



CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811 • (916) 322-5660

November 26, 2025

Melissa Crick
Board President
Paradise Unified School District

Re: Your Request for Advice
Our File No. A-25-150

Dear Ms. Crick:

This letter responds to your request for advice regarding the conflict of interest provisions of the Political Reform Act ("Act") and Government Code Section 1090, et seq.¹ Please note that we are only providing advice under the Act and Section 1090, not under other general conflict of interest prohibitions, such as common law conflicts of interest.

Also, note that we are not a finder of fact when rendering advice (*In re Oglesby* (1975) 1 FPPC Ops. 71), and any advice we provide assumes your facts are complete and accurate. If this is not the case or if the facts underlying these decisions should change, you should contact us for additional advice.

We are required to forward your request regarding Section 1090 and all pertinent facts relating to the request to the Attorney General's Office and the Butte County District Attorney's Office, which we have done. (Section 1097.1(c)(3).) We did not receive a written response from the Attorney General's Office, and the Butte County District Attorney had no comment. (Section 1097.1(c)(4).) We are also required to advise you that, for purposes of Section 1090, the following advice "is not admissible in a criminal proceeding against any individual other than the requestor." (See Section 1097.1(c)(5).)

QUESTIONS

1. Do you have a disqualifying source of income interest in the Paradise School District's decisions regarding the Economic Development/Workforce Training Center ("Training Center") project, where you are employed as the Executive Director of Valley Contractors Workforce Foundation ("Foundation"), a 501(c)(3) organization that will be a party to the agreements for the Training Center project?

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

2. Do you have a disqualifying interest in the decisions related to the project such that the District is prohibited from entering into the agreements involving various entities, including the Foundation, under Section 1090?

3. Does either the Act of Section 1090 limit your ability as the Foundation's Executive Director to take part in agreements between the Town of Paradise ("Town") and the Foundation?

CONCLUSIONS

1. Yes, under the Act, you have a source of income interest in the Foundation and may not take part in any manner in these decisions.

2. Under Section 1090, your interest in the Foundation meets the definition of a remote interest under Section 1091(b)(1) and, so long as you recuse yourself from the decisions related to the project as required under Section 1091, the District is not prohibited from entering into agreements related to the project. Your recusal in accordance with the Act will meet the Section 1091 requirements.

3. As determined above, you may not participate in any decision involving the Foundation in your District Board member capacity. The Town is a separate agency from the District. For decisions before the Town involving an agreement between the Town and the Foundation: so long as your participation is solely in your private capacity as Executive Director of the Foundation and you do not act or purport to act on behalf of the District, neither the Act nor Section 1090 will apply to you in this context.

FACTS AS PRESENTED BY REQUESTER

You serve as the Board President of the Paradise School District ("District"). You are also the Executive Director of Valley Contractors Workforce Foundation ("Foundation"), a 501(c)(3) organization that works to provide construction skills training. You are a full-time, salaried employee with the Foundation.

The Town is in the process of developing an Economic Development/Workforce Training Center on the Paradise High School campus, funded through the Community Development Block Grant Disaster Recovery ("CDBG-DR") program.² The Training Center will provide workforce training and educational opportunities for students from all schools in the community, as well as adults seeking to gain new skills or employment pathways.

² The CDBG program funds state and local governments for recovery from Presidentially declared disasters, with specific eligibility and program requirements. Funds are awarded to state and local governments which become grantees. Those who receive grant money include state agencies, non-profit organizations, economic development agencies, citizens and businesses. ([CDBG-DR Fact Sheet](#), accessed November 10, 2025.)

Multiple organizations, including educational institutions and workforce development organizations, will be entering into Memorandums of Understanding (MOUs) with the Town to participate in the Training Center project, including the Foundation you work for, the District for which you are an official, as well as Butte College, the Northern Rural Training and Employment Consortium (NoRTEC), and the Alliance for Workforce Development (AFWD)

The District's role will focus on providing opportunities for its students, while the Foundation will provide training at locations throughout the community, separate from the high school campus. The Foundation's programs will be open to all students, including those from the District, as well as adults in the broader community. You anticipate that there will be multi-party agreements among the MOU parties and project partners.

ANALYSIS

The Act

The Act's conflict of interest provisions ensure that public officials will perform their duties in an impartial manner, free from bias caused by their own financial interests. (Section 81001(b).) Section 87100 prohibits any public official from making, participating in making, or using their position to influence a governmental decision in which the official has a financial interest. (Section 87103.) A public official has a financial interest in a governmental decision, within the meaning of the Act, if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on one or more of the public official's interests. (Section 87103; Regulation 18700(a).)

Regulation 18704 states that a public official "makes a governmental decision" if the official authorizes or directs any action, votes, appoints a person, obligates or commits the official's agency to any course of action, or enters into any contractual agreement on behalf of the official's agency. A public official "participates in a governmental decision" if the official provides information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review. A public official "uses an official position to influence a governmental decision" if the official:

- (1) Contacts or appears before any official in the official's agency or in an agency subject to the authority or budgetary control of the official's agency for the purpose of affecting a decision; or
- (2) Contacts or appears before any official in any other government agency for the purpose of affecting a decision, and the public official acts or purports to act within the official's authority or on behalf of the official's agency in making the contact.

The financial interests that may give rise to an official's disqualifying conflict of interest under the Act are set forth in Section 87103 and include, as relevant to these facts:

- An interest in a business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management. (Section 87103(d).)
- An interest in a source of income to the official or promised income, which aggregates to \$500 or more within 12 months prior to the decision. (Section 87103(c).)

Under the Act, a “business entity” does not include a nonprofit organization. (Section 82005.) Also, Section 82030 states that “income” does not include the following:

Salary and reimbursement for expenses or per diem, and social security, disability, or other similar benefit payments received from a state, local, or federal government agency and reimbursement for travel expenses and per diem received from a bona fide nonprofit entity exempt from taxation under Section 501(c)(3)

Therefore, for purposes of the Act, the Foundation is not a business entity, and you have only a source of income interest in the Foundation. Due to the exception for government salaries, you do not have a source of income interest in your position as a District official related to any salary, reimbursement, or other benefits you may have received.

Foreseeability and Materiality

Regulation 18701(a), which provides the applicable standard for determining the foreseeability of a financial effect on an economic interest explicitly involved in the governmental decision, states:

A financial effect on a financial interest is presumed to be reasonably foreseeable if the financial interest is a named party in, or the subject of, a governmental decision before the official or the official's agency. A financial interest is the *subject of a proceeding* if the decision involves the issuance, renewal, approval, denial or revocation of any license, permit, or other entitlement to, or contract with, the financial interest, and includes any governmental decision affecting a real property financial interest as described in Regulation 18702.2(a)(1)-(6).

(Emphasis added.)

For financial interests not explicitly involved in a decision, if the financial effect can be recognized as a realistic possibility and is more than hypothetical or theoretical, it is reasonably foreseeable. If the financial result cannot be expected absent extraordinary circumstances not subject to the public official's control, it is not reasonably foreseeable. (Regulation 18701(b).)

Regulation 18702.3 sets forth the materiality standards for an interest in a source of income. Regulation 18702.3(a)(1) states that where the source of income is a named party in or the subject of the decision, the reasonably foreseeable financial effect on the source of income is material.

Therefore, for decisions made by the District, including the MOU agreement, where the Foundation is a named party or the subject of the decision, it is reasonably foreseeable that the government decision will have a material financial effect on your source of income interest in the Foundation, and you must recuse yourself entirely from the decision. For agreements between the Town and the Foundation, the Act will not apply to these decisions because the Town is a separate agency from the District, so long as you are acting solely in your private capacity as the Foundation's Executive Director and do not act or purport to act on behalf of the District.

The recusal requirements are set forth in Regulation 18707. As a public official in a position specified in Section 87200,³ for any public meeting agenda item that relates to this project or the Foundation, you must publicly identify that you have a source of income interest in the Foundation as its Executive Director and leave the room. In addition, you must not take part, in any manner, in making, participating in making, or using your official position to influence the District decisions. (Regulation 18704.) In addition to your recusal, you may not discuss anything about the Training Center project with the District.

Section 1090

Section 1090⁴ generally prohibits public officers, while acting in their official capacities, from making contracts in which they are financially interested. Section 1090 is concerned with any financial interests, other than perhaps a remote or minimal interest, which would prevent the officials involved from exercising absolute loyalty and undivided allegiance to the best interests of their respective agencies. (*Stigall v. City of Taft* (1962) 58 Cal.2d 565, 569.) Section 1090 is intended not only to strike at actual impropriety but also to strike at the appearance of impropriety. (*City of Imperial Beach v. Bailey* (1980) 103 Cal.App.3d 191, 197.) A contract that violates Section 1090 is void. (*Thomson v. Call* (1985) 38 Cal.3d 633, 646.) The prohibition applies regardless of whether the contract terms are fair and equitable to all parties. (*Id.* at pp. 646-649.)

Under Section 1090, "the prohibited act is the making of a contract in which the official has a financial interest." (*People v. Honig* (1996) 48 Cal.App.4th 289, 333.) An official "makes" a contract if the official participates in any way in the making of the contract, including involvement in matters such as preliminary discussions, negotiations, planning, drawing of plans and specifications. (*Millbrae Assn. for Residential Survival v. City of Millbrae* (1968) 262 Cal.App.2d 222, 237; see also *Stigall v. City of Taft*, *supra*, 58 Cal.2d at p. 569.) When board members have the power to execute contracts, participation is constructive. Thus, where an official is a member of a board or commission that has the power to execute the contract, the member is conclusively presumed to be involved in the making of their agency's contracts, irrespective of whether the member actually participates in the making of the contract. (*Thomson*

³ This assumes your position includes managing public investments under Regulation 18700.3(b). If you are not a Section 87200 official, you must recuse by not taking part in the decision, and orally or in writing state your financial interest in the decision.

⁴ Section 1090 is a separate body of law that pertains to contract decisions and requires a separate analysis.

v. Call, supra at pp. 645 & 649; *Fraser-Yamor Agency, Inc. v. County of Del Norte* (1977) 68 Cal.App.3d 201; 89 Ops.Cal.Atty.Gen 49, (2006).

Although Section 1090 does not specifically define the term financial interest, case law and Attorney General opinions state that prohibited financial interests may be indirect as well as direct, and may involve financial losses, or the possibility of losses, as well as the prospect of pecuniary gain. (*People v. Vallerga* (1977) 67 Cal.App.3d 847, 867, fn. 5; *Terry v. Bender* (1956) 143 Cal.App.2d 198, 207-208; 85 Ops.Cal.Atty.Gen. 34, 36-38 (2002); 84 Ops.Cal.Atty.Gen. 158, 161-162 (2001).) Prohibited financial interests are not limited to express agreements for benefit and need not be proven by direct evidence, and extend to expectation of benefit by express or implied agreement and may be inferred from the circumstances. (*People v. Honig, supra* at p. 315.) The concern is “with any interest, other than perhaps a remote or minimal interest, which would prevent the officials involved from exercising absolute loyalty and undivided allegiance to the best interests of the [state].” (*Stigall v. City of Taft, supra*, 58 Cal.2d at p. 569.)

Section 1091, however, enumerates limited circumstances in which a public official’s economic interest is considered “remote,” such that the governmental body or board may still enter into the contract at issue, as long as the disqualified official’s interest is disclosed to the body or board and noted in its official records, and the disqualified official does not take part in the contracting process. (Section 1091(a).) Applicable to these facts, an official is deemed to have a remote interest where the official is an officer or an employee of a Section 501(c)(3) nonprofit entity. (Section 1091(b)(1).)

We have determined that the Act prohibits your participation in the Training Center project decisions in your capacity as a District Board member. At issue under Section 1090 is the District’s ability to enter into contracts related to the Training Center projects, including entering into the MOU agreements. We advise that you have a remote interest under Section 1091(b)(1), and Section 1090 does not prohibit the District from entering into an MOU agreement for the Training Center project, so long as you disclose your interest and do not take part in the decision in any manner. Specifically, you must disclose your remote interest to the District board for its official records, and you must not take part in the MOU decision-making process. Additionally, due to your disqualifying interest under the Act, you must also leave the room during any decisions or discussions regarding this project. Section 1090 is not applicable to decisions made between the Foundation and the Town, so long as you are only acting in your private capacity as the Foundation’s Executive Director.

If you have other questions on this matter, please contact me at KHarrison@fppc.ca.gov.

Sincerely,

Dave Bainbridge
General Counsel

L. Karen Harrison

By: L. Karen Harrison
Senior Counsel, Legal Division

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