

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 2.11
(ID # 22066)

MEETING DATE:
Tuesday, June 27, 2023

FROM : COUNTY COUNSEL:

SUBJECT: COUNTY COUNSEL: Approval of an Amendment to the Conflict of interest Code for Pinyon Pines County Water District [Districts 3 and 4]]\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Amendment to the Conflict of Interest Code of the Pinyon Pines County Water District; and
2. Direct the Clerk of the Board to notify the Pinyon Pines County Water District of the action taken.

ACTION: Consent

Min C. Carr, County Counsel

6/14/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: June 27, 2023
xc: CO.CO., District, COBAB

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	N/A	N/A	N/A	N/A
NET COUNTY COST	N/A	N/A	N/A	N/A
SOURCE OF FUNDS: N/A			Budget Adjustment:	N/A
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Political Reform Act prohibits a public official from using his or her position to influence a government decision in which he or she has a financial interest. Government Code section 87300 requires local government agencies to adopt and promulgate a Conflict of Interest Code identifying officials and employees required to file statements of economic interest based on the positions they hold. A local government agency, as defined by Government Code section 82041, includes the Pinyon Pines County Water District.

Each even-numbered year, Government Code section 87306.5 requires local government agencies to review their Conflict of Interest Code, make appropriate revisions, if necessary, and submit an amended Conflict of Interest Code to the code reviewing body. Government Code section 82011(b) identifies the Board of Supervisors for the County of Riverside as the code reviewing body for a local government agency within its county.

The Pinyon Pines County Water District amended its Conflict of Interest Code to add new positions and revise titles of existing positions that participate in making governmental decisions. The Board of Directors for Pinyon Pines County Water District has adopted Resolution No. 123, amending its Conflict of Interest Code. The Pinyon Pines County Water District has submitted its amended Conflict of Interest Code for approval by the Board of Supervisors as the code reviewing body.

This office has reviewed the Conflict of Interest Code of the Pinyon Pines County Water District and has found that it complies with statutory requirements. A complete copy of the Conflict of Interest Code of the Pinyon Pines County Water District is attached.

It is recommended that the Board of Supervisors approve the Conflict of Interest Code of the Pinyon Pines County Water District and direct the Clerk of the Board to notify the Pinyon Pines County Water District of the action taken.

Impact on Residents and Businesses

N/A

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA

Additional Fiscal Information

N/A

Contract History and Price Reasonableness

N/A

ATTACHMENTS:

Attachment A: Resolution No. 123

Attachment B: Conflict of Interest Code Pinyon Pines County Water District

PINYON PINES COUNTY WATER DISTRICT

A California Special District - Established in 1969
62011 Stonecrest - Mountain Center, California 92561
Phone/fax 760-349-3261

July 10, 2022

RESOLUTION #123

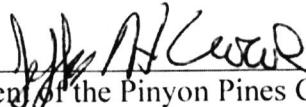
RESOLUTION OF THE BOARD OF DIRECTORS OF THE PINYON PINES COUNTY WATER DISTRICT AMENDING THE DISTRICT'S CONFLICT OF INTERESTS AND DISCLOSURE OF PERSONAL FINANCES CODE

Now, THEREFORE, BE IT RESOLVED by the Board of Directors of the Pinyon Pines County Water District as follows:

Section 1: That this Board of Directors hereby amends its Conflict of Interests and Disclosure of Personal Finances Code attached hereto and incorporated herein as Exhibit "A" to add the position of General Manager/Secretary and to revise the position of Assistant General Manager to Assistant Manager.

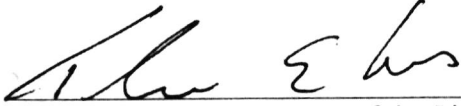
Section 2: That the General Manager/Secretary of the Pinyon Pines County Water District is hereby authorized to Forward a certified copy of this resolution to the Office of the Clerk of the Board of Supervisors for the County of Riverside.

Adopted, this 10th day of July, 2022



President of the Pinyon Pines County Water District and of the Board of Directors thereof.

Attest:



General Manager/Secretary of the Pinyon Pines County Water District and of the Board of Directors thereof.

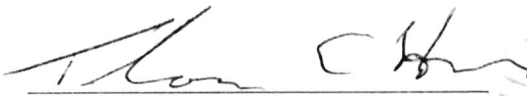
State of California)
)ss
County of Riverside)

I, Thomas Huss, General Manager/Secretary of the Board of Directors of the Pinyon Pines County Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors at a regular meeting of the Board of Directors on the 10th day of July 2022, and that it was so adopted by the following vote:

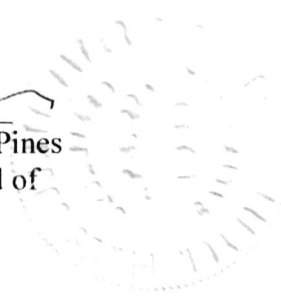
AYES: Pickard, Deely, Janelle and Crowe

NAYS: none

ABSENT: Maloon




General Manager/Secretary of the Pinyon Pines
County Water District and of the Board of
Directors thereof.



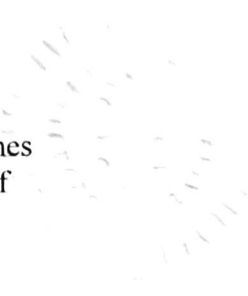
State of California)
)ss
County of Riverside)

I, Thomas Huss, General Manager/Secretary of the Board of Directors of the Pinyon Pines County Water District, hereby certify that the above and foregoing is a full, true and correct copy of Resolution #123 of said Board and that the same has not been amended or repealed.

Dated: July 10, 2022



General Manager/Secretary of the Pinyon Pines
County Water District and of the Board of
Directors thereof.



Column I

Column II

DESIGNATED EMPLOYEE

TYPE OF BUSINESS ENTITY INVEST-
MENT, SOURCE OF INCOME OR REAL
PROPERTY DISCLOSABLE BY ALL
DESIGNATED EMPLOYEES

1. Officers of the District	1. Office equipment and supplies
(a) Members of the Board of Directors	2. Banks and savings and loan institutions
(b) General Manager	3. Securities dealers
(c) Assistant Manager	4. Real property
(c) Secretary	5. Public utilities
(d) Consultants *	6. Financial audit services
(e) General Manager/Secretary	7. Insurance services
	8. Computer equipment, services, and supplies
	9. Printing, reproduction, or photographic equipment, services, and supplies
	10. Periodicals, books, newspapers
	11. Chemicals
	12. Motor vehicles and specialty vehicles, parts and supplies
	13. Construction and maintenance equipment, services and supplies
	14. Petroleum products
	15. Transportation and lodging services
	16. Safety equipment and supplies
	17. Security services
	18. Food service and supplies
	19. Communication services
	20. Water quality testing equipment, supplies and services
	21. Cathodic protection equipment, services and supplies
	22. Engineering services
	23. Employment and temporary help agencies
	24. Educational equipment, services and supplies
	25. Medical supplies, services and informational materials
	26. Landscape services and supplies
	27. Typographical services
	28. 4-color separations
	29. General and specialty equipment rentals

*Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The (chief executive officer) may determine in writing that a particular consultant, 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 duties and, based upon that description, a statement of the extent of disclosure requirements. The (chief executive officer'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.

PINYON PINES COUNTY WATER DISTRICT

PINYON PINES 63
MOUNTAIN CENTER, CALIFORNIA 92361
PHONE: 619 - 349-3373

CONFLICT OF INTERESTS AND DISCLOSURE OF PERSONAL FINANCES CODE PINYON PINES COUNTY WATER DISTRICT

Pursuant to the Political Reform Act of 1974, being Title 9 of the Government Code and rules and regulations applicable thereto, the Board of Directors of the Pinon Pines County Water District, Riverside County, California, approved and adopted the conflict to interests code hereinafter set forth:

ARTICLE 1. PURPOSE

SECTION 1.01. PURPOSE. It is the purpose of this Code to provide for the disclosure of assets and income of designated employees which may be materially affected by their official actions, and, in appropriate circumstances, to provide that designated employees should be disqualified from acting in order that ~~conflicts~~ conflicts of interest may be avoided. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Sections 81000 et seq. of the Government Code). (All underlined words are defined in Appendix "B" of this Code).

SECTION 1.02. STATUTORY REFERENCES. Except as otherwise specifically noted, all references to statutory provisions are to provisions of the Government Code.

EXHIBIT "A"

ARTICLE 2. DISCLOSURE STATEMENTS

SECTION 2.01. REQUIREMENT FOR FILING. Each designated employee shall file statements, at the time and in the manner prescribed in this Code, disclosing interests in real property within the jurisdiction, investments in business entities, income, or sources of income as well as those interests in real property, investments and income and sources of income of members of his or her immediate family which might foreseeably be affected materially by the operations of the district.

SECTION 2.02. REPORTABLE INTERESTS. The Board of Directors has determined that it is foreseeable that the types of investments, interests in real property, income, and sources of income listed in Appendix "A" may be affected materially by decisions made or participated in by the designated employee by virtue of his or her position and are reportable if held by the designated employee. (Sections 82029 and 87302(b))

SECTION 2.03. NON-REPORTABLE INTERESTS. Those items listed in Subsection (b) of Paragraph 10 of Appendix "B" of this Code are not reportable because they are not income.

SECTION 2.04. TIME OF FILING STATEMENTS.

- (a) Candidates for election to District offices shall file a statement of reportable investments and interests in real property as provided for herein within five (5) days after the final date for filing nomination petitions. This Subsection

shall not apply to candidates who have filed a statement with the District within the previous twelve (12) months under Subsection (b) or Subsection (e) of this Section.

- (b) All designated employees shall file initial statements within thirty (30) days after the effective date of this Code, disclosing reportable investments and interests in real property; but not income (Section 87302(b)).
- (c) All new designated employees shall file statements which include reportable investments and interests in real property but not income, not less than ten (10) days before assuming office, or, if subject to confirmation, ten (10) days before being confirmed, unless an earlier assumption of office is required by emergency circumstances. (Section 87302(b))
- (d) Annual statements covering the previous calendar year disclosing reportable investments, interests in real property, income, and sources of income shall be filed by all designated employees during the month of February of each year.
- (e) A designated employee who leaves his or her position shall within thirty (30) days after leaving the position file a statement disclosing his or her reportable investments, interests in real property, and income during the period since the previous

statement filed pursuant to this Code, except that investments and interests in real property which have been disclosed on a statement of economic interests filed pursuant to this Code within the previous sixty (60) days may be incorporated by reference.

SECTION 2.05. PLACE OF FILING STATEMENTS. The original shall be filed with the Secretary of the District, who shall in the case of directors of the District make and retain a copy and forward the original to the Clerk of the Board of Supervisors. (Section 81005(g))

SECTION 2.06. FORMS FOR STATEMENTS. Disclosure statement forms will be supplied by the District.

ARTICLE 3. MANNER OF REPORTING

SECTION 3.01. CONTENTS OF INVESTMENT AND REAL PROPERTY REPORTS. When an investment or interest in real property is required to be disclosed under this Code, the statement shall contain:

- (a) A statement of the nature of the investment or interest;
- (b) The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
- (c) The address or other precise location of the real property;

- (d) A statement whether the fair market value of the investment or interest in real property exceeds \$10,000 and whether it exceeds \$100,000.
- (e) In the case of an investment which constitutes 50% or more of the ownership interest in a business entity, disclosure of the investments and interests in real property of the business entity.
- (f) For purposes of this section interest in real property does not include the principal residence of the filer.

SECTION 3.02. CONTENTS OF INCOME REPORTS. When income is required to be reported under this Code, the statement shall contain:

- (a) The name and address of each source of income for the previous calendar year aggregating \$250 or more in value per year, or \$25 or more in value if the income was a gift, and a general description of the business activity, if any, of the source;
- (b) A statement whether the aggregate value of the income from each source was greater than \$1,000 and whether it was greater than \$10,000;
- (c) A description of the consideration, if any, for which the income was received;
- (d) In the case of a gift, the amount and the date on which the gift was received.

SECTION 3.03. REPORTS OF BUSINESS ENTITY INCOME. When income of a business entity, including income of a sole proprietorship is required to be reported under this Code, the statement shall contain:

- (a) The name and address and general description of the business activity of the business entity;
- (b) In the case of a business entity which provides legal or brokerage services, the name of every person from whom the business entity received payments if the filer's pro rata share of fees from such person was equal to or greater than \$1,000 during a calendar year;
- (c) In the case of a business entity not covered by Subsection (b) of this section, the name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000 during a calendar year;
- (d) Income of a business entity shall not be reported unless the filer or his spouse owns, directly, indirectly, or beneficially, a 10% interest or greater. Disclosure of the names of persons who are clients or customers of a business entity is only required if the person is a reportable interest of the designated employee as set forth in Appendix "A".

ARTICLE 4. DISQUALIFICATION

SECTION 4.01. DISQUALIFICATION. A designated employee is disqualified from making or participating in the making of any governmental decision when he or she has a financial interest in the decision. Financial interest is defined in Paragraph 5 of Appendix "B" of this Code.^{1/}

An investment, interest in real property, income, or source of income of a designated employee shall not be a basis for disqualification under this Section 4.01 where such interest will foreseeably be affected only by the decision to fix an ad valorem property tax rate for the District.

SECTION 4.02. DISQUALIFICATION PROCEDURE. If a designated employee is disqualified under Section 4.01, the following steps shall be taken:

- (a) Immediately refrain from making or participating in the making of the decision;
- (b) For members of the Board of Directors, the fact that a disqualifying interest exists shall be

^{1/} As a general rule, disqualification is required by this provision if, at the time a designated employee is about to make or participate in the making of a governmental decision, and in light of all the circumstances and the facts known at the time of the decision, he or she knows or has reason to know that the existence of a financial interest might interfere with the performance of his or her duties in an impartial manner, free from bias. (See definition of "material financial effect" in Paragraph 11 of Appendix "B".)

announced and made a part of the District's official record, and in the case of other designated employees shall be reported in writing to his or her superior.

SECTION 4.03. ACTING IN PRIVATE CAPACITY. After disqualification as provided herein, a designated employee may make an appearance, submit information, or express views on the same basis as any other citizen on matters related solely to his or her personal interest, provided that it is done in public and provided that the person clearly indicates he or she is acting in a private capacity.

SECTION 4.04. RULE OF NECESSITY. Section 4.01 of this Code does not prevent a designated employee from making or participating in the making of a governmental decision to the extent that his or her participation is legally required for the action or decision to be made. The fact that a designated employee's vote is needed to break a tie does not make his or her participation legally required for the purposes of this section.

ARTICLE 5. OPINIONS OF THE COMMISSION AND COUNSEL

SECTION 5.01. OPINION REQUESTS. Any designated employee who is unsure of any right or obligation arising under this Code may request a formal opinion or letter of advice from the Fair Political Practices Commission or an opinion from the attorney of the District.

SECTION 5.02. EVIDENCE OF GOOD FAITH. If an opinion is rendered by the attorney of the District stating in full the facts and the law upon which the opinion is based, compliance by the designated employee with such opinion may be evidence of good faith in any civil or criminal proceeding brought pursuant the Political Reform Act of 1974 or this Code. The designated employee's good faith compliance with the opinion of the District's attorney shall also act as a complete defense to any disciplinary action that the district may bring under Section 91003.5 of said Act or this Code.

ARTICLE 6. STATUTE OF LIMITATIONS

SECTION 6.01. NINETY DAYS. No action based on a disqualification provision of this Code shall be brought pursuant to Section 91003(b) of the Government Code to restrain the execution of or to set aside official action of the District unless commenced within ninety (90) days following the official action.

ARTICLE 7. DEFINITIONS

SECTION 7.01. INCORPORATION BY REFERENCE. Except as otherwise indicated, the definitions contained in the Political Reform Act of 1974 (Sections 81000 et seq. of the Government Code) and regulations adopted pursuant thereto are incorporated into this Conflict of Interest Code.

APPENDIX A
DESIGNATED POSITIONS
AND
CATEGORIES OF DISCLOSURES

1. A designated employee is not required to disclose that he or she is a director, officer, partner, trustee, employee or holds any position of management in a business entity. However, a designated employee who holds such a position is still subject to the disqualification provisions of Article 4 of this Code with respect to such position.
2. Investments in any business entity or sources of income listed in Column II of this appendix are disclosable if:
 - (a) Within the previous two (2) years the business entity in which the investment is held is of the type which has contracted or in the future with reasonable foreseeability might contract with the District;
 - (b) Within the previous two (2) years the business entity in which the investment is held is of the type which has contracted, or in the future with reasonable foreseeability might furnish supplies or services as subcontractors in any contract with the District; or
 - (c) Within the previous calendar year, the sources of income are of the type which have contracted, or in the future with reasonable foreseeability might contract with the District; or
 - (d) Within the previous calendar year the sources of income are of the type which have contracted, or in the future with reasonable foreseeability might furnish supplies or services as subcontractors in any contract with the District.
3. Investments in any business entity or sources of income which are (1) private water companies, or (2) entities or persons engaged in farming, real estate development, or owners of real estate, and (3) interests in real property are disclosable if held, regardless of any contractual relationship with the District, at any time.

Column I

Column II

DESIGNATED EMPLOYEE

TYPE OF BUSINESS ENTITY INVESTMENT, SOURCE OF INCOME OR REAL PROPERTY DISCLOSABLE BY ALL DESIGNATED EMPLOYEES

1. Officers of the District
 - (a) Members of the Board of Directors
 - (b) General Manager
 - (c) Assistant General Manager
 - (c) Secretary
 - (d) Consultants *

*Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The (chief executive officer) may determine in writing that a particular consultant, 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 duties and, based upon that description, a statement of the extent of disclosure requirements. The (chief executive officer'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.

1. Office equipment and supplies
2. Banks and savings and loan institutions
3. Securities dealers
4. Real property
5. Public utilities
6. Financial audit services
7. Insurance services
8. Computer equipment, services, and supplies
9. Printing, reproduction, or photographic equipment, services, and supplies
10. Periodicals, books, newspapers
11. Chemicals
12. Motor vehicles and specialty vehicles, parts and supplies
13. Construction and maintenance equipment, services and supplies
14. Petroleum products
15. Transportation and lodging services
16. Safety equipment and supplies
17. Security services
18. Food service and supplies
19. Communication services
20. Water quality testing equipment, supplies and services
21. Cathodic protection equipment, services and supplies
22. Engineering services
23. Employment and temporary help agencies
24. Educational equipment, services and supplies
25. Medical supplies, services and informational materials
26. Landscape services and supplies
27. Typographical services
28. 4-color separations
29. General and specialty equipment rentals

Column I

DESIGNATED EMPLOYEE

Column II

TYPE OF BUSINESS ENTITY INVESTMENT, SOURCE OF INCOME OR REAL PROPERTY DISCLOSABLE BY ALL DESIGNATED EMPLOYEES

30. Consulting services: legal, energy and power, engineering, soils testing, water treatment, data processing, computers, doctors, labor relations, employee training, advertising, communications, design, art work, audio visual, movie productions, planning, water pricing and demand, economists, desalting, environmental, appraisers, real estate sales and investment services

APPENDIX B
DEFINITIONS

1. "Official". Any natural person who is a member of the Board of Directors, or is an officer, employee or consultant of the District (Section 82048).
 - (a) "Official" shall include, but not be limited to, salaried or unsalaried members of boards or commissions with decision-making authority. A board or commission possesses decision-making authority whenever:
 - (1) It may make a final governmental decision, or
 - (2) It may compel a governmental decision by any agency or it may prevent a governmental decision either by reason of an exclusive power to initiate the decision or by reason of a veto which may not be overridden; or
 - (3) It makes substantive recommendations which are, and over an extended period of time have been, regularly approved without significant amendment or modification by a designated employee or the District [Reg. 18700(a)]. Subparagraph (a) is only applicable to those citizens advisory boards, review commissions, etc., which meet one of the tests stated in the subparagraph. Many member agencies do not use such Boards.

(b) "Consultant" shall include any natural person who provides, under contract, information, advice, recommendation or counsel to the District, but "consultant" shall not include a person who:

- (1) Conducts research and arrives at conclusions with respect to his or her rendition of information, advice, recommendation or counsel independent of the control and direction of the District or of any official, other than normal contract monitoring; and
- (2) Possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel [Reg. 18700(a)].

2. "Designated Employee". Any official of the District or candidate for elective District office whose position is designated in Appendix "A" of this Code. Appendix "A" sets forth those positions which entail the making or participation in the making of decisions which may foreseeably have a material financial effect on any financial interest, but does not include any unsalaried member of any board or commission which serves a solely advisory function (Section 82019).
3. "Making Governmental Decisions". An official "makes governmental decisions," except as provided in Subparagraph 4b(1) herein, when he or she, acting within the authority of his or her office:

- (a) Votes on a matter;
- (b) Appoints a person;
- (c) Obligates or commits the District to any course of action;
- (d) Enters into any contractual agreement on behalf of the District;
- (e) Determines not to act, within the meaning of Subparagraphs (a), (b), (c) or (d) unless such determination is made because of his or her financial interest. When the determination not to act occurs because of his or her financial interest, the official's determination must be accompanied by disclosure of the financial interest in the manner prescribed in Section 4.02 of this Code.

4. "Participating in the Making of Governmental Decisions".

- (a) A designated employee "participates in the making of a governmental decision", except as provided in Subparagraph (b) of this definition, when he or she, acting within the authority of his or her position:
 - (1) Negotiates without significant substantive review, with a governmental entity or private person regarding the decision; or
 - (2) Advises or makes recommendations to the decision-maker, either directly or without significant intervening substantive review, by:
 - (i) Conducting research or investigations which require(s) the exercise of judgment

on the part of the designated employee and the purpose of which is to influence the decision, or

- (ii) Preparing or presenting any report, analysis, or opinion, orally or in writing, which requires the exercise or judgment on the part of a designated employee and the purpose of which is to influence the decision.

(b) Making or "participating in the making of a governmental decision" shall not include:

- (1) Actions of designated employees which are solely ministerial, secretarial, manual or clerical;
- (2) Appearances by a designated employee as a member of the general public before an agency in the course of its prescribed governmental function to represent himself or herself on matters related solely to his or her personal interests; or
- (3) Actions by designated employees or their representatives relating to their compensation or the terms or conditions of their employment or contract (Section 18700(c)).

5. "Financial Interest". An official has a financial interest in a decision if it is reasonably foreseeable

that the decision will have a material financial effect distinguishable from its effect on the public generally, or on any significant segment thereof on:

- (a) Any business entity in which the official has a direct or indirect investment worth more than \$1,000;
 - (b) Any real property in which the official has a direct or indirect interest worth more than \$1,000;
 - (c) Any source of income, other than loans by a commercial lending institution in the regular course of business, aggregating \$250.00 or more in value received by or promised to the official within twelve (12) months prior to the time when the decision is made; or
 - (d) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management (Section 87103).
Language regarding "significant segment of the public", etc., is based on Section 3625(e) of Government Code from the Moscone Act.)
6. "Indirect Investment or Interest". Any investment or interest owned by the spouse or dependent child of the official, held or owned by an agent on behalf of the official, held or owned by any business entity controlled by the official or by a trust in which the official has a substantial interest. A business entity is controlled by the official if the official, his or her agents, spouse and dependent children hold more than 50% of the ownership interest in the entity. An official has a

substantial interest in a trust when the official, his or her spouse and dependent children have a present or future interest worth more than \$1,000 (Section 87103).

7. "Investment". Any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest, if the business entity or any parent subsidiary or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business within the jurisdiction or has done business within the jurisdiction at any time during the two (2) years prior to the time any statement or other action is required under this Code. No asset shall be deemed an investment unless its fair market value exceeds \$1,000. "Investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency. Investments of an individual include a pro rata share of investments of any business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10% interest or greater (Section 82034).
8. "Interest in Real Property". Any leasehold, beneficial or ownership interest or option to acquire such an

interest in real property within the jurisdiction if the fair market value of the interest is greater than \$1,000. Interests in real property of an individual include a pro rata share of interests in real property of any business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10% interest or greater (Section 82033).

9. "Jurisdiction". The geographical area within the District's boundaries, except that real property shall be deemed to be within the "jurisdiction" of the District if it is located within or not more than two (2) miles outside the boundaries of the district, or within two (2) miles of any land owned or used by the District (Section 82035).
10. "Income".
- (a) "Income" means, except as provided in Subparagraph (b), income of any nature from any source located within the jurisdiction of the District, including but not limited to any salary, wage, advance, payment, dividend, interest, rent, capital gain, return of capital, gift, including any gift of food or beverage, loan, forgiveness or payment of indebtedness, discount in the price of anything of value unless the discount is available to members of the public without regard to official status, rebate, reimbursement for expenses, per diem, or

contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse. Income of an individual also includes a pro rata share of any income of any business entity or trust in which the individual or spouse owns, directly, indirectly, or beneficially, a 10% interest or greater. "Income other than a gift, does not include income received from any source outside the jurisdiction and not doing business within the jurisdiction, not planning to do business within the jurisdiction during the two (2) years prior to the time any statement or other action is required under this title.

(b) "Income" does not include:

- (1) Income from a source which is a former employer if: All income from the employer was received by or accrued to the designated employee prior to the time he or she became a designated employee; the income was received in the normal course of the previous employment; and there was no expectation by the designated employee at the time he or she assumed the designated position of renewed employment with the former employer;

- (2) Campaign contributions required to be reported under Chapter 4 of the Political Reform Act of 1974;
- (3) Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide educational, academic or charitable organization;
- (4) Gifts of informational material, such as books, pamphlets, reports, calendars or periodicals;
- (5) Gifts which are not used and which, within thirty (30) days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes;
- (6) Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle or first cousin or the spouse of any such person; provided that a gift from any such person shall be considered income if the donor is acting as an agent or intermediary for any person not covered by this Paragraph;
- (7) Any devise or inheritance;
- (8) Interest, dividends or premiums on a time or demand deposit in a financial institution,

shares in a credit union or any insurance policy, interest credited on employee's contribution to public retirement plans, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency;

- (9) Dividends, interest or any other return on a security which is registered with the Securities & Exchange Commission of the United States Government (Section 82030).

11. "Material Financial Effect".

- (a) The financial effect of a governmental decision on a financial interest of an official is material if, at the time the official makes, or participates in making the decision, in light of all the circumstances and facts known at the time of the decision, the official knows or has reason to know that the existence of the financial interest might interfere with his or her performance of his or her duties in an impartial manner free from bias. Provided that, the making or participation in the making of a governmental decision by a contract consultant or by a person retained to provide information, advice, recommendation or counsel has no material financial effect on a business entity or source of income in which such consultant or

person retained is an officer, employee, sole proprietor or partner, if the only financial effects of the decision are the modification, perpetuation or renewal of the contractual or retainer agreement and/or the opportunity to bid competitively upon a project or contract.

In determining the existence of a material effect upon a financial interest, consideration should be given, but not be limited to, an analysis of the following factors:

(1) In the case of a business entity in which the official has a direct or indirect investment worth more than one thousand dollars (\$1,000), or in the case of an official who is a director, officer, partner, trustee, employee, or holds any position of management in a business entity:

(i) Whether the effect of the decision will be to increase or decrease the annualized gross revenue of the business entity by one percent or more or the annual net income of the business entity by 0.5% or more;

(ii) Whether the effect of the decision will be to increase or decrease the assets or

liabilities of the business entity by \$50,000 or more, or by 0.5% of its current assets or liabilities, whichever is less.

- (2) In the case of real property within the jurisdiction, in which the official has a direct or indirect interest worth more than one thousand dollars (\$1,000):
- (i) Whether the effect of the decision will be to increase the income-producing potential of the real property by \$100 or 5% per month, whichever is less;
 - (ii) Whether the effect of the decision will be to increase the fair market value of the real property by \$1,000 or more or by 0.5%, whichever is greater.
- (3) In the case of a source of income of an official:
- (i) The decision will affect the source of income in the manner described in Sub-paragraph (1) above;
 - (ii) Whether the governmental decision will directly affect the amount of income to be received by the official;
 - (iii) Whether there is a nexus between the governmental decision and the purpose for which the official receives income.

(b) The specific dollar or percentage amounts set forth above do not constitute either absolute maximum or minimum levels, but are merely intended to provide guidance and should be considered along with other relevant factors in determining whether a financial interest may interfere with the official's exercise of his or her duties in rendering a decision (Reg. 18703).

12. "Business Entity". Any organization or enterprise operated for profit, including but not limited to a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation or association (Section 82005).