

## Consolidated WSC Conflict of Interest Policy

1. A person is disqualified from serving as a Director on the Board for the Corporation if;
  - A. He or she is a developer or affiliated with a developer of property within the service area of the Corporation. Water Code 49.052.(d) As used in this section, "developer of property in the district" means any person who owns land located within a district covered under this section and who has divided or proposes to divide the land into two or more parts for the purpose of laying out any subdivision or any tract of land or any addition to any town or city, or for laying out suburban lots or building lots, or any lots, streets, alleys, or parks or other portions intended for public use, or the use of purchasers or owners of lots fronting thereon or adjacent thereto.
  - B. He or she is an employee or immediate family member, or shareholder of any developer of property within the service area of the Corporation.
  - C. He or she is an employee or immediate family member of any director, manager, and engineer or in any business owned or managed by another director.
  - D. He or she is serving as a consultant, engineer, attorney, manager, or in any other professional capacity for the corporation or for a developer of property within the service area of the Corporation.
  - E. He or she is a party to a contract with the Corporation, except a contract for the purchase of water/sewer services furnished by the Corporation to the Corporation's members generally.
  - F. He or she is a party to a contract with any developer of property within the service area of the Corporation, other than merely conveying real property within

the service area of the Corporation for the purpose of establishing a residence or establishing a commercial business within the service area of the Corporation.

- G. He or she is a member of the immediate family of any other director of the Corporation or of any other person serving the Corporation in a managerial or in a professional service capacity, such as attorney, accountant, or an engineer, on behalf of the Corporation, or he or she serves as a director or as an officer for any bank or savings and loan association retained as a depository for the funds of the Corporation, or any bank or savings and loan association which lends to or holds any indebtedness of the Corporation. **"Immediate family" includes spouses, parents, children and their spouses, grandchildren and their spouses, stepparents, brothers and sisters and their spouses.**
2. A person is disqualified from employment by the Corporation if he or she is a member of the immediate family of any director of the Corporation. This disqualification does not apply to continued employment by persons employed by Corporation at the time the director is elected or appointed and only applies to persons who apply for employment while a member of the applicant's immediate family is serving as a director.
  3. Any relationship or employment which constitutes a disqualification, as set forth herein, shall be considered grounds for a director's rejection or removal, or for termination of an employee's employment. Such rejection, removal or termination may take place at any regular or special meeting of the Board.
  4. No officer or director of the Corporation shall be entitled to any compensation for or in consideration of the execution of his or her duties as officer or director, provided, however, that the actual, reasonable expenses of any officer or director incurred in the business of the Corporation may, with approval of the Board, be paid to them.

5. No officer or director of the Corporation shall,
  - a. Solicit or accept or agree to accept any appointments or any financial and/or material benefit that might reasonably tend to influence his or her performance of duties for the Corporation or that he or she knows or should know is offered with the intent to influence the performance of his or her duties.
  - b. Accept employment, appointments or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties.
  - c. Solicit, accept or agree to accept any loan from the Corporation.
  - d. Solicit or accept or agree to accept a financial benefit from another person or entity in exchange for having performed duties as an officer or director of the Corporation in favor of the other person or entity.
6. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general use or for any special purpose of the Corporation, provided, however, that the Board may reject any such contribution, gift, bequest or devise made upon a condition or restriction if in the discretion of the Board the acceptance as so conditioned or restricted will not be in the best interest of the Corporation.
7. The removal of any director of the Corporation because of disqualification under this policy shall not affect the validity of any action taken by the Corporation through its Board during the time of service by that director, even though the director may have been acting under the disqualification at the time of such service, unless there has been an improper benefit conferred on the disqualified director or someone associated with such director, in which case the Board may terminate any such benefit in any legal manner.
8. If at any time any officer or director is required to vote in his or her capacity as a director or officer on any issue which may create a conflict of interest, which may be deemed a conflict

of interest by the Board, or which is likely to be interpreted by the members as a conflict of interest, the officer or director shall advise the President of the conflict of interest (or in the case of the President, advise the Vice-President) and shall abstain from discussion and voting, as a matter of record, on that issue.

9. Except as otherwise provided by the laws of the state or federal government, the Corporation shall adhere to the following policy for awarding contracts:
  - a. The Board shall advertise for bids for contracts for \$25,000.00 or more, and the Board shall advertise the letting of the contract, including the general condition, time, and place of opening of sealed bids. The notice shall be published in one or more newspapers with general circulation in the state, and one or more newspapers published in each county in which part of the Corporation's service area is located. If there are more than four (4) counties in the Corporation's service area, notice may be published in any newspaper with general circulation in the area. If no newspaper is published in the county or counties in which the Corporation is located or does business, publication in one or more newspapers with general circulation in the state is sufficient. The notice shall be published once a week for three (3) consecutive weeks before the date on which the bids are opened, and the first publication shall be no later than the 21st day before the date of the opening of the sealed bids.
  - b. For contracts of less than \$25,000 the Board is not required to advertise or seek competitive bids.
  - c. The Board may not subdivide work merely to avoid the advertising requirements specified in this policy.
  - d. A contract may be awarded to any responsible person or persons that, in the Board's judgment, will be most advantageous to the Corporation and result in the best and most economical completion of the Corporation's proposed plants, improvements,

facilities, works, equipment, and appliances. **The Board is not required to accept the lowest bid.**

- e. The Board may not accept bids that include substantial quantities of substituted items, either before or after the Corporation enters into a construction contract, unless the substituted items were included in the original bid proposal, and all bidders had the opportunity to bid on the substituted items, or unless substituted items were sought or authorized in the original bid proposal.
- f. Change orders to contracts may be issued only as a result of unanticipated conditions encountered during construction, changes in regulatory criteria, emergencies, or under circumstances necessary to facilitate project coordination with other political entities or contractors.
- g. These policy provisions do not apply to contracts for personal or professional services or for a utility service operator.

PASSED AND APPROVED, this the 8<sup>th</sup> day of November 2016.

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John Massingill, President

ATTEST:

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Frank Wilson , Secretary