

POLICY NO. V – CONFLICT OF INTEREST CODE

(Adopted 06/08/2017)

**ETHICS AND CONFLICT OF INTEREST CODE
ALTA HEALTHCARE DISTRICT**

ARTICLE I

Purpose

1.01 **Purpose of Code.** The purpose of this Ethics and Conflict of Interest Code (“Code”) is to assure the public that the persons responsible for the operation of the Alta Healthcare District (“District”) as a government agency are acting responsibly in the public interest when exercising public authority. In administering the District’s affairs the District Board and staff members are custodians of a publicly owned resource. Their role is that of a public agency mandated by District residents to manage District resources in ways that best serve the interests of District residents. The community interest requires that District business be conducted in a manner that justifies and inspires confidence.

1.02 **Conflicts of Interest.** It is the goal of the District to avoid to the greatest extent possible actual or even the appearance of Conflicts of Interest as it conducts its business. This Code is designed to identify actual and potential Conflicts of Interest.

ARTICLE II

Standard Conflict of Interest Code

2.01 **Standard Conflict of Interest Code.** The Political Reform Act (California Government Code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The California Fair Political Commission has adopted a regulation (Title 2, Division 6 California Code of Regulations Sections 18730), hereinafter “Regulation” which contains the terms of a standard Conflict of Interest Code which can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. The regulation further provides that incorporation of its terms by reference along with the designation of employees and the formulation of disclosure categories in an Appendix shall constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87307.

2.02 **Incorporation by Reference.** Therefore, the terms of the Regulation and any amendment to it, duly adopted by the Fair and Political Practices Commission, are hereby incorporated by reference to this Code. The current version of the Regulation is attached to this Code as Exhibit “A.” If any part of this Code conflicts with Exhibit “A” then Exhibit “A” shall control.

ARTICLE III

Guidelines

3.01 **Avoiding Private Benefit From Public Service.** While it is desirable and usual for District Board members to have many contacts in the community and be involved in various

organizations, some of which have or will do business with the District, it is important that the business of the District be conducted effectively, objectively and without improper influence or the appearance of improper influence. District Board and staff members must be persons of integrity and must observe high standards of behavior including honesty, objectivity and impartiality. They must not engage in any conduct prejudicial to the District and must avoid conflicts of private interests with public duties and responsibilities.

3.02 **Appearances of Impropriety.** District Board and staff members should avoid any action, whether or not specifically prohibited by this Code that might result in or create the appearance of:

- a. Using public office for private financial gain or undue or unfair political advantage.
- b. Acting with preference toward or bias against any person or organization.
- c. Losing independence or impartiality in the performance of their District duties.
- d. Affecting adversely the confidence of the public in the integrity of the District.

3.03 **No Votes Involving Affiliates.** Board members shall not vote on action items regarding any agency or entity with which they have affiliation.

3.04 **No Participation When Self-Interest Involved.** Board and staff members shall not participate in or attempt to influence, any action or vote of the District in which any of the following individuals has a substantial financial or self-serving interest:

- a. The Board or staff member;
- b. Any of a Board or staff member's family, including spouse, children, sibling and parents.
- c. A person with whom the Board or staff member serves as a partner or business associate.
- d. An organization in which the Board or staff member serves as an officer, director, board member, partner or employee.
- e. A person or organization with whom the District Board or staff member is negotiating for prospective employment or has an arrangement for prospective employment, or with respect to which the Board or staff member has an ownership interest.
- f. A person with whom the Board or staff member has or has had a personal relationship which raises a reasonable question as to the member's ability to be impartial.

3.05 **Nepotism.** Board and staff members shall not participate in or attempt to influence the hiring of members of their family.

3.06 **Promises and Commitments.** Board and staff members shall not either directly or indirectly use or seek to use District resources (grants, contracts, purchases) to influence, or attempt to influence, the outcome of an election or any political process. Board and staff members shall not offer or promise any benefit from the District in return for political support, nor engage in any action that carries the appearance of offering such a benefit.

3.07 **Political Contributions.** Candidates for District Office shall neither solicit nor accept political contributions from organizations and/or their owners or officers, that have or are reasonably expected to request a grant, contract or purchase from the District. Candidates shall not make pledges or promises with respect to prospective grants, contracts, or purchases for or with the District.

3.08 **Gifts and Favors.** Board and staff members shall not directly nor indirectly solicit or accept anything of significant monetary value that is not otherwise available to the general public, from representatives of organizations that maintain or seek a grant, contract or purchase from the District or from persons whom the District Board or staff members knows or should know are seeking to obtain a grant, contract or other business or financial relationship with the District or have interests that may be substantially affected by the performance or non-performance of the Board or staff member's official duties. Board and staff members shall not accept accommodations, subsistence, or travel in cash or in kind in connection with official travel from any source outside the District. Loans from banks or other financial institutions may be accepted on customary terms. The staff of the District shall notify persons and organizations who deal with the District of this Code and request their cooperation and support. Persons and organizations that offer improper gratuities after such notice may be subject to suspension from further business dealings.

3.09 **Compensation for Official Acts.** Board and staff members shall not either directly or indirectly solicit, receive or accept anything of other than nominal value for or because of any official act the Board or staff member has performed or will perform. Board and staff members may not designate a person or an organization, including charitable or non-profit organizations, to accept any gift, which the Board or staff member is prohibited from accepting directly.

3.10 **Commercial Solicitation.** District Board and staff members shall not, while in or on District-owned or leased property, or while in performance of their duties for the District, solicit contributions, engage in commercial soliciting and vending, display or distribute commercial advertisements, or collect private debts.

3.11 **Outside Consultation.** No District Board or staff member shall accept employment or act as a consultant, whether paid or not, employee, or independent contractor with organizations that seek or maintain, or are expected to seek, a grant, contract or purchase from the District. No organization that engages a District Board or staff member as a paid consultant or employee is eligible for a grant, contract or purchase from the District so long as the District Board or staff member is employed by the organization.

3.12 **Purchases of Goods and Services.** The District shall not purchase any product or service from a District Board or staff member, nor from any organization in which the District Board or staff member has a substantial financial interest or participates as an officer, director, manager, employee or consultant, or with whom a District Board or staff member maintains a significant private business relationship.

3.13 **Independence of Staff Review.** Board members and staff shall not attempt to influence the staff review of a grant or contract proposal by indicating prior to, or in the course of, such a review their support for the proposal to the reviewing staff members or their supervisors. Staff is

instructed to report repeated attempts to influence to the President of the Board of the District who shall take appropriate action.

3.14 **Appointment of Advisors.** The District should not select or appoint as an advisor any person or representative of any organization whose personal, financial or social interests are liable to be affected by decisions based on the advice to be given.

3.15 **Reimbursement of Expenses.** The District will reimburse the Board and staff members for necessary and proper actual expenses incurred in the furtherance of District Business. In the case of incurring expenses related to travel including but not limited to mileage, lodging, food and miscellaneous related items the person being reimbursed must provide a written expenses report including receipts for expenses incurred. These expense reports will be filed with the clerk of the Board and become public records. The reasonableness of reimbursable expenses shall be subject to the Internal Revenue Service rates for reimbursement of travel, meals, lodging, and other actual and necessary expenses as established in Publication 463, or any successor publication.

ARTICLE IV **Procedures**

These procedures are designed to identify and avoid violations of this Code. All District Board members and staff are to be vigilant in all interactions involving District business to avoid even the appearance of impropriety.

4.01 **Duty to Disclose.** If a Board member or staff identifies a potential Conflict of Interest in which they are involved, it must be immediately disclosed to the Board. (However the Board member or staff is not necessarily required to disclose the details of the Conflict of Interest).

4.02 **Determining Whether a Self-Dealing Transaction Exists.** If the Board member or staff is uncertain whether a Conflict of Interest exist they can seek the opinion and advice of the Board's legal counsel.

4.03 **Procedures for Addressing a Self-Dealing Transaction.** The minutes shall record the disclosure of an actual or potential Conflict of Interest.

- a. The disqualified Board or staff member shall not participate in the discussion of the item creating the conflict and, if a Board member, shall not vote on any such item.
- b. If a Conflict of Interest was discovered but not disclosed, then the remaining Board shall take such steps as will return the District to as near as possible the position it was prior any action taken on the item. The Board shall then take such action as it deems appropriate against the Board or staff member who failed to disclose the Conflict of Interest.

ARTICLE V **Fair Political Practices Commission Reporting**

5.01 **Reporting Requirements.** Under this Code and consistent with Exhibit "A" this Article will set out the reporting requirements under the regulations of the Fair Political Practices

Commission (FPPC).

5.02 **Who Must File.** The following positions are required filers (“Required Filers”):

- a. Board members.
- b. Candidates for Board positions.
- c. Financial Officer
- d. Chief Executive Officer, if any.
- e. The Board members may add additional positions to the list.

5.03 **What Must Be Filed.** Required Filers must file Form 700 from the FPPC as amended and revised from time to time. Form 700 is a public document subject to public disclosure.

5.04 **Timing of Filing.** The following are the timing of filing (there are no extensions granted unless you are in active military service):

- a. Annual Filing - By April 1 for the prior year.
- b. Assuming Office Statements – Within 30 days of assuming office¹
- c. Leaving Office Statements – Within 30 days of leaving office
- d. Candidates – File no later than the last day for filing a statement of candidacy.

1 – If you assume office after October 1st in any year then you can wait and only file the annual filing.

5.05 **Disclosure Categories.** All Required Filers must report under all disclosure categories on Form 700.

Category 1 – Investments

Category 2 – Interests in Real Property

Category 3 – Income

Category 4 – Involvement in Business Entities

5.06 **Place of Filing.** Required Filers file the all originally signed required reports with the Clerk of the Board. The exception is that Candidates are to file with the Tulare County Elections Office.

5.07 **Amendments.** If you become aware of an error or omission in you filed statement you must file a correcting amendment as soon as possible.

ARTICLE VI **Acknowledgement**

6.01 **Acknowledgment of Receipt.** Each Board and staff member for the District shall sign a statement which affirms that each such person:

- a. Has received a copy of this Code;
- b. Has read and understands this Code;
- c. Has agreed to comply with this Code, and,

As new Board and staff members are named to the District, they shall sign this Code before beginning their duties.

6.02 **Review of Code.** Every two years after the Board elections and the seating of newly elected members this Code shall be reviewed by the Board and legal counsel and each Board and staff member shall execute it.

ARTICLE VII
Conclusion

7.01 **No Third Party Rights Created.** This Code has been adopted solely to serve as an internal guideline for the conduct of Board and staff members in the management of District affairs. It is not intended to confer any procedural or substantive rights on third parties and shall not be enforceable against the District or any of its Board or staff members by any third party. This Code may only be enforced through the action of a disinterested majority of the District Board.

I, Irene Clements, Board Clerk, certify the above Code was duly adopted by the Board of the Alta Healthcare District at its regularly noticed and held meeting of ~~May 8~~^{July}, 2017.

Dated: June 8, 2017

Irene Clements
Irene Clements, Board Clerk

Acknowledgement of Receipt

Accepted and acknowledged by the Board and designated staff of the ALTA HEALTHCARE DISTRICT.

Dated: 7-23, 2017

Yvette Botello
Yvette Botello, Board member

Dated: 6-8, 2017

Javier Quevedo
Javier Quevedo, Board member

Dated: 6-8, 2017

Martha Swain
Martha Swain, Board member

Dated: 6-8, 2017

Margie Davidian
Margie Davidian, Board member

Dated: 6-8, 2017

Ray Millard
Ray Millard, Board member


Signatures Continue on Next Page

Dated: 12-20, 2017




Clifford Bressler, Financial Officer

Dated: 12-14, 2017



Irene Clements, Board Clerk

Dated: 12-21, 2017

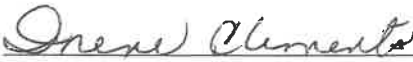


Michael L. Wilhelm, Attorney

CERTIFICATION

I, Irene Clements, Clerk of the Board for the Alta Healthcare District, do hereby certify that this POLICY V – CONFLICT OF INTEREST CODE was duly adopted on June 8, 2017 and is the current version of such policy.

Dated: 12-20-17



Irene Clements, Clerk of the Board

Exhibit A

Title 2, Division 6, California Code Regulations

§ 18730. Provisions of Conflict of Interest Codes.

(a) Incorporation by Reference. Incorporation by reference of the terms of this Regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) Terms. The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions: The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees: The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories: This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, et seq. In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) Geographical Jurisdiction. The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) Cross References. The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and

(C) Same Filing Officer. The filing officer is the same for both agencies.¹ Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she

has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing. The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment. (B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office: Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Resigning Within 30 Days. Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests:

(A) Contents of Initial Statements. Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable investments, interests in real property and business positions held

on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Government Code section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to 2 Cal. Code Regs. Section 18754.

(D) Contents of Leaving Office Statements. Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting: Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investments and Real Property Disclosure. When an investment or an interest in real property is required to be reported, the statement shall contain the following:

- (1) A statement of the nature of the investment or interest;
- (2) 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;
- (3) The address or other precise location of the real property; and,
- (4) A statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure. When personal income is required to be reported,^{3 4 5} the statement shall contain:

- (1) The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
- (2) A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
- (3) A description of the consideration, if any, for which the income was received;
- (4) In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

and,

(5) In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

(1) The name, address, and a general description of the business activity of the business entity; and,

(2.) 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 ten thousand dollars (\$10,000).

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria:

(A) Limitation on Honoraria. No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part time member of the governing board of any public institution of higher education, unless the member is also an elected official. Subdivisions (a), (b), and (c) of Government Code section 89501 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

(8.1) Section 8.1 Prohibition on Receipt of Gifts in Excess of \$360:

(A) Limitation on Gifts. No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$360 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part time member of the governing board of any public institution of higher education, unless the member is also an elected official. Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials:

(A) Limitation on Loans. No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates

office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) Public Officials Exempt from Civil Service. No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) Exception for Loan from Financial Institutions on Normal Terms No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) Exception for Loan from Financial Institutions on Normal Terms. No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) Further Exceptions on Loans. This section shall not apply to the following:

(1) Loans made to the campaign committee of an elected officer or candidate for elective office.

(2) Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

(3) Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time; or,

(4) Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms:

(A) Loans Must be in Writing. Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) Loans Not Requiring a Writing. This section shall not apply to the following types of loans:

(1) Loans made to the campaign committee of the elected officer.

(2) Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

(3) Loans made, or offered in writing, before January 1, 1998.

(C) Loans as Gifts. Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans:

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

(1) If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

(2) If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(B) Additional Exempt Loans. This section shall not apply to the following types of loans:

(1) A loan made to the campaign committee of an elected officer or a candidate for elective office.

(2) A loan that would otherwise not be a gift as defined in this title.

(3) A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

(4) A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims

that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

(5) A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification: No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or (E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$360 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.1 & 9.2) Omitted.

(9.3) Section 9.3. Legally Required Participation: No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.4) Omitted

(9.5) Section 9.5. Disqualification of State Officers and Employees. In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to

members of the public regarding the rendering of goods or services totaling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest: When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel: Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 and 2 Cal. Code Regs. sections 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations: This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000 - 91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

NOTE: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300 87302, 89501, 89502 and 89503, Government Code.

Footnotes

¹

Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code section 81004.

²

See Government Code section 81010 and 2 Cal. Code of Regs. section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

³

For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴

Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵

A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

⁶

Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer

and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.