

M E M O R A N D U M

February 16, 1990

(213) 974-0809

TO: Neil Peterson, Executive Director
Los Angeles County Transportation
Commission

FROM: Nina W. Phillips *Nina*
Senior Deputy County Counsel
Public Works Division

RE: Rail Construction Corporation Board
Members - Conflict of Interest Disclosures

You have asked for information regarding what conflict of interest disclosures new Rail Construction Corporation ("RCC") Board Members must make.

Our office has previously concluded that the Corporations Code (Section 5233), and not the Political Reform Act of 1974 (the "Act"), comprehensively governs questions of conflict of interest relating to directors of a nonprofit public benefit corporation established by a public agency like the RCC.

Thus, the new RCC Board members need not file disclosure statements. However, a board member should fully disclose any interest he/she may have in a transaction prior to the vote on the transaction, refrain from voting on or influencing the transaction, and the transaction must be approved by the corporation board without counting the vote of the interested director following the other procedures set forth in Corporations Code Section 5233.

You should be aware, however, that the Fair Political Practices Commission ("FPPC") has a contrary opinion believing that the Act applies to such board members.

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I have attached for your review two opinions of our office on the subject, the FPPC opinion, and Corporations Code Section 5233. Our opinion dated February 19, 1986 addresses the issue of the FPPC opinion and concludes, on page 3, that the Act expressly applies only to actual government agencies and not a private corporation even though the corporation may be established by a public agency.

NWP/dh
1/Memo
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