

fail to disclose the fact of the interest to the board. If the disclosure is made and if the person making the disclosure disqualifies himself from voting or acting on the transaction on behalf of the board, the transaction may be completed if it involves (1) the making of a deposit by the board in a bank in which a member of the board has a direct financial interest; or (2) the purchasing of gas, electricity, or other public utility services from a company in which a member of the board has a direct financial interest; or (3) the making of a contract after publicly advertised competitive bidding, with a firm, corporation, or association in which a member of the board has a direct financial interest; or (4) the making of a contract for the purpose of composing threatened or actual litigation undertaken between the board and one of its members, or between the board and a firm, corporation, or association in which a member of the board has a direct financial interest. If, through disqualifications, less than a quorum of the board is capable of participating in any of the contracts or purchases permitted hereunder, the remaining member or members shall constitute a quorum for this purpose and may complete the contract or purchase, if the action previously has been approved in writing by the State Board for Community Colleges.

(b) It is unlawful for the president of any community college to have a direct or indirect financial interest in any contract or purchase to which the board of trustees of that community college is a party, except as in this subsection set forth. Every president who may reasonably be expected to know, or who knows that he has a direct financial interest in any contract or purchase in which the board is or may be in any way concerned, shall make prompt disclosure of the fact of the interest to the State Board for Community Colleges and the board of trustees. It is unlawful for any president to fail to disclose the fact of the interest to the board. If disclosure is made and if the president disqualifies himself from acting on the transaction on behalf of the board, the transaction may be completed if it involves (1) the making of a deposit by the board in a bank in which he has a direct financial interest; or (2) the purchasing of gas, electricity, or other public utility services from a company in which he has a financial interest; (3) the making of a contract after publicly advertising competitive bidding, with a firm, corporation, or association, in which he has a direct financial interest; or (4) the making of a contract for the purpose of composing threatened or actual litigation undertaken between the board and the president, if the action previously has been approved in writing by the State Board for Community Colleges.

(c) For the purposes of this section, a person is deemed to have a direct financial interest in a contract or purchase to which the board of trustees of a community college is a party, if the contract or purchase is to be consummated between the board and the person himself, or his spouse or child, between the board and any firm, corporation or association in which he or his spouse or child jointly or severally own in total more than three percent, of the invested capital or capital stock; or from which the person or his spouse or child, either jointly or severally are receiving total combined wages, salaries, or bonuses of an average of \$5,000 per year for the three preceding years. Any financial interest of any person in a transaction not included in the foregoing definition of a direct financial interest shall be deemed an indirect financial interest.