting the previous year's economic interests.

Economic interests for your annual filing covering January 1, 2007, through December 31, 2007, will be disclosed on your statement filed in 2008. (See Ref. Pamphlet, page 3, for detailed information about types of statements.)

Combining Statements: Certain types of statements may be combined. For example, if you leave office after January 1 but before the deadline for filing your annual statement, you may combine your annual and leaving office statements. File by the earliest deadline. Consult your filing officer or the FPPC.

Part 4. Schedule Summary

- Enter the total number of completed pages including the cover page and, either:
 - Check the "Yes" box for each schedule you use to disclose interests.
- OR -
- If you have nothing to disclose on any schedules, check the "No reportable interests" box. Please do not attach any blank schedules.

Part 5. Verification

Complete the verification by signing the statement and entering the date signed. When you sign your statement, you are stating, under penalty of perjury, that it is true and correct. Only the filer has authority to sign the statement. An unsigned statement is not considered filed and you may be subject to late filing penalties.

1. Office, Agency, or Court
Name of Office, Agency, or Court: South Sutter Water District
Division, Board, District (if applicable):
Position: Board member
<small>— if filing for multiple positions, list additional agency(ies)/ position(s). (Attach a separate sheet if necessary.)</small>
Agency:
Position:
2. Jurisdiction of Office (Check at least one box)
<input type="checkbox"/> State
<input type="checkbox"/> County of _____
<input type="checkbox"/> City of _____
<input type="checkbox"/> Multi-County _____
<input checked="" type="checkbox"/> Other: Sutter County

COVER PAGE

A Public Document

Please type or print in ink.

NAME (LAST)	(FIRST)	(MIDDLE)	DAYTIME TELEPHONE NUMBER		
			()		
MAILING ADDRESS (May use business address)	STREET	CITY	STATE	ZIP CODE	OPTIONAL: FAX / E-MAIL ADDRESS

1. Office, Agency, or Court

Name of Office, Agency, or Court: _____

Division, Board, District, if applicable: _____

Your Position: _____

➔ If filing for multiple positions, list additional agency(ies)/ position(s): (Attach a separate sheet if necessary.)

Agency: _____

Position: _____

2. Jurisdiction of Office (Check at least one box)

State

County of _____

City of _____

Multi-County _____

Other _____

3. Type of Statement (Check at least one box)

Assuming Office/Initial Date: ____/____/____

Annual: The period covered is January 1, 2007, through December 31, 2007.

-or-

The period covered is ____/____/____, through December 31, 2007

Leaving Office Date Left: ____/____/____ (Check one)

The period covered is January 1, 2007, through the date of leaving office.

-or-

The period covered is ____/____/____ through the date of leaving office.

Candidate

4. Schedule Summary

➔ Total number of pages including this cover page: _____

➔ Check applicable schedules or "No reportable interests."

I have disclosed interests on one or more of the attached schedules:

Schedule A-1 Yes - schedule attached
Investments (Less than 10% Ownership)

Schedule A-2 Yes - schedule attached
Investments (10% or greater Ownership)

Schedule B Yes - schedule attached
Real Property

Schedule C Yes - schedule attached
Income, Loans, & Business Positions (Income Other than Gifts and Travel Payments)

Schedule D Yes - schedule attached
Income - Gifts

Schedule E Yes - schedule attached
Income - Travel Payments

-or-

No reportable interests on any schedule

5. Verification

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed _____
(month, day, year)

Signature _____
(File the originally signed statement with your filing official.)

WHAT SCHEDULE DO I USE TO REPORT?

Business positions	Schedule A-2 or Schedule C
Commission income	Schedule A-2 or Schedule C (see Ref. Pamphlet, page 7)
Gifts received by family members	Disclosure may not be required, see Schedule D
Gifts received from family members	Disclosure not required, see Schedule D
Income to my business	Schedule A-2
Individual Retirement Account	Schedule A-1 or Schedule B (see Ref. Pamphlet, page 14)
Investments	Schedule A-1 or Schedule A-2
Loans made to others	Disclosure not required, but report repayments on Schedule C
Loans received	Schedule B for real property or Schedule C
Loans to my business	Schedule A-2
Owning a business or partnership	
If I own less than 10%	Schedule A-1
If I own 10% or more	Schedule A-2
Real estate holdings	Schedule B (Schedule A-2 if held by a business entity/trust)
Rental income	Schedule B or Schedule C
Rental property	Schedule B (Schedule A-2 if held by a business entity/trust)
Sale of my home/automobile/boat	Schedule C
Sole proprietorship	Schedule A-2
Spouse's or registered domestic partner's income	Schedule A-2 or Schedule C
Stock holdings	
If I own less than 10% of a company's stock	Schedule A-1
If I own 10% or more of a company's stock	Schedule A-2
Tickets and passes	Schedule D
Travel reimbursements or payments	Schedule E
Trusts	Schedule A-2 (see Ref. Pamphlet, page 14)

QUESTIONS AND ANSWERS

Q. I hold two other board positions in addition to my position with the county. Must I file three statements of economic interests?

A. Yes. However, you may complete one statement listing the county and the two boards on the cover page of the Form 700 as the agencies for which you will be filing. Report your economic interests using the broadest jurisdiction and disclosure requirements assigned to you by the three agencies. Make two copies of the entire statement **before signing it**, sign each copy with an original signature, and distribute one original to the county and to each of the two boards. Remember to complete separate statements for positions that you leave or assume during the year.

Q. I am classified as a department head but recently began acting as city manager. Should I file as the city manager?

A. Yes. File an assuming office statement as city manager. Persons serving as "acting" or "interim" or "alternate" must file as if they hold the position.

Q. I left one state agency to work for another state agency. Must I file a leaving office statement?

A. Yes.

Investment Disclosure

Q. I have an investment interest in shares of stock in a company that does not have an office in my jurisdiction. Must I still disclose my investment interest in this company?

A. Probably. The definition of "doing business in the jurisdiction" is not limited to whether the business has an office in your jurisdiction. See Ref. Pamphlet, page 12, for guidance.

Q. My spouse and I have a living trust. The trust holds rental property in my jurisdiction, our primary residence, and investments in diversified mutual funds. I have full disclosure. How is this trust disclosed?

A. Disclose the name of the trust, the rental property and its income on Schedule A-2. Your primary residence and investments in diversified mutual funds registered with the SEC are not reportable.

Q. I am required to report all investments. I hold many stocks through an account managed by a brokerage firm. Must I disclose these stocks even though I did not decide which stocks to purchase?

A. Yes, you must disclose on Schedule A-1 or A-2 any stock worth \$2,000 or more in a business entity located in or doing business in your jurisdiction.

Income Disclosure

Q. I reported a business entity on Schedule A-2. Clients of my business are located in several states. Must I report all clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2, Part 3?

A. No, only the clients doing business on a regular basis in your jurisdiction must be disclosed.

Q. I believe I am not required to disclose the names of clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2 because of their right to privacy. Is there an exception for reporting clients' names?

A. Regulation 18740 provides a procedure in which a client's name may not be disclosed if disclosure of the name would violate a legally recognized privilege under California law. This regulation may be obtained from our Web site at www.fppc.ca.gov.

Q. I am the sole owner of my business. Where do I disclose my income - on Schedule A-2 or Schedule C?

A. Sources of income to a business in which you have an ownership interest of 10% or greater are disclosed on Schedule A-2. See Ref. Pamphlet, page 7, which defines "business entity," for more information.

Q. How do I disclose my spouse's or registered domestic partner's income from an employer?

A. Report the name of the employer as a source of income on Schedule C.

QUESTIONS AND ANSWERS Continued

- Q. I am a doctor. For purposes of reporting \$10,000 sources of income on Schedule A-2, Part 3, are the patients or their insurance carriers considered sources of income?
- A. If your patients exercise sufficient control by selecting you instead of other doctors, your patients, rather than their insurance carriers, are sources of income to you.

Gift Disclosure

- Q. If I received a gift of two tickets to a concert valued at \$100 each, but gave the tickets to a friend because I could not attend the concert, do I have any reporting obligations?
- A. Yes. Since you accepted the gift and exercised discretion and control of the use of the tickets, you must disclose the gift on Schedule D.
- Q. Co-workers are hosting a retirement party for a public official before the official leaves office. Attendees will pay \$45; \$35 covers the event's costs (food, decorations, etc.) and \$10 goes toward a gift. One co-worker is collecting the funds and making the expenditures. What does the official report on his Form 700?
- A. The official discloses the amount that includes the value of the gift, plus \$35 (his pro rata share of the event's cost). The source can be identified as "office staff" or "co-workers." The names of individual donors are not required to be reported as long as no individual contributed \$50 or more.
- Q. Mary and Joe Benson, a married couple, want to give a piece of artwork to a close friend who is a county supervisor. Is each spouse considered a separate source for purposes of the gift limit and disclosure?
- A. Yes, each spouse is considered the source of the gift. Therefore, the Bensons may give the supervisor artwork valued at no more than \$780. The supervisor must identify Joe and Mary Benson as the source of the gift.

INSTRUCTIONS – SCHEDULES A-1 AND A-2 INVESTMENTS

"Investment" means a financial interest in any business entity which is located in, doing business in, planning to do business in, or which has done business during the previous two years in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more at any time during the reporting period. (See Ref. Pamphlet, page 12.)

Reportable investments include:

- Stocks, bonds, warrants, and options, including those held in margin or brokerage accounts and managed investment funds (See Ref. Pamphlet, page 12.)
- Sole proprietorships
- Your own business or your spouse's or registered domestic partner's business (See Ref. Pamphlet, page 7, for the definition of business entity.)
- Your spouse's or registered domestic partner's investments that are legally separate property
- Partnerships (for example, a law firm or family farm)
- Investments in reportable business entities held in a retirement account (See Ref. Pamphlet, page 14.)
- If you, your spouse or registered domestic partner, or dependent children had a 10% or greater ownership interest in a business entity or trust (including a living trust), you must disclose investments held by the business entity or trust. (See Ref. Pamphlet, page 14, for more information on disclosing trusts.)
- Business trusts

You are not required to disclose:

- Diversified mutual funds registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940
- Bank accounts, savings accounts, and money market accounts
- Insurance policies
- Annuities
- Shares in a credit union
- Government bonds (including municipal bonds)
- Retirement accounts invested in non-reportable interests (for example, insurance policies, diversified mutual funds, or government bonds) (See Ref. Pamphlet, page 14.)

REMINDERS

- Do you know your agency's jurisdiction?
- Did you hold investments at any time during the period covered by this statement?
- Code filers – Your disclosure categories may require disclosure only of specific investments.

- Government defined-benefit pension plans
- Interests held in a blind trust (See Ref. Pamphlet, page 15.)

Use **Schedule A-1** to report ownership of less than 10% (for example, stock). Schedule C (Income) may also be required if the investment is not a stock or corporate bond. (See second example below.)

Use **Schedule A-2** to report ownership of 10% or greater (for example, a sole proprietorship).

TO COMPLETE SCHEDULE A-1:

Do not attach brokerage or financial statements.

- Disclose the name of the business entity.
- Provide a general description of the business activity of the entity (for example, pharmaceuticals, computers, automobile manufacturing, or communications).
- Check the box indicating the highest fair market value of your investment during the reporting period. If you are filing a candidate or an assuming office statement, indicate the fair market value on the filing date or the date you took office, respectively.
- Identify the nature of your investment (for example, stocks, warrants, options, or bonds).
- If you initially acquired or disposed of your entire investment interest during the reporting period, enter the date acquired or disposed.

Examples:

John Smith holds a state agency position. His conflict-of-interest code requires full disclosure of investments. John must disclose his stock holdings of \$2,000 or more in any company that does business in California, as well as those stocks held by his spouse or registered domestic partner and dependent children.

Susan Jones is a city council member. She has a 4% interest, worth \$5,000, in a limited partnership located in the city. Susan must disclose the partnership on Schedule A-1 and income of \$500 or more received from the partnership on Schedule C.

SCHEDULE A-1

Investments

Stocks, Bonds, and Other Interests
(Ownership Interest is Less Than 10%)

Do not attach brokerage or financial statements.

Name _____

<p>> NAME OF BUSINESS ENTITY _____</p> <p>GENERAL DESCRIPTION OF BUSINESS ACTIVITY _____</p> <p>FAIR MARKET VALUE <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000</p> <p>NATURE OF INVESTMENT <input type="checkbox"/> Stock <input type="checkbox"/> Other _____ <small>(Describe)</small></p> <p>IF APPLICABLE, LIST DATE: ____/____/07 ____/____/07 ACQUIRED DISPOSED</p>	<p>> NAME OF BUSINESS ENTITY _____</p> <p>GENERAL DESCRIPTION OF BUSINESS ACTIVITY _____</p> <p>FAIR MARKET VALUE <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000</p> <p>NATURE OF INVESTMENT <input type="checkbox"/> Stock <input type="checkbox"/> Other _____ <small>(Describe)</small></p> <p>IF APPLICABLE, LIST DATE: ____/____/07 ____/____/07 ACQUIRED DISPOSED</p>
<p>> NAME OF BUSINESS ENTITY _____</p> <p>GENERAL DESCRIPTION OF BUSINESS ACTIVITY _____</p> <p>FAIR MARKET VALUE <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000</p> <p>NATURE OF INVESTMENT <input type="checkbox"/> Stock <input type="checkbox"/> Other _____ <small>(Describe)</small></p> <p>IF APPLICABLE, LIST DATE: ____/____/07 ____/____/07 ACQUIRED DISPOSED</p>	<p>> NAME OF BUSINESS ENTITY _____</p> <p>GENERAL DESCRIPTION OF BUSINESS ACTIVITY _____</p> <p>FAIR MARKET VALUE <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000</p> <p>NATURE OF INVESTMENT <input type="checkbox"/> Stock <input type="checkbox"/> Other _____ <small>(Describe)</small></p> <p>IF APPLICABLE, LIST DATE: ____/____/07 ____/____/07 ACQUIRED DISPOSED</p>
<p>> NAME OF BUSINESS ENTITY _____</p> <p>GENERAL DESCRIPTION OF BUSINESS ACTIVITY _____</p> <p>FAIR MARKET VALUE <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000</p> <p>NATURE OF INVESTMENT <input type="checkbox"/> Stock <input type="checkbox"/> Other _____ <small>(Describe)</small></p> <p>IF APPLICABLE, LIST DATE: ____/____/07 ____/____/07 ACQUIRED DISPOSED</p>	<p>> NAME OF BUSINESS ENTITY _____</p> <p>GENERAL DESCRIPTION OF BUSINESS ACTIVITY _____</p> <p>FAIR MARKET VALUE <input type="checkbox"/> \$2,000 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> \$100,001 - \$1,000,000 <input type="checkbox"/> Over \$1,000,000</p> <p>NATURE OF INVESTMENT <input type="checkbox"/> Stock <input type="checkbox"/> Other _____ <small>(Describe)</small></p> <p>IF APPLICABLE, LIST DATE: ____/____/07 ____/____/07 ACQUIRED DISPOSED</p>

Comments: _____

INSTRUCTIONS – SCHEDULE A-2 INVESTMENTS, INCOME, AND ASSETS OF BUSINESS ENTITIES/TRUSTS

Use Schedule A-2 to report investments in a business entity or trust (including a living trust), in which you, your spouse or registered domestic partner, or your dependent children had a 10% or greater interest, totaling \$2,000 or more, during the reporting period and which is located in, doing business in, planning to do business in, or which has done business during the previous two years in your agency's jurisdiction. (See Ref. Pamphlet, page 12.) A trust located outside your agency's jurisdiction is reportable if it holds assets that are located in or doing business in the jurisdiction. You are not required to report a trust that contains no reportable interests. For example, if you have a trust containing only your personal residence, your savings account, and some municipal bonds, you would not report this trust, because these interests are not reportable.

Also report on Schedule A-2 investments and real property held by that entity or trust if your pro rata share of the interest was \$2,000 or more during the reporting period.

TO COMPLETE SCHEDULE A-2:

Part 1. Disclose the name and address of the business entity or trust. If you are reporting an interest in a business entity, check "Business Entity" and complete the box as follows:

- Provide a general description of the business activity of the entity.
- Check the box indicating the fair market value of your investment.
- If you initially acquired or entirely disposed of this interest during the reporting period, enter the date acquired or disposed.
- Identify the nature of your investment.
- Disclose the job title or business position you held with the entity, if any (for example, if you were a director, officer, partner, trustee, employee, or held any position of management).

Part 2. Check the box indicating your gross income. Gross income is the total amount of income before deducting expenses, losses, or taxes. (This includes your pro rata share of the gross income to the business entity or trust, as well as your community property interest in your spouse's or registered domestic partner's share.)

Part 3. Disclose the name of each source of income which is located in, doing business in, planning to do business in, or which has done business during the previous two years in your agency's jurisdiction, as follows:

- Disclose each source of income and outstanding loan to the business entity or trust identified in part 1 if

your pro rata share of the gross income (including your community property interest in your spouse's or registered domestic partner's share) to the business entity or trust from that source was \$10,000 or more during the reporting period. (See Ref. Pamphlet, page 10, for example.) Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are **not reportable**.

- Disclose each individual or entity that was a source of commission income of \$10,000 or more during the reporting period through the business entity identified in part 1. (See Ref. Pamphlet, page 7, for an explanation of commission income.)

You may be required to disclose sources of income located outside your jurisdiction. For example, you may have a client who resides outside your jurisdiction but who does business on a regular basis with you. Such a client, if a reportable source of \$10,000 or more, must be disclosed.

Leave Part 3 blank if you do not have any reportable \$10,000 sources of income to disclose. Adding phrases such as "various clients" or "not disclosing sources pursuant to attorney-client privilege" may trigger a request for an amendment to your statement. (See Ref. Pamphlet, page 13, for details about privileged information.)

Part 4. Report any investments or interests in real property held by the entity or trust identified in part 1 if your pro rata share of the interest held was \$2,000 or more during the reporting period.

- Check the applicable box identifying the interest held as real property or an investment.
- If investment, provide the name and description of the business entity.
- If real property, report the address or other precise location (for example, an assessor's parcel number).
- Check the box indicating the fair market value of your interest in the real property or investment. (Report the fair market value of the portion of your residence claimed as a tax deduction if you are utilizing your residence for business purposes.)
- Identify the nature of your interest.
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property or investment during the reporting period.

INSTRUCTIONS – SCHEDULE B INTERESTS IN REAL PROPERTY

Report interests in real property located in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more any time during the reporting period. (See Ref. Pamphlet, page 12.)

Interests in real property include:

- An ownership interest (including a beneficial ownership interest)
- A deed of trust, easement, or option to acquire property
- A leasehold interest (See Ref. Pamphlet, page 13.)
- A mining lease
- An interest in real property held in a retirement account (See Ref. Pamphlet, page 14.)
- An interest in real property held by a business entity or trust in which you, your spouse or registered domestic partner, or your dependent children had a 10% or greater ownership interest (report on Schedule A-2)
- Your spouse's or registered domestic partner's interests in real property that are legally held separately by him or her

You are not required to report:

- A residence, such as a home or vacation cabin, used exclusively as a personal residence. However, a residence for which you claim a business deduction may be reportable. If reportable, report the fair market value of the portion claimed as a tax deduction.
- Interests in real property held through a blind trust (See Ref. Pamphlet, page 15, for exceptions.)

TO COMPLETE SCHEDULE B:

- Report the address or other precise location (for example, an assessor's parcel number) of the real property
- Check the box indicating the fair market value of your interest in the property (regardless of what you owe on the property).
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property during the reporting period.
- Identify the nature of your interest. If it is a leasehold, disclose the number of years remaining on the lease.

REMINDERS

- Income and loans already reported on Schedule B are not also required to be reported on Schedule C.
- Code filers – Do your disclosure categories require disclosure of real property?

- If you received rental income, check the box indicating the gross amount you received.
- If you had a 10% or greater interest in real property and received rental income, list the name of the source(s) if your pro rata share of the gross income from any single tenant was \$10,000 or more during the reporting period. If you received a total of \$10,000 or more from two or more tenants acting in concert (e.g., in most cases, this will apply to married couples), disclose the name of each tenant. Otherwise, leave this section blank.
- Loans from a private lender that total \$500 or more and are secured by real property may be reportable. Reportable loans may be disclosed on Schedule B or Schedule C. **Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are not reportable.**
 - Provide the name and address of the lender.
 - Describe the lender's business activity.
 - Disclose the interest rate and term of the loan. The term of a loan is the total number of months or years given for repayment of the loan at the time the loan was entered into. For variable interest rate loans, disclose the conditions of the loan (for example, Prime + 2) or the average interest rate paid during the reporting period.
 - Check the box indicating the highest balance of the loan during the reporting period.
 - Identify a guarantor, if applicable.

If you have more than one reportable loan on a single piece of real property, report the additional loan(s) on Schedule C.

Example:

Joe Nelson is a city planning commissioner. Joe received rental income of \$12,000 during the reporting period from a single tenant who rented property Joe owned in the city's jurisdiction. If Joe had received the \$12,000 from two or more tenants, the tenants' names would not be required as long as no single tenant paid \$10,000 or more.

STREET ADDRESS OR PRECISE LOCATION 46011 24th Street	
CITY Sacramento, CA 95814	
FAIR MARKET VALUE	
<input type="checkbox"/> \$2,000 - \$10,000	IF APPLICABLE, LIST DATE
<input type="checkbox"/> \$10,001 - \$100,000	<input checked="" type="checkbox"/> 1/07
<input checked="" type="checkbox"/> \$100,001 - \$1,000,000	ACQUIRED
<input type="checkbox"/> Over \$1,000,000	DISPOSED
NATURE OF INTEREST	
<input checked="" type="checkbox"/> Ownership/Share of Title	<input type="checkbox"/> Easement
<input type="checkbox"/> Leasehold	<input type="checkbox"/> Other
IF RENTAL PROPERTY, GROSS INCOME RECEIVED	
<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$1,001 - \$10,000
<input checked="" type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OVER \$10,000
SOURCE(S) OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more	
Henry Wells	
NAME OF LENDER:	
Sophia Petriolo	
ADDRESS	
2121 Blue Sky Parkway	
BUSINESS ACTIVITY OF LENDER	
Restaurant Owner	
INTEREST RATE	
.....%	TERM (Months/Years)
<input type="checkbox"/> 1-4	<input type="checkbox"/> 1 Year
<input type="checkbox"/> 5-10	<input type="checkbox"/> 15 Years
HIGHEST BALANCE DURING REPORTING PERIOD	
<input type="checkbox"/> \$0 - \$1,000	<input type="checkbox"/> \$1,001 - \$10,000
<input checked="" type="checkbox"/> \$10,001 - \$100,000	<input type="checkbox"/> OVER \$100,000
<input type="checkbox"/> Guarantor, if applicable	

SCHEDULE B
Interests in Real Property
 (Including Rental Income)

STREET ADDRESS OR PRECISE LOCATION _____

CITY _____

FAIR MARKET VALUE
 \$2,000 - \$10,000
 \$10,001 - \$100,000
 \$100,001 - \$1,000,000
 Over \$1,000,000

IF APPLICABLE, LIST DATE: _____/_____/07
 ACQUIRED DISPOSED

NATURE OF INTEREST
 Ownership/Deed of Trust Easement
 Leasehold _____ Yrs. remaining _____ Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED
 \$0 - \$499 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 OVER \$100,000

SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.

STREET ADDRESS OR PRECISE LOCATION _____

CITY _____

FAIR MARKET VALUE
 \$2,000 - \$10,000
 \$10,001 - \$100,000
 \$100,001 - \$1,000,000
 Over \$1,000,000

IF APPLICABLE, LIST DATE: _____/_____/07
 ACQUIRED DISPOSED

NATURE OF INTEREST
 Ownership/Deed of Trust Easement
 Leasehold _____ Yrs. remaining _____ Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED
 \$0 - \$499 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 OVER \$100,000

SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.

* You are not required to report loans from commercial lending institutions, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER* _____

ADDRESS _____

BUSINESS ACTIVITY OF LENDER _____

INTEREST RATE _____% None TERM (Months/Years) _____

HIGHEST BALANCE DURING REPORTING PERIOD
 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 OVER \$100,000
 Guarantor, if applicable

NAME OF LENDER* _____

ADDRESS _____

BUSINESS ACTIVITY OF LENDER _____

INTEREST RATE _____% None TERM (Months/Years) _____

HIGHEST BALANCE DURING REPORTING PERIOD
 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 OVER \$100,000
 Guarantor, if applicable

**INSTRUCTIONS – SCHEDULE C
INCOME, LOANS, & BUSINESS POSITIONS
(Income Other Than Gifts and Travel Payments)**

Report the source and amount of gross income of \$500 or more you received during the reporting period. Gross income is the total amount of income before deducting expenses, losses, or taxes and includes loans other than loans from a commercial lending institution. (See Ref. Pamphlet, page 10.) Also report your job title with each reportable business entity, even if you received no income during the reporting period. You must also report the source of income to your spouse or registered domestic partner if your community property share is \$500 or more during the reporting period.

A source of income must be reported only if the source is located in, doing business in, planning to do business in, or has done business during the previous two years in your agency's jurisdiction. (See Ref. Pamphlet, page 12, for more information about doing business in the jurisdiction.) Reportable sources of income may be further limited by your agency's conflict-of-interest code.

Commonly reportable income and loans include:

- Salary/wages, per diem, reimbursement for expenses including travel payments provided by your employer
- Community property interest (50%) in your spouse's or registered domestic partner's income - report the employer's name and all other required information
- Income from investment interests, such as partnerships, reported on Schedule A-1
- Commission income not required to be reported on Schedule A-2 (See Ref. Pamphlet, page 7.)
- Gross income from any sale, including the sale of a house or car (report your pro rata share of the total sale price)
- Rental income not required to be reported on Schedule B
- Prizes or awards not disclosed as gifts
- Payments received on loans you made to others, including loan repayments from a campaign committee
- An honorarium received prior to becoming a public official (See Ref. Pamphlet, page 9, concerning your ability to receive future honoraria.)
- Incentive compensation (See Ref. Pamphlet, page 11.)

REMINDERS

- Code filers – Your disclosure categories may not require disclosure of all sources of income.
- If you or your spouse or registered domestic partner are self-employed, report the business entity on Schedule A-2.
- Do not disclose on Schedule C income, loans or business positions already reported on Schedules A-2 or B.

You are not required to report:

- Salary, reimbursement for expenses or per diem, social security, disability, or other similar benefit payments received by you or your spouse or registered domestic partner from a federal, state, or local government agency

See Ref. Pamphlet, page 11, for more exceptions to income reporting.

TO COMPLETE SCHEDULE C:

1. Income Received/Business Position Disclosure

- Disclose the name and address of each source of income or each business entity with which you held a business position
- Provide a general description of the business activity if the source is a business entity.
- Disclose the job title or business position, if any, that you held with the business entity, even if you did not receive income during the reporting period.
- Check the box indicating the amount of gross income received.
- Identify the consideration for which the income was received.
- For income from commission sales, check the box indicating the gross income received and list the name of each source of commission income of \$10,000 or more. (See Ref. Pamphlet, page 7.)
- For income from rental property that is not required to be listed on Schedule B, enter "Rental Income" under "Name of Source," check the box indicating the gross income received, and, if you had a 10% or greater interest in the rental property, list the name of each tenant if your pro rata share of the gross income from that tenant was \$10,000 or more during the reporting period.

2. Loan Received

- Disclose the name and address of each lender.
- Provide a general description of the business activity if the lender is a business entity.
- Check the box indicating the highest balance of the loan during the reporting period.
- Disclose the interest rate and the term of the loan
 - The term of the loan is the total number of months or years given for repayment of the loan at the time the loan was entered into
 - For variable interest rate loans, disclose the conditions of the loan (for example, Prime + 2) or the average interest rate paid during the reporting period.
- Identify the security, if any, for the loan.

INSTRUCTIONS – SCHEDULE D INCOME – GIFTS

A gift is anything of value for which you have not provided equal or greater consideration to the donor. A gift is reportable if its fair market value is \$50 or more. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported. **Gifts are reportable regardless of where the donor is located.**

It is the acceptance of a gift, not the ultimate use to which it is put, that imposes your reporting obligation. Except as noted below, you must report a gift even if you never used it or if you gave it away to another person.

If the exact amount of a gift is not known, you must make a good faith estimate of the item's fair market value. Listing the value of a gift as "over \$50" or "value unknown" is not adequate disclosure. In addition, if you received a gift through an intermediary, you must disclose the name, address, and business activity of both the donor and the intermediary.

Commonly reportable gifts include:

- Tickets/passes to sporting or entertainment events
- Tickets/passes to amusement parks
- Parking passes
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal, or like gathering, where you did not give a speech, participate in a panel or seminar, or provide a similar service
- Rebates/discounts not made in the regular course of business to members of the public without regard to official status
- Wedding gifts (See Ref. Pamphlet, page 15, to determine value.)
- An honorarium. You may report an honorarium as income on Schedule C, rather than as a gift on Schedule D, if you provided services of equal or greater value than the payment received. (See Ref. Pamphlet, page 9, regarding your ability to receive future honoraria.)
- Transportation and lodging (see Schedule E)
- Forgiveness of a loan received by you

You are not required to disclose:

- Gifts that were not used and which, within 30 days after receipt, were returned to the donor or delivered to a charitable organization without being claimed by you as a charitable contribution for tax purposes

REMINDERS

- Gifts are limited by law to a value of \$390 from any one source in a calendar year.
- See Ref. Pamphlet, page 9, for additional gift and honoraria prohibitions.
- Code filers – You only need to report gifts from reportable sources.

- Gifts from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, aunt, uncle, niece, nephew, or first cousin. Included in this exception are gifts from your spouse or domestic partner's children, parents, brothers and sisters, and the spouse or registered domestic partner of the individuals listed above. The exception does not apply if the donor was acting as an agent or intermediary for a reportable source who was the true donor
- Gifts of hospitality involving food, drink, or occasional lodging provided in an individual's home when the individual or a member of the individual's family was present
- Gifts of similar value exchanged between you and an individual, other than a lobbyist, on holidays, birthdays, or similar occasions
- Gifts of informational material provided to assist you in the performance of your official duties (for example, books, pamphlets, reports, calendars, periodicals, or educational seminars)
- A bequest or inheritance. However, inherited investments or real property may be reportable on other schedules.
- Personalized plaques and trophies with an individual value of less than \$250
- Campaign contributions
- Tickets to a fundraising event for an Internal Revenue Code Section 501(c)(3) organization
- Tickets to political fundraisers
- Gifts given to members of your immediate family unless you enjoy direct benefit of the gift, use the gift, or exercise discretion or control over the use or disposition of the gift. (See Commission Regulation 18944.)
- A pass or ticket that provided a one-time admission to an event (theater performance, sporting event) that was not used and was not transferred to another person. Commission Regulation 18946.1 provides a method for determining the value of a ticket or pass that was used or transferred to another person and for determining the value of passes or tickets which provide repeated admission to facilities or services
- Food, beverages, and necessary accommodations provided directly in connection with an event at which you gave a speech, participated in a panel or seminar, or provided a similar service

TO COMPLETE SCHEDULE D:

- Disclose the full name (not an acronym), address, and, if a business entity, the business activity of the source.
- Provide the date (month, day, and year) of receipt, and disclose the fair market value and description of the gift.

SCHEDULE D
Income - Gifts

CALIFORNIA FORM 700 FAIR POLITICAL PRACTICES COMMISSION Name _____ _____

> NAME OF SOURCE _____

ADDRESS _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

> NAME OF SOURCE _____

ADDRESS _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

> NAME OF SOURCE _____

ADDRESS _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

> NAME OF SOURCE _____

ADDRESS _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

> NAME OF SOURCE _____

ADDRESS _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

> NAME OF SOURCE _____

ADDRESS _____

BUSINESS ACTIVITY, IF ANY, OF SOURCE _____

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

Comments: _____

INSTRUCTIONS – SCHEDULE E TRAVEL PAYMENTS, ADVANCES, AND REIMBURSEMENTS

Travel payments reportable on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals.

Gifts of travel may be subject to a \$390 gift limit. In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. To avoid possible misinterpretation or the perception that you may have received a gift in excess of the gift limit, you may wish to provide a specific description of the purpose of your travel. See the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans," which can be obtained from your filing officer or the FPPC Web site at www.fppc.ca.gov.

You are not required to disclose:

- Travel payments received from any state, local, or federal government agency for which you provided services equal or greater in value than the payments received
- Travel payments received from your employer in the normal course of your employment that are required to be reported on Schedule C
- Payments or reimbursements for transportation within California in connection with an event at which you gave a speech, participated in a panel or seminar, or performed a similar service
- Food, beverages, and necessary accommodations received directly in connection with an event held inside or outside California at which you gave a speech, participated in a panel, or provided a similar service. Note that payments for transportation outside of California are reportable
- A travel payment that was received from a nonprofit entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration

TO COMPLETE SCHEDULE E:

- Disclose the full name (not an acronym) and address of the source of the travel payment.
- Identify the business activity, if any, of the source.
- Check the box to identify the payment as a gift or income, report the amount, and disclose the date(s) if applicable.
 - Travel payments are gifts if you did not provide services that were equal to or greater in value than the payments received. You must disclose gifts totaling \$50 or more from a single source during the period covered by the statement. Gifts of travel are reportable without regard to where the donor is located.

When reporting travel payments that are gifts, you must provide a description of the gift and the date(s) received.

- Travel payments are income if you provided services that were equal to or greater in value than the payments received. You must disclose income totaling \$500 or more from a single source during the period covered by the statement. You have the burden of proving the payments are income rather than gifts.

When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the date(s) for travel payments that are income

Example:

City council member Rick Chandler is a board member of the League of California Cities. The League reimburses its board members for travel and lodging, as well as meals and other expenses associated with board meetings. If Rick provides equal or greater consideration for the travel and lodging when he participates in the meeting, the reimbursements are reported as income.

▶ NAME OF SOURCE	
League of California Cities	
ADDRESS	
1400 K Street, Suite 400	
CITY AND STATE	
Sacramento, CA	
BUSINESS ACTIVITY IF ANY, OF SOURCE	
Association of city officials	
DATE(S) <u>9/16/07 - 9/17/07</u> AMT \$ <u>588.00</u>	
(IF EXPLAIN)	
TYPE OF PAYMENT (must check one) <input type="checkbox"/> Gift <input checked="" type="checkbox"/> Income	
DESCRIPTION: <u>Travel reimbursement for board meeting</u>	

SCHEDULE E
Income – Gifts
Travel Payments, Advances,
and Reimbursements

Name _____

- Reminder – you must mark the gift or income box.
- You are not required to report "income" from government agencies.

<p>➤ NAME OF SOURCE _____</p> <p>ADDRESS _____</p> <p>CITY AND STATE _____</p> <p>BUSINESS ACTIVITY, IF ANY, OF SOURCE _____</p> <p>DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____ <small>(If applicable)</small></p> <p>TYPE OF PAYMENT: (must check one) <input type="checkbox"/> Gift <input type="checkbox"/> Income</p> <p>DESCRIPTION: _____</p>	<p>➤ NAME OF SOURCE _____</p> <p>ADDRESS _____</p> <p>CITY AND STATE _____</p> <p>BUSINESS ACTIVITY, IF ANY, OF SOURCE _____</p> <p>DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____ <small>(If applicable)</small></p> <p>TYPE OF PAYMENT: (must check one) <input type="checkbox"/> Gift <input type="checkbox"/> Income</p> <p>DESCRIPTION: _____</p>
<p>➤ NAME OF SOURCE _____</p> <p>ADDRESS _____</p> <p>CITY AND STATE _____</p> <p>BUSINESS ACTIVITY, IF ANY, OF SOURCE _____</p> <p>DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____ <small>(If applicable)</small></p> <p>TYPE OF PAYMENT: (must check one) <input type="checkbox"/> Gift <input type="checkbox"/> Income</p> <p>DESCRIPTION: _____</p>	<p>➤ NAME OF SOURCE _____</p> <p>ADDRESS _____</p> <p>CITY AND STATE _____</p> <p>BUSINESS ACTIVITY, IF ANY, OF SOURCE _____</p> <p>DATE(S): ____/____/____ - ____/____/____ AMT: \$ _____ <small>(If applicable)</small></p> <p>TYPE OF PAYMENT: (must check one) <input type="checkbox"/> Gift <input type="checkbox"/> Income</p> <p>DESCRIPTION: _____</p>

Comments: _____

EXHIBIT D

2007/2008 Form 700 Statement of Economic Interests Reference Pamphlet



California Fair Political Practices Commission

Toll-free advice line: 1 (866) ASK-FPPC
Web site: www.fppc.ca.gov

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What's New

Local Candidates

Effective January 1, 2008, all candidates, including those seeking offices designated in a conflict-of-interest code, must file statements of economic interests no later than the final filing date for the declaration of candidacy or other nomination documents (SB 512).

Gift Limits

Effective January 1, 2007, the gift limit increased to \$390. This gift limit will remain in effect until December 31, 2008.

Ethics Training

Most state and local agency officials are required to complete an ethics training course. Public officials should contact their agency for course information. See the FPPC Web site for a link to state agency ethics training and a link to local agency ethics training.

Who Must File

1. Officials and Candidates Specified in Gov. Code Section 87200 and Members of Boards/Commissions of Newly Created Agencies

The Act requires the following individuals to fully disclose their personal assets and income described in the attached Form 700:

State Offices

- Governor
- Lieutenant Governor
- Attorney General
- Controller
- Insurance Commissioner
- Secretary of State
- Treasurer
- Members of the State Legislature
- Superintendent of Public Instruction
- State Board of Equalization Members
- Public Utilities Commissioners
- State Energy Resources Conservation and Development Commissioners
- State Coastal Commissioners
- Fair Political Practices Commissioners
- State public officials (including employees and consultants) who manage public investments
- Elected members of and candidates for the Board of Administration of the California Public Employees' Retirement System

Other officials and employees of state boards, commissions, agencies, and departments file Form 700 as described in part 2 on this page.

Judicial Offices

- Supreme, Appellate, and Superior Court Judges
- Court Commissioners
- Retired Judges, Pro-Tem Judges, and part-time Court Commissioners who serve or expect to serve 30 days or more in a calendar year

County and City Offices

- Members of Boards of Supervisors
- Mayors and Members of City Councils
- Chief Administrative Officers
- District Attorneys
- County Counsels
- City Attorneys
- City Managers
- Planning Commissioners

- County and City Treasurers
- County and city public officials (including employees and consultants) who manage public investments

Members of Boards/Commissions of Newly Created Agencies

Members must fully disclose their investments, interests in real property, business positions, and income until the positions are covered under a conflict-of-interest code.

2. State and Local Officials and Employees Designated in a Conflict-of-Interest Code ("Code Filers")

The Act requires every state and local government agency to adopt a unique conflict-of-interest code. The code lists each position within the agency filled by individuals who make or participate in making governmental decisions that could affect their personal economic interests. The code also requires individuals holding those positions to periodically file Form 700 disclosing certain personal economic interests as determined by the code's "disclosure categories." These individuals are called "designated employees" or "code filers."

Obtain your disclosure categories from your agency – they are not contained in the Form 700. Persons with broad decisionmaking authority must disclose more interests than those in positions with limited discretion. For example, you may be required to disclose only investments and business positions in or income from businesses of the type that contract with your agency, or you may not be required to disclose real property interests.

In addition, certain consultants to public agencies may qualify as public officials because they make, participate in making, or act in a staff capacity for governmental decisions.

Note:

- An official who holds a position specified in Gov. Code Section 87200 is not required to file statements under the conflict-of-interest code of any agency that has the same or a smaller jurisdiction (for example, a state legislator who also sits on a state or local board or commission).

Types of Statements

Assuming Office Statement:

If you are a newly appointed official or are newly employed in a position designated in a state or local agency's conflict-of-interest code, your assuming office date is the date you were sworn in or otherwise authorized to serve in the position. If you are a newly elected official, your assuming office date is the date you were sworn in.

- Investments, interests in real property, and business positions held on the date you assumed the office or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the office or position is reportable.

For positions subject to confirmation by the State Senate or the Commission on Judicial Performance, your assuming office date is the date you were appointed or nominated to the position

Example:

Maria Lopez was nominated by the Governor to serve on a state agency board that is subject to state Senate confirmation. The assuming office date is the date Maria's nomination is submitted to the Senate. Maria must report investments, interests in real property, and business positions she holds on that date, and income, including loans, gifts, and travel payments received during the 12 months prior to that date.

Initial Statement:

If your office or position has been added to a newly adopted or newly amended conflict-of-interest code, use the effective date of the code or amendment, whichever is applicable.

- Investments, interests in real property, and business positions held on the effective date of the code or amendment must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the effective date of the code or amendment is reportable.

Annual Statement:

Generally, the period covered is January 1, 2007, through December 31, 2007. If the period covered by the statement is different than January 1, 2007, through December 31, 2007 (for example, you assumed office between October 1, 2006 and December 31, 2006, or you are combining statements), you must specify the period covered

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2007.

Leaving Office Statement:

Generally, the period covered is January 1, 2007, through the date you stopped performing the duties of this position. If the period covered differs from January 1, 2007, through the date you stopped performing the duties of this position (for example, you assumed office between October 1, 2006 and December 31, 2006, or you are combining statements), the period covered must be specified.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2007.

Candidate Statement:

If you are filing a statement in connection with your candidacy for state or local office, investments, interests in real property, and business positions held on the date of filing your declaration of candidacy must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date of filing your declaration of candidacy is reportable. Do not change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective offices (for example, county sheriffs, city clerks, school board trustees, and water district board members) must file candidate statements, as required by the conflict-of-interest code for the elected position.

Amendments:

If you discover errors or omissions on any statement, file an amendment as soon as possible. You are only required to amend the schedule that needs to be revised. It is not necessary to refile the entire form. To obtain amendment schedules, contact the FPPC, your filing official, or the FPPC Web site at www.fppc.ca.gov.

Where to File

1. Officials Specified in Gov. Code Section 87200 (see Ref. Pamphlet, page 2):

In most cases, the filing officials listed below will retain a copy of your statement and forward the original to the FPPC.

Filers	Where to File
87200 Filers	
State offices	Your agency
Judicial offices	The clerk of your court
Retired Judges	Directly with FPPC
County offices	Your county filing official
City offices	Your city clerk
Multi-County offices	Your agency
87200 Candidates	
State offices	County elections official with whom you file your declaration of candidacy
Judicial offices	
Multi-County offices	
County offices	County elections official
City offices	City Clerk
Public Employees' Retirement System (CalPERS)	CalPERS

Exceptions:

- Elected state officers are not required to file statements under any agency's conflict-of-interest code.
- 87200 filers are not required to file statements under any agency's conflict-of-interest code in the same jurisdiction. For example, a county supervisor who is appointed to serve for an agency with jurisdiction in the same county has no additional filing obligations.

2. Members of Boards/Commissions of Newly Created Agencies:

File with your newly created agency or with your agency's code reviewing body as provided by your code reviewing body.

3. Code Filers — State and Local Officials and Employees Designated in a Conflict-of-Interest Code:

File with your agency, board, or commission unless otherwise specified in your agency's conflict-of-interest code. In most cases, the agency, board, or commission will retain the statements.

Candidates for local elective offices designated in a conflict-of-interest code file with the elections office where the declaration of candidacy or other nomination documents are filed.

State Senate and Assembly staff members file statements directly with the FPPC.

When to File

Assuming Office and Initial Statements:

Filer	Deadline
Elected officials	30 days after assuming office
Appointed positions specified in Gov. Code Section 87200 or Newly created board and commission members not covered by a conflict-of-interest code	30 days after assuming office or 10 days after appointment or nomination if subject to Senate or judicial confirmation
Other appointed positions (including newly hired employees) designated in a conflict-of-interest code	30 days after assuming office (30 days after appointment or nomination if subject to Senate confirmation)
Positions newly added to a new or amended conflict-of-interest code	30 days after the effective date of the code or code amendment

Exceptions:

- Elected state officers who assume office in December or January are not required to file an assuming office statement, but will file the next annual statement due.
- If you complete a term of office and, within 30 days, begin a new term of the same office (for example, you are reelected or reappointed), you are not required to file an assuming office statement. Instead, you may file the next annual statement due.
- If you leave an office specified in Gov. Code Section 87200 and, within 45 days, you assume another office or position specified in Section 87200 that has the same jurisdiction (for example, a city planning commissioner elected mayor), you are not required to file an assuming office statement. Instead, you may file the next annual statement due.
- If you transfer from one designated position to another designated position within the same agency, contact your filing officer or the FPPC to determine your filing obligations

Annual Statements:

- Elected state officers (including members of the state legislature and members elected to the Board of Administration of the California Public Employees' Retirement System);

Judges and court commissioners; and

Members of state boards and commissions specified in Gov. Code Section 87200:

File no later than **Monday, March 3, 2008***.
- County and city officials specified in Gov. Code Section 87200:

File no later than **Tuesday, April 1, 2008**.
- Multi-County officials:

File no later than **Tuesday, April 1, 2008**.
- State and local officials and employees designated in a conflict-of-interest code:

File on the date prescribed in the code (April 1 for most filers).

*Because March 1 is a Saturday, the deadline is extended.

Exception:

- If you assumed office between October 1, 2007, and December 31, 2007, and filed an assuming office statement, you are not required to file an annual statement until March 2, 2009, or April 1, 2009, whichever is applicable. The annual statement will cover the day after you assumed office through December 31, 2008

Incumbent officeholders who file candidate statements also must file annual statements by the specified deadlines.

Leaving Office Statements:

Leaving office statements must be filed no later than **30 days** after leaving the office or position.

Exceptions:

- If you complete a term of office and, within 30 days, begin a new term of the same office (for example, you are reelected or reappointed), you are not required to file a leaving office statement. Instead, you may file the next annual statement due.

When to File - (continued)

- If you leave an office specified in Gov. Code Section 87200 and, within 45 days, you assume another office or position specified in Section 87200 that has the same jurisdiction (for example, a city planning commissioner elected mayor), you are not required to file a leaving office statement. Instead, you may file the next annual statement due.
- If you transfer from one designated position to another designated position within the same agency, contact your filing officer or the FPPC to determine your filing obligations.

Candidate Statements:

All candidates (including incumbents) for offices specified in Gov. Code Section 87200 must file statements no later than the final filing date for their declaration of candidacy.

Candidates seeking a position designated in a conflict-of-interest code must file no later than the final filing date for the declaration of candidacy or other nomination documents.

Exception:

A candidate statement is not required if you filed any statement (other than a leaving office statement) for the same jurisdiction **within 60 days** before filing a declaration of candidacy or other nomination documents.

Terms & Definitions

The instructions located on the back of each schedule describe the types of interests that must be reported. The purpose of this section is to explain other terms used in this form that are not defined in the instructions to the schedules or elsewhere.

Blind Trust: See Trusts, Ref. Pamphlet, page 14.

Business Entity: Any organization or enterprise operated for profit, including a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation, or association. This would include a business for which you take business deductions for tax purposes (for example, a small business operated in your home).

Code Filer: An individual who has been designated in a state or local agency's conflict-of-interest code to file statements of economic interests.

Commission Income: "Commission income" means gross payments of \$500 or more received during the period covered by the statement as a broker, agent, or salesperson, including insurance brokers or agents, real estate brokers or agents, travel agents or salespersons, stockbrokers, and retail or wholesale salespersons, among others.

In addition, you may be required to disclose the names of sources of commission income if your pro rata share of the gross income was \$10,000 or more from a single source during the reporting period. If your spouse or registered domestic partner received commission income, you would disclose your community property share (50%) of that income (for example, the names of sources of \$20,000 or more in gross commission income received by your spouse or registered domestic partner)

Report commission income as follows:

- If the income was received through a business entity in which you or your spouse or registered domestic partner had a 10% or greater ownership interest (or if you receive commission income on a regular basis as an independent contractor or agent), use Schedule A-2.
- If the income was received through a business entity in which you or your spouse or registered domestic partner did not receive commission income on a regular basis or you had a less than 10% ownership interest, use Schedule C.

The "source" of commission income generally includes all parties to a transaction, and each is attributed the full value of the commission.

Examples:

- You are a partner in Smith and Jones Insurance Company and have a 50% ownership interest in the company. You sold two Businessmen's Insurance Company policies to XYZ Company during the reporting period. You received commission income of \$5,000 from the first transaction and \$6,000 from the second. On Schedule A-2, report your partnership interest in and income received from Smith and Jones Insurance Company in parts 1 and 2. In part 3, list both Businessmen's Insurance Company and XYZ Company as sources of \$10,000 or more in commission income.
- You are a stockbroker for Prime Investments, but you have no ownership interest in the firm. You receive commission income on a regular basis through the sale of stock to clients. Your total gross income from your employment with Prime Investments was over \$100,000 during the reporting period. On Schedule A-2, report your name as the name of the business entity in part 1 and the gross income you have received in part 2. (You do not need to complete the information in the box in part 1 indicating the general description of business activity, fair market value, or nature of investment.) In part 3, list Prime Investments and the names of any clients who were sources of \$10,000 or more in commission income to you.
- You sell real estate on a part-time basis for Super Realty and you have no ownership interest in the company. Since you are not receiving commission income on a regular basis, you are not considered to be a business entity. On Schedule C, if you received gross commission income of \$500 or more, identify Super Realty as a source of income to you. If you received commission income of \$10,000 or more from a real estate transaction, you must report the name(s) of the source(s) on Schedule C.

Note: If your pro rata share of commission income from a single source is \$500 or more, you may be required to disqualify yourself from decisions affecting that source of income, even though you are not required to report the income. For information regarding disclosure of "incentive compensation," see Ref. Pamphlet, page 11.

Terms & Definitions - (continued)

Conflict of Interest: A public official or employee has a conflict of interest under the Act when all of the following occur:

- The official makes, participates in making, or uses his or her official position to influence a governmental decision;
- It is reasonably foreseeable that the decision will affect the official's economic interest;
- The effect of the decision on the official's economic interest will be material; and
- The effect of the decision on the official's economic interest will be different than its effect on the public generally. Check the FPPC Web site (www.fppc.ca.gov) for a fact sheet entitled, "Can I Vote? Conflict of Interest Overview."

Conflict-of-Interest Code: The Act requires every state and local government agency to adopt a conflict-of-interest code. The code may be contained in a Regulation, policy statement, or a city or county ordinance, resolution, or other document.

An agency's conflict-of-interest code must designate all officials and employees of, and consultants to, the agency who make or participate in making governmental decisions that could cause conflicts of interest. These individuals are required by the code to file statements of economic interests and to disqualify themselves when conflicts of interest occur.

The disclosure required under a conflict-of-interest code for a particular designated official or employee should include only the kinds of personal economic interests he or she could significantly affect through the exercise of his or her official duties. For example, an employee whose duties are limited to reviewing contracts for supplies, equipment, materials, or services provided to the agency should be required to report only those interests he or she holds that are likely to be affected by the agency's contracts for supplies, equipment, materials, or services.

Consultant: An individual who contracts with or whose employer contracts with state or local government agencies and who makes, participates in making, or acts in a staff capacity for making governmental decisions.

Consultants may be required to file Form 700. The obligation to file Form 700 is always imposed on the individual who is providing services to the agency, not on the business or firm that employs the individual.

FPPC Regulation 18701 defines "consultants" as including the following individuals who make a governmental decision whether to:

- Approve a rate, rule, or Regulation
- Adopt or enforce a law
- Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement
- Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval
- Grant agency approval to a contract that requires agency approval and to which the agency is a party, or to the specifications for such a contract
- Grant agency approval to a plan, design, report, study, or similar item
- Adopt, or grant agency approval of, policies, standards, or guidelines for the agency or for any of its subdivisions

A consultant also is an individual who serves in a staff capacity with the agency and:

- participates in making a governmental decision; or
- performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's conflict-of-interest code.

Designated Employee: An official or employee of a state or local government agency whose position has been designated in the agency's conflict-of-interest code to file statements of economic interests. Individuals who contract with government agencies (consultants) may also be designated in a conflict-of-interest code.

A federal officer or employee serving in an official federal capacity on a state or local government agency is not a designated employee.

Terms & Definitions - (continued)

Disclosure Categories: The section of an agency's conflict-of-interest code that specifies the types of personal economic interests officials and employees of the agency must disclose on their statements of economic interests. Disclosure categories are usually contained in an appendix or attachment to the conflict-of-interest code. Contact your agency to obtain a copy of your disclosure categories

Diversified Mutual Fund: Diversified portfolios of stocks, bonds, or money market instruments that are managed by investment companies whose business is pooling the money of many individuals and investing it to seek a common investment goal. Mutual funds are managed by trained professionals who buy and sell securities. A typical mutual fund will own between 75 to 100 separate securities at any given time so they also provide instant diversification. *Only diversified mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 are exempt from disclosure.*

Elected State Officer: Elected state officers include the Governor, Lieutenant Governor, Attorney General, Insurance Commissioner, State Controller, Secretary of State, State Treasurer, Superintendent of Public Instruction, members of the State Legislature, members of the State Board of Equalization, and elected members of the Board of Administration of the California Public Employees' Retirement System.

Enforcement: The FPPC investigates suspected violations of the Act. Other law enforcement agencies (the Attorney General or district attorney) also may initiate investigations under certain circumstances. If violations are found, the Commission may initiate administrative enforcement proceedings that could result in fines of up to \$5,000 per violation.

Instead of administrative prosecution, a civil action may be brought for negligent or intentional violations by the appropriate civil prosecutor (the Commission, Attorney General, or district attorney), or a private party residing within the jurisdiction. In civil actions, the measure of damages is up to the amount or value not properly reported.

Persons who violate the conflict-of-interest disclosure provisions of the Act also may be subject to agency discipline, including dismissal.

Finally, a knowing or willful violation of any provision of the Act is a misdemeanor. Persons convicted of a misdemeanor may be disqualified for four years from the date of the conviction from serving as a lobbyist or running for elective office, in addition to other penalties that may be imposed. The Act also provides for numerous civil penalties, including monetary penalties and damages, and injunctive relief from the courts.

Expanded Statement: Some officials or employees may have multiple filing obligations (for example, a city council member who also holds a designated position with a county agency, board, or commission). Such officials or employees may complete one expanded statement covering the disclosure requirements for all positions and file a complete, originally signed copy with each agency.

Fair Market Value: When reporting the value of an investment, interest in real property, or gift, you must disclose the fair market value – the price at which the item would sell for on the open market. This is particularly important when valuing gifts, because the fair market value of a gift may be different from the amount it cost the donor to provide the gift. For example, the wholesale cost of a bouquet of flowers may be \$10, but the fair market value may be \$25 or more. In addition, there are special rules for valuing free tickets and passes. Call the FPPC for assistance.

Gift and Honoraria Prohibitions:

Gifts:

State and local officials who are listed in Gov. Code Section 87200 (except judges – see below), candidates for these elective offices (including judicial candidates), and officials and employees of state and local government agencies who are designated in a conflict-of-interest code are prohibited from accepting a gift or gifts totaling more than \$390 in a calendar year from a single source.

In addition, elected state officers, candidates for elective state offices, and officials and employees of state agencies are subject to a \$10 per calendar month limit on gifts from lobbyists and lobbying firms registered with the Secretary of State.

Terms & Definitions - (continued)

Honoraria:

State and local officials who are listed in Gov. Code Section 87200 (except judges – see below), candidates for these elective offices (including judicial candidates), and employees of state and local government agencies who are designated in a conflict-of-interest code are prohibited from accepting honoraria for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

Exceptions:

- Some gifts are not reportable or subject to the gift and honoraria prohibitions, and other gifts may not be subject to the prohibitions, but are reportable. For detailed information, see the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans," which can be obtained from your filing officer or the FPPC Web site (www.fppc.ca.gov).
- The \$390 gift limit and the honorarium prohibition do not apply to a part-time member of the governing board of a public institution of higher education, unless the member is also an elected official.
- If you are designated in a state or local government agency's conflict-of-interest code, the \$390 gift limit and honorarium prohibition are applicable only to sources you would otherwise be required to report on your statement of economic interests. However, this exception is not applicable if you also hold a position listed in Gov. Code Section 87200 (see Ref Pamphlet, page 2).
- For state agency officials and employees, the \$10 lobbyist/lobbying firm gift limit is applicable only to lobbyists and lobbying firms registered to lobby your agency. This exception is not applicable if you are an elected state officer or a member or employee of the State Legislature.

Judges:

Section 170.9 of the Code of Civil Procedure imposes gift limits on judges and prohibits judges from accepting any honorarium. Section 170.9 is enforced by the Commission on Judicial Performance. The FPPC has no authority to interpret or enforce the Code of Civil Procedure. Court commissioners are subject to the gift limit under the Political Reform Act.

Income Reporting: Reporting income under the Act is different than reporting income for tax purposes. The Act requires **gross** income (the amount received before deducting losses, expenses, or taxes, as well as income reinvested in a business entity) to be reported.

Pro Rata Share: The instructions for reporting income refer to your pro rata share of the income received. Your pro rata share is normally based on your ownership interest in the entity or property. For example, if you are a sole proprietor, you must disclose 100% of the gross income to the business entity on Schedule A-2. If you own 25% of a piece of rental property, you must report 25% of the gross rental income received. When reporting your community property interest in your spouse's or registered domestic partner's income, your pro rata share is 50% of his or her income.

When you are required to report sources of income to a business entity, sources of rental income, or sources of commission income, you are only required to disclose individual sources of income of \$10,000 or more. However, you may be required to **disqualify** yourself from decisions affecting sources of \$500 or more in income, even though you are not required to report them.

Examples:

- Alice Ruiz is a partner in a business entity. She has a 25% interest. On Schedule A-2, she must disclose 25% of the fair market value of the business entity; 25% of the gross income to the business entity (even though all of the income received was reinvested in the business and she did not personally receive any income from the business); and the name of each source of \$40,000 or more to the business.
- Cynthia and Mark Johnson, a married couple, own Classic Autos. In determining the amount to report for income on Schedule A-2, Part 2, Mark must include his 50% share and 25% of his spouse's share. Thus, if income to the business entity was \$200,000, his reportable income would be \$150,000 and he checks the box indicating \$100,001-\$1,000,000. (Also see Ref Pamphlet, page 12, for an example of how to calculate the value of this investment.)

Terms & Definitions - (continued)

You are not required to report:

- Salary, reimbursement for expenses or per diem, social security, disability, or other similar benefit payments received by you or your spouse or registered domestic partner from a federal, state, or local government agency
- Campaign contributions
- A cash bequest or cash inheritance
- Returns on a security registered with the Securities and Exchange Commission, including dividends, interest, or proceeds from a sale of stocks or bonds
- Payments received under an insurance policy
- Interest, dividends, or premiums on a time or demand deposit in a financial institution, shares in a credit union, an insurance policy, or a bond or other debt instrument issued by a government agency
- Your spouse's or registered domestic partner's income which is legally "separate" income
- Income of dependent children
- Automobile trade-in allowances from dealers
- Loans and loan repayments received from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin unless he or she was acting as an intermediary or agent for any person not covered by this provision
- Alimony or child support payments
- Payments received under a defined benefit pension plan qualified under Internal Revenue Code Section 401(a)
- Any loan from a commercial lending institution made in the lender's regular course of business on terms available to the public without regard to your official status
- Any retail installment or credit card debts incurred in the creditor's regular course of business on terms available to the public without regard to your official status
- Loans made to others. However, repayments may be reportable on Schedule C
- A loan you co-signed for another person unless you made payments on the loan during the reporting period

Incentive Compensation: "Incentive compensation" means income over and above salary that is either ongoing or cumulative, or both, as sales or purchases of goods or services accumulate. Incentive compensation is calculated by a predetermined formula set by the official's employer which correlates to the conduct of the purchaser in direct response to the effort of the official.

Incentive compensation does not include:

- Salary

- Commission income (*For information regarding disclosure of "commission income," see Ref. Pamphlet, page 7.*)
- Bonuses for activity not related to sales or marketing, the amount of which is based solely on merit or hours worked over and above a predetermined minimum
- Executive incentive plans based on company performance, provided that the formula for determining the amount of the executive's incentive income does not include a correlation between that amount and increased profits derived from increased business with specific and identifiable clients or customers of the company
- Payments for personal services which are not marketing or sales

The purchaser is a source of income to the official if all three of the following apply:

- the official's employment responsibilities include directing sales or marketing activity toward the purchaser; and
- there is direct personal contact between the official and the purchaser intended by the official to generate sales or business; and
- there is a direct relationship between the purchasing activity of the purchaser and the amount of the incentive compensation received by the official.

Report incentive compensation as follows:

- In addition to salary, reimbursement of expenses, and other income received from your employer, separately report on Schedule C the name of each person who purchased products or services sold, marketed or represented by you if you received incentive compensation of \$500 or more attributable to the purchaser during the period covered by the statement.
- If incentive compensation is paid by your employer in a lump sum, without allocation of amounts to specific customers, you must determine the amount the incentive compensation attributable to each of your customers. This may be based on the volume of sales to those customers.

(See Regulations 18703.3 and 18728.5 for more information.)

Terms & Definitions - (continued)

Investment Funds: Report investment funds in which the value of your interest is \$2,000 or more. If your investment share is less than 10%, report only the fund on Schedule A-1. If your investment in the fund is 10% or greater, report the fund and any investments contained in the fund in which your interest is \$2,000 or more on Schedule A-2. Common examples of investment funds are index funds, exchange-traded funds, and venture capital funds.

Investments and Interests in Real Property: When disclosing investments on Schedules A-1 or A-2 and interests in real property on Schedules A-2 or B, you must include investments and interests in real property held by your spouse or registered domestic partner, and those held by your dependent children, as if you held them directly.

Examples:

- Terry Pearson, her husband, and two children each own \$600 in stock in General Motors. Because the total value of their holdings is \$2,400, Terry must disclose the stock as an investment on Schedule A-1.
- Cynthia and Mark Johnson, a married couple, jointly own Classic Autos. Mark must disclose Classic Autos as an investment on Schedule A-2. To determine the reportable value of the investment, Mark will aggregate the value of his 50% interest and Cynthia's 50% interest. Thus, if the total value of the business entity is \$150,000, he will check the box \$100,001 - \$1,000,000 in Part 1 of Schedule A-2. (Also see Ref. Pamphlet, page 10, for an example of how to calculate reportable income.)

The Johnsons also own the property where Classic Autos is located. To determine the reportable value of the real property, Mark will again aggregate the value of his 50% interest and Cynthia's 50% interest to determine the amount to report in Part 4 of Schedule A-2.

- Katie Smith rents out a room in her home. She receives \$6,000 a year and does not take a business tax deduction for the home. Katie will report income received on Schedule C only.

Jurisdiction: You must disclose investments and sources of income that are located in or doing business in your jurisdiction, are planning to do business in your

jurisdiction, or that have done business during the previous two years in your jurisdiction, and interests in real property located in your jurisdiction.

A business entity is located in or doing business in your jurisdiction if the entity has business contacts on a regular or substantial basis with a person who maintains a physical presence in your jurisdiction.

Business contacts include, but are not limited to, manufacturing, distributing, selling, purchasing, or providing services or goods. Business contacts do not include marketing via the Internet, telephone, television, radio, or printed media.

The same criteria are used to determine whether an individual, organization, or other entity is located in or doing business in your jurisdiction.

Exception:

- Gifts are reportable regardless of the location of the donor. For example, a state agency official with full disclosure must report gifts from sources located outside of California. (Designated employees/code filers should consult their disclosure categories to determine if the donor of a gift is of the type that must be disclosed.)

For reporting interests in real property, if your jurisdiction is the state, you must disclose real property located within the state of California unless your agency's conflict-of-interest code specifies otherwise.

For local agencies, an interest in real property is located in your jurisdiction if any part of the property is located in, or within two miles of, the region, city, county, district, or other geographical area in which the agency has jurisdiction, or if the property is located within two miles of any land owned or used by the agency.

See the following explanations to determine what your jurisdiction is:

State Offices and All Courts: Your jurisdiction is the state if you are an elected state officer, a state legislator, or a candidate for one of these offices. Judges, judicial candidates, and court commissioners have statewide jurisdiction. (*In re Baty* (1979) 5 FPPC Ops. 10). If you are an official or employee of, or a consultant to, a state board, commission, or agency, or of any court or the State Legislature, your jurisdiction is the state.

Terms & Definitions - (continued)

County Offices: Your jurisdiction is the county if you are an elected county officer, a candidate for county office, or if you are an official or employee of, or a consultant to, a county agency or any agency with jurisdiction solely within a single county.

City Offices: Your jurisdiction is the city if you are an elected city officer, a candidate for city office, or you are an official or employee of, or a consultant to, a city agency or any agency with jurisdiction solely within a single city.

Multi-County Offices: If you are an elected officer, candidate, official or employee of, or a consultant to a multi-county agency, your jurisdiction is the region, district, or other geographical area in which the agency has jurisdiction. (Example: A water district has jurisdiction in a portion of two counties. Members of the board are only required to report interests located or doing business in that portion of each county in which the agency has jurisdiction.)

Other (for example, school districts and special districts): If you are an elected officer, candidate, official or employee of, or a consultant to an agency not covered above, your jurisdiction is the region, district, or other geographical area in which the agency has jurisdiction. See the multi-county example above.

Leasehold Interest: The term "interest in real property" includes leasehold interests. An interest in a lease on real property is reportable if the value of the leasehold interest is \$2,000 or more. The value of the interest is the total amount of rent owed by you during the reporting period or, for a candidate, assuming office, or initial statement, during the prior 12 months.

You are not required to disclose a leasehold interest with a value of less than \$2,000 or a month-to-month tenancy.

Loan Reporting: Filers are not required to report loans from commercial lending institutions or any indebtedness created as part of retail installment or credit card transactions that are made in the lender's regular course of business, without regard to official status, on terms available to members of the public.

Loan Restrictions: State and local elected and appointed public officials are prohibited from receiving any personal loan totaling more than \$250 from an official, employee, or consultant of their governmental agencies or any governmental agency over which the official or the

official's agency has direction or control. In addition, loans of more than \$250 from any person who has a contract with the official's agency or an agency under the official's control are prohibited unless the loan is from a commercial lending institution or part of a retail installment or credit card transaction made in the regular course of business on terms available to members of the public.

State and local elected officials are also prohibited from receiving any personal loan of \$500 or more unless the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, the date, amount, and term of the loan, the date or dates when payments are due, the amount of the payments, and the interest rate on the loan.

Campaign loans and loans from family members are not subject to the \$250 and \$500 loan prohibitions.

A personal loan made to a public official that is not being repaid or is being repaid below certain amounts will become a gift to the official under certain circumstances. Contact the FPPC for further information, or see the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans," which can be obtained from your filing officer or the FPPC Web site (www.fppc.ca.gov).

Privileged Information: You are not required to disclose on Schedule A-2, Part 3, the name of a person who paid fees or made payments to a business entity if disclosure of the name would violate a legally recognized privilege under California law. For example, a name is protected by attorney-client privilege when facts concerning an attorney's representation of an anonymous client are publicly known and those facts, when coupled with disclosure of the client's identity, might expose the client to an official investigation or to civil or criminal liability.

A patient's name is protected by physician-patient privilege when disclosure of the patient's name would also reveal the nature of the treatment received by the patient because, for example, the physician is recognized as a specialist.

FPPC Regulation 18740 sets out specific procedures that must be followed in order to withhold the name of a source of income.

Terms & Definitions - (Continued)

Public Officials Who Manage Public Investments:

Individuals who invest public funds in revenue-producing programs must file Form 700. This includes individuals who direct or approve investment transactions, formulate or approve investment policies, and establish guidelines for asset allocations. FPPC Regulation 18701 defines "public officials who manage public investments" to include the following:

- Members of boards and commissions, including pension and retirement boards or commissions, and committees thereof, who exercise responsibility for the management of public investments;
- High-level officers and employees of public agencies who exercise primary responsibility for the management of public investments (for example, chief or principal investment officers or chief financial managers); and
- Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions described above.

Registered Domestic Partners: Filers must report investments and interests in real property held by, and sources of income to, registered domestic partners. (See Regulation 18229.)

Retirement Accounts (for example, deferred compensation and individual retirement accounts (IRAs)): Assets held in retirement accounts must be disclosed if the assets are reportable items, such as common stock (Investments) or real estate (interests in real property). For help in determining whether your investments and real property are reportable, see the instructions to Schedules A-1, A-2, and B.

If your retirement account holds reportable assets, disclose only the assets held in the account, not the account itself. You may have to contact your account manager to determine the assets contained in your account.

Schedule A-1: Report any business entity in which the value of your investment interest was \$2,000 or more during the reporting period. (Use Schedule A-2 if you have a 10% or greater ownership interest in the business entity.)

Schedule B: Report any piece of real property in which the value of your interest was \$2,000 or more during the reporting period.

Examples:

- Alice McSherry deposits \$500 per month into her employer's deferred compensation program. She has chosen to purchase shares in two diversified mutual funds registered with the Securities and Exchange Commission. Because her funds are invested solely in non-reportable mutual funds (see Schedule A-1 instructions), Alice has no disclosure requirements with regard to the deferred compensation program.
- Bob Allison has \$6,000 in an individual retirement account with an investment firm. The account contains stock in several companies doing business in his jurisdiction. One of his stock holdings, Gala Computers, reached a value of \$2,500 during the reporting period. The value of his investment in each of the other companies was less than \$2,000. Bob must report Gala Computers as an investment on Schedule A-1 because the value of his stock in that company was \$2,000 or more.
- Adriane Fisher has \$5,000 in a retirement fund that invests in real property located in her jurisdiction. The value of her interest in each piece of real property held in the fund was less than \$2,000 during the reporting period. Although her retirement fund holds reportable assets, she has no disclosure requirement because she did not have a \$2,000 or greater interest in any single piece of real property. If, in the future, the value of her interest in a single piece of real property reaches or exceeds \$2,000, she will be required to disclose the real property on Schedule B for that reporting period.

Trusts: Investments and interests in real property held by a trust (including a living trust) are reported on Schedule A-2 if you, your spouse or registered domestic partner, or your dependent children had a 10% or greater interest in the trust and your pro rata share of a single investment or interest in real property was \$2,000 or more.

You have an interest in a trust if you are a trustor and:

- Can revoke or terminate the trust;
- Have retained or reserved any rights to the income or principal of the trust or retained any reversionary or remainder interest; or
- Have retained any power of appointment, including the power to change the trustee or the beneficiaries.

Terms & Definitions - (continued)

Or you are a beneficiary and:

- Presently receive income; or
- Have an irrevocable future right to receive income or principal. (See FPPC Regulation 18234 for more information.)

Examples:

- Sarah Murphy has set up a living trust which holds her principal residence, stock in several companies that do business in her jurisdiction, and a rental home in her agency's jurisdiction. Since Sarah is the trustor and she can revoke or terminate the trust, she must disclose any stock worth \$2,000 or more and the rental home on Schedule A-2. Sarah's residence is not reportable
- Ben Yee is listed as a beneficiary in his grandparents' trust. However, Ben does not presently receive income from the trust, nor does he have an irrevocable future right to receive income or principal. Therefore, Ben is not required to disclose any assets contained in his grandparents' trust.

Blind Trusts:

A blind trust is a trust managed by a disinterested trustee who has complete discretion to purchase and sell assets held by the trust. If you have a direct, indirect, or beneficial interest in a blind trust, you may not be required to disclose your pro rata share of the trust's assets or income. However, the trust must meet the standards set out in FPPC Regulation 18235, and you must disclose reportable assets originally transferred into the blind trust and income from those original assets until they have been disposed of by the trustee.

Trustees:

If you are only a trustee, you do not have a reportable interest in the trust. However, you may be required to report the income you received from the trust for performing trustee services

Wedding Gifts: Wedding gifts must be disclosed if they were received from a reportable source during the period covered by the statement. Gifts valued at \$50 or more are reportable; however, a wedding gift is considered a gift to both spouses equally. Therefore, you would count one-half of the value of a wedding gift to determine if it is reportable and need only report individual gifts with a total value of \$100 or more, unless a particular gift can only be used by you or is intended only for your use

For example, you receive a place setting of china valued at \$150 from a reportable source as a wedding gift. Because the value to you is \$50 or more, you must report the gift on Schedule D, but may state its value as \$75.

Wedding gifts are not subject to the \$390 gift limit, but they are subject to the \$10 lobbyist/lobbying firm gift limit for state officials.

Privacy Information Notice

Information requested on all FPPC forms is used by the FPPC to administer and enforce the Political Reform Act (Gov. Code Sections 81000-91014 and California Code of Regulations Sections 18109-18997). All information required by these forms is mandated by the Political Reform Act. Failure to provide all of the information required by the Act is a violation subject to administrative, criminal, or civil prosecution. All reports and statements provided are public records open for public inspection and reproduction.

If you have any questions regarding this Privacy Notice or how to access your personal information, please contact the FPPC at:

Manager, Filing Officer Programs
428 J Street, Suite 620
Sacramento, CA 95814
(916) 322-5660

EXHIBIT E

EDUCATION CODE

SECTION 81450-81460

81450. (a) The governing board of any community college district may sell for cash any personal property belonging to the district if the property is not required for school purposes, or if it should be disposed of for the purpose of replacement, or if it is unsatisfactory or not suitable for school use. There shall be no sale until notice has been given by posting in at least three public places in the district for not less than two weeks, or by publication for at least once a week for a period of not less than two weeks in a newspaper published in the district and having a general circulation there; or if there is no such newspaper, then in a newspaper having a general circulation in the district; or if there is no such newspaper, then in a newspaper having a general circulation in a county in which the district or any part thereof is situated. The board shall sell the property to the highest responsible bidder or reject all bids.

(b) The governing board may choose to conduct any sale of personal property authorized under this section by means of a public auction conducted by employees of the district or other public agencies, or by contract with a private auction firm. The board may delegate to the district employee responsible for conducting the auction the authority to transfer the personal property to the highest responsible bidder upon completion of the auction and after payment has been received by the district.

81450.5. Notwithstanding Sections 81450 and 81452, a community college district may, without providing the notice required by Section 81450, exchange for value, sell for cash, or donate any personal property belonging to the district if all of the following criteria are met:

(a) The district determines that the property is not required for school purposes, that it should be disposed of for the purpose of replacement, or that it is unsatisfactory or not suitable for school use.

(b) The property is exchanged with, or sold or donated to, a school district, community college district, or other public entity that has had an opportunity to examine the property proposed to be exchanged, sold, or donated.

(c) The receipt of the property by a school district or community college district would not be inconsistent with any applicable districtwide or schoolsite technology plan of the recipient district.

81451. Notwithstanding the provisions of Section 81450, the governing board of a community college district may, with the consent of a county purchasing agent, utilize his services for the sale of personal property, as authorized by Section 25505 of the Government Code.

81452. (a) If the governing board, by a unanimous vote of those members present, finds that the property, whether one or more items, does not exceed in value the sum of five thousand dollars (\$5,000), the property may be sold at private sale without advertising, by any employee of the district empowered for that purpose by the board.

(b) Any item or items of property having previously been offered for sale pursuant to Section 81450, but for which no qualified bid was received, may be sold at private sale without advertising by any employee of the district empowered for that purpose by the board.

(c) If the board, by a unanimous vote of those members present, finds that the property is of insufficient value to defray the costs of arranging a sale, the property may be donated to a charitable organization deemed appropriate by the board, or it may be disposed of in the local public dump on order of any employee of the district empowered for that purpose by the board.

81453. The money received from the sale shall be placed to the credit of the fund from which the original expenditure for the purchase of the property was made.

81454. The governing board of any community college district may dispose of personal property belonging to the district for the purpose of replacement by providing in the notice calling for bids for furnishing new materials, articles, or supplies that each bidder shall agree in his bid to purchase the property being replaced and to remove it from the school grounds and shall state in his bid the amount which he will deduct from the price bid for furnishing new materials, articles, or supplies as the purchase price for the personal property being purchased from the district. The board shall let the contract to any responsible bidder whose net bid is the lowest, or shall reject all bids.

81455. The governing board of any community college district may enter into contracts with manufacturers or suppliers for the exchange of household appliances and equipment belonging to the district and used for instructional purposes for new property of like class and kind for a similar use without advertising for or taking bids; provided, the cost to the district for such exchange shall not exceed the excess, if any, of the manufacturer's or supplier's selling price of the new property over the original cost to the district of the property being disposed of by the district, plus any applicable tax.

81456. The governing board of any community college district may, when calling for bids and letting contracts for constructing new school buildings, or repairing, altering, adding to, or reconstructing existing school buildings, or demolishing existing school buildings, require each bidder for the performance of the work to agree in his bid to purchase and to remove from the school grounds all old materials required by the specifications to be removed from any existing school building on the same school grounds and not required for school purposes and to state in his bid the amount which he will deduct from the price bid for the work as the

purchase price of the old materials. The board shall let the contract to any responsible bidder whose net bid is the lowest, or shall reject all bids.

81457. The governing board of a community college district may authorize any officer or employee of the district to sell to any student personal property of the district which has been fabricated by such student, at the cost to the district of the materials furnished by the district and used therein.

81458. The governing board of a community college district may sell to persons enrolled in classes for adults maintained by the district materials that may be necessary for the making of articles by those persons in the classes. The materials shall be sold at not less than the cost thereof to the district and any article made therefrom shall be the property of the person making it.

This section shall become operative January 1, 1992.

81459. A community college district may, in accordance with regulations adopted by the governing board of the district and for educational use, sell, give, or exchange for similar published materials, published materials prepared by the district in connection with the curricular and special services that the district is authorized to perform. Unless restricted by the regulations of the governing board, the sale or gift may be made to, and the exchange may be made with, any person, political subdivision, public officer or agency, or educational institution. The distribution of the published material in accordance with this section is declared to be a public purpose and in furtherance of Section 1 of Article IX of the California Constitution.

A community college district may also license the use of copyrights held by the district, to the same persons or entities and for the same purposes as provided in the above paragraph.

The district shall grant a license to any public agency organized under the authority of this state, unless an exclusive license has previously been granted a private publisher.

Any charge which may be assessed such a public agency for the license to use the copyright or for materials, to which the district holds the copyright, shall not exceed the cost to the district of the preparation and reproduction of the materials.

Any granting of a license, by a district, to reproduce copyrighted material is declared to be for a public purpose in furtherance of Section 1 of Article IX of the California Constitution.

81460. Notwithstanding any other provision of law, the governing board of any community college district owning land upon which agricultural products are grown may enter into agreements with an agricultural cooperative or association for the purpose of maintaining, harvesting or selling such products.