



Board Agenda Item #	Agenda #II.F
Date:	October 12 <sup>th</sup> 2017
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Suat Acar, Chief Operations Officer
RE:	Proposed Conflict of Interest Code (COI) through Fair Political Practices Commission

Proposed Board Recommendation

I move that the board approve the Proposed Conflict of Interest Code (COI) through Fair Political Practices Commission

Background

Since MERF operates in more than 1 county, it had to have its Code approved by the Fair Political Practices Commission (FPPC) in Sacramento. The FPPC is the state agency charged with enforcing the Political Reform Act. The process has a timeline of 6 steps described below.

Here is a chart of MERF’s charter schools, the school district where each school operates (which is where the schools originally submitted their charter petitions), and the agency that has authorized each school:

	<b>School District Where Each School Operates</b>	<b>Authorizer</b>
MSA-1	LAUSD	Los Angeles County Office of Education
MSA-2	LAUSD	Los Angeles County Office of Education
MSA-3	LAUSD	Los Angeles County Office of Education
MSA-4	LAUSD	LAUSD
MSA-5	LAUSD	LAUSD
MSA-6	LAUSD	LAUSD
MSA-7	LAUSD	LAUSD
MSA-8 (Bell)	LAUSD	LAUSD
MSA-Santa Ana	Santa Ana Unified School District	State Board of Education
MSA-San Diego	San Diego Unified School District	San Diego Unified School District

MERF started the process with the YMC (Attorneys) in July 2017. YMC prepared the COI Policy as well as a Written Explanation of Reasons. If any person requested the information upon which the proposed Conflict of Interest Code is based (per the last paragraph of the Notice), we were to provide this document. Attorneys also prepared the Notice along with the proposed Conflict of Interest Code. Per our request, the Notice stated that the 45-day written comment period to begin on August 10, 2017 and to end on September 24, 2017.

Below is the timeline we followed with the guidance of YMC. The timeline consists of six steps. With the Board approval, step #5 of 6 will be completed.

## **TIMELINE**

### **STEP 1: Publicly Post Notice of the Proposed Conflict of Interest Code**

Prior to the comment period, the Notice was made publicly available. The best way to provide public notice is to post the Notice and proposed Conflict of Interest Code online at [www.magnoliapublicschools.org](http://www.magnoliapublicschools.org). MERF published it on its website.

### **STEP 2: Provide Intra-Agency Notice of the Proposed Conflict of Interest Code**

Before the comment period, MERF provided notice to each employee affected by the proposed code (i.e., intra-agency notice). Per YMC, the best way to provide intra-agency notice is to e-mail a copy of the Notice and proposed Conflict of Interest Code to each employee and Board member designated in the code. MERF did this.

### **STEP 3: Open 45-Day Written Comment Period**

Per YMC, MERF had to establish a 45-day written comment period, which had to be identified in the Notice. During the comment period, any designated employee or member of the public has the opportunity to comment or request a public hearing.

In the draft Notice (attached), the 45-day comment period was scheduled to begin on Friday, August 4, 2017 and end on Monday, September 18, 2017.

MERF followed the directions of YMC fulfilled all the steps as directed.

### **STEP 4: Possible Public Hearing**

Per YMC, should there be a public hearing request by any interested person at least 15 days prior to the close of the 45-day public comment period; MERF had to hold a public hearing regarding the proposed Conflict of Interest Code. No one applied for a hearing.

### **STEP 5: MERF Board Approval**

After the 45-day written comment period and possible public hearing (which did not take place), the MERF Board must review any written comments. The Board should also consider any comments made at the public hearing, if any, and how to resolve any areas of controversy.

Then, the Board must approve the proposed Conflict of Interest Code.

### **STEP 6: Fair Political Practices Commission Approval**

Following approval by the MERF Board, the Conflict of Interest Code will be submitted to the Fair Political Practices Commission (“FPPC”) for final approval as the last step. The FPPC may request documentation, such as a summary of any public hearing, a current organizational chart, copies of job descriptions, etc. YMC will assist MERF in case of such a request.

#### Budget Implications

- Amounts/ Funding Source

N/A

- CFO Review

#### Name of Staff Originator:

Suat Acar, Chief Operations Officer

#### Attachments

17 08 02 Conflict of Interest Code

17 08 02 Notice of Intent to Adopt Conflict of Interest Code – MERF

17 08 02 Written Explanation of Reasons for Designations and Disclosure Responsibilities - MERF

**MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**  
**CONFLICT OF INTEREST CODE**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations §18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict of interest code for the **Magnolia Educational & Research Foundation. (MERF)**

Individuals holding designated positions shall file statements of economic interests with the **MERF**, which will make the statements available for public inspection and reproduction. (Government Code § 81008) All statements will be retained by **MERF**.

**APPENDIX A**  
**DESIGNATED POSITIONS**

<u>Designated Positions</u>	<u>Disclosure Category</u>
Members of the Governing Board	1, 2
Corporate Officers (e.g., CEO/President, CFO/Treasurer, Secretary)	1, 2
Chief External Officer	1, 2
Regional Director – South	1, 2
Regional Director – North	1, 2
Chief Operations Officer	1, 2
Chief Academic Officer	1, 2
Chief Accountability Officer	1, 2
Principals	3
Consultants/New Positions	*

\*Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation:

The CEO/President or designee may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The CEO/President or designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Government Code § 81008)

**APPENDIX B**  
**DISCLOSURE CATEGORIES**

Category 1

Designated positions assigned to this category must report:

- a. Interests in real property located in whole or in part within a two-mile radius of:
  - The Los Angeles Unified School District, the Santa Ana Unified School District, or the San Diego Unified School District, or
  - Any facility utilized by MERF's charter schools, or
  - A proposed site for a MERF facility.
- b. Investments and business positions in business entities, or sources of income (including gifts, loans, and travel payments) that engage in the purchase or sale of real property or are engaged in building construction or design.

Category 2

Designated positions assigned to this category must report:

- a. Investments and business positions in business entities or sources of income (including receipt of gifts, loans, and travel payments) that are contractors engaged in the performance of work or services, or sources that manufacture, sell, repair, rent or distribute school supplies, books, materials, school furnishings or equipment of the type to be utilized by MERF.

Category 3

Designated positions assigned to this category must report:

- a. Investments and business positions in business entities or sources of income (including receipt of gifts, loans, and travel payments) that are contractors engaged in the performance of work or services, or sources that manufacture, sell, repair, rent or distribute school supplies, books, materials, school furnishings or equipment of the type to be utilized by the designated position's department. For the purpose of this category a Principal's department is his/her entire school.

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION  
NOTICE OF INTENTION TO ADOPT CONFLICT OF INTEREST CODE

NOTICE IS HEREBY GIVEN that Magnolia Educational & Research Foundation (“MERF”) dba Magnolia Public Schools intends to adopt a conflict of interest code pursuant to Government Code Section 87300 and 87306. Pursuant to Government Code Section 87302, the code will designate employees who must disclose certain investments, income, interests in real property and business positions, and who must disqualify themselves from making or participating in the making of governmental decisions affecting those interests. The code will replace and supersede all prior versions.

A written comment period has been established commencing on August 10, 2017 and terminating on September 24, 2017. Any interested person may present written comments concerning the proposed code no later than September 24, 2017 to MERF at 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012. No public hearing on this matter will be held unless any interested person or his or her representative requests, no later than 15 days prior to the close of the written comment period, a public hearing.

MERF will adopt a conflict of interest code to be approved by the Fair Political Practices Commission as its code reviewing body. The proposed conflict of interest code includes language provided by the Fair Political Practices Commission and incorporates by reference 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission.

Copies of the proposed code and all of the information upon which it is based may be obtained from MERF at 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012. A copy of the proposed code is also available online at [magnoliapublicschools.org](http://magnoliapublicschools.org). Any inquiries concerning the proposed code should be directed to Suat Acar, Chief Operations Officer, at 213-628-3634.

## **WRITTEN EXPLANATION OF REASONS FOR DESIGNATIONS AND DISCLOSURE RESPONSIBILITIES**

Pursuant to the California Fair Political Practices Commission Regulation 18750 (2 CCR §18750), Magnolia Educational & Research Foundation (“MERF”) dba Magnolia Public Schools provides this written explanation of the reasons for designation and disclosure responsibilities.

### **Designation**

The positions of Members of the Governing Board, Corporate Officers (e.g., CEO/President, CFO/Treasurer, Secretary), Chief External Officer, Regional Director – South, Regional Director – North, Chief Operations Officer, Chief Academic Officer, Chief Accountability Officer, Principals, and Consultants/New Positions are designated because those positions are the only positions having any substantial responsibility relative to the decision-making process or policy of MERF.

### **Disclosure Responsibilities**

The categories relative to the types of interests that must be disclosed are based upon the types of financial interests within the boundaries of MERF and/or interests that may foreseeably be affected by any decision made or participated in by MERF.