Conflict of Economic Interest Policy

The purpose of this conflict of economic interest policy is to allow the California Association of Joint Powers Authorities (hereinafter “CAJPA” or the “Association”) to ensure that when any director has a conflict of economic interest with CAJPA, he or she shall call such conflict to the attention of the Board of Directors.

It is the policy of CAJPA (hereinafter the "Association") that members of the Board of Directors and designated employees of the Association should at all times avoid conflicts of interest in the performance of their duties on behalf of the Association. Members of the Board and designated staff are bound to exercise their powers and perform their duties with disinterested skill and diligence for the benefit of the Association's members and the public which the Association serves. Members of the Board of Directors and designated employees shall avoid any personal financial interest that interferes with that person's ability to perform in accordance with this standard.

This Conflict of Interest Policy of CAJPA, (1) defines conflicts of interest; (2) identifies classes of individuals within the Association covered by this policy; (3) facilitates disclosure of information that may help identify conflicts of interest; and (4) specifies procedures to be followed in managing conflicts of interest.

1. Definition of conflicts of interest. A conflict of interest arises when a person in a position of authority within the Association may personally benefit financially from a decision he or she could make in that capacity, including indirect financial benefits to spouses, family members, sources of income, or business interests with which such person is associated or in which such person has invested. A conflict of interest under this policy includes personal financial interest in a contract which requires the approval of such person. Under this policy members of the Board of Directors and designated employees of the Association are disqualified from participating in Association decisions in which they have a personal, material financial interest.

2. Individuals covered. Persons covered by this policy are the Association’s officers, directors, Association Manager and Finance Manager.

3. Economic interests covered. This policy addresses four kinds of economic interests: (a) sources of income; (b) investments in business entities; (c) positions held in business organizations; (d) interests in real property. This policy specifies the minimum amount of income, investments, or real property interests which must exist before a personal financial interest is created. A member of the Board of Directors or designated staff of the Association with income, an investment, or a real property interest which is more than the minimum specified in this policy is faced with the potential of a material financial effect on that individual's economic interest, should that individual be required to participate in the making of or influencing an Association decision which affects that individual's financial interest.

CAJPA Policy: Conflict of Economic Interest
(a) **Sources of Income.** A member of the Board of Directors or designated staff of the Association has a financial interest in any source of income received by or promised to that individual which totals more than $1,000 in the 12 months prior to the decision in question. A conflict of interest exists under this policy when either the amount or the source of that individual's income is materially affected by an Association decision. Both detrimental as well as positive effects on the amount or source of income of a member of the Board of Directors or designated staff can create a conflict of interest. Income includes salary or wages, reimbursements of expenses, sales proceeds and the individual's community property interest in his or her spouse's income.

(b) **Business Investments.** This is any direct or indirect investment of $1,000 or more in any business entity operated for profit which is the subject matter of an Association decision, regardless of the form of the business. This includes indirect investments owned by the spouse of a Board member or designated staff, or by dependent children.

(c) **Interests in Real Property.** A Board member or designated staff has an interest in real property when that individual, or the spouse or dependent children of that individual, has a direct or indirect equity, option or leasehold interest of $1,000 or more in a parcel of real property located within two miles of any real property which is the subject matter of an Association decision.

(d) **Business Positions.** A member of the Board or designated staff of the Association has an economic interest in any business entity which does business with the Association or is the subject matter of an Association decision, in which he or she is an officer, director, employee, or holds any business position regardless of whether the individual has an investment or receives income from that business entity.

(e) **Non-Economic Interests.** A conflict of economic interest also exists when:

1. any director, officer or designated staff, or a close relative of a director or designated staff, acts as an agent, representative or spokesperson for any person, business, group or organization, in order to influence CAJPA on any issue, matter or transaction.

An individual or organization has an "interest" for purposes of this policy if he, she, or it:

1. is an agent for a person or organization with an identified goal of influencing a decision by CAJPA; or,

2. would experience a material economic gain or loss from a decision by CAJPA on an issue, matter or transaction, which gain or loss would be identifiably different from the economic gain or loss that would be experienced by a member of the general public.
(3) someone is a "close relative" if he or she is a spouse, child, natural or adoptive parent, grandparent, grandchild, brother or sister, whether natural, adoptive or by marriage, of a director or designated staff The term “close relative” also includes any other family member who resides in the same household as a director or shares living quarters with a director under circumstances that closely resemble a marital relationship.

4. Procedure for management of potential conflicts of interest. A member of the Board of Directors or designated staff of the Association is required to disclose to the Board of Directors any personal Economic Interests as defined by this policy which may be affected by the outcome of a decision facing the Association Board of Directors, before the discussion of that issue commences as specified in Section 5 hereof. For each economic interest disclosed to the Board of Directors, the President will determine whether to: (a) take no action; (b) require full disclosure to the Board of Directors of such economic interest if not already disclosed by the individual; (c) ask the person to abstain from participation in discussions regarding such decisions facing the Board of Directors of the Association, including abstaining from influencing others in the decision making process; or (d) ask the person to resign from his or her position in the Association or, if the person refuses to resign, become subject to possible removal in accordance with the Association’s procedures for removing members of the Board of Directors and officers of the Association.

A member of the Board of Directors or designated staff of the Association shall not be required to abstain from participating in an Association decision or influencing that decision unless the effect of a decision on that individual's personal economic interest is reasonably foreseeable under all the circumstances at the time the decision is made. There must be a reasonable possibility based on the facts available to the Board member or staff at the time the decision is to be made that the effects on that individual's economic interest will occur.

In addition, to create a conflict of interest the effect of the decision of a Board member or designated employee on his or her disclosed economic interest must be material as determined by the Board of Directors.

After identifying the issue, matter or transaction with respect to which a conflict exists, a director or designated staff with a conflict shall withdraw from any further involvement, participation or discussion on that issue, matter or transaction unless a majority of the disinterested directors shall determine otherwise as set forth above.

A director who is uncertain as to whether he or she may have a conflict should ask the Secretary for an opinion. The Secretary, in conjunction with Association legal counsel as necessary, shall issue a written opinion which shall be presumed to be correct and may be relied upon unless challenged by another director, in which case the final decision as to whether a conflict exists shall be made by the directors. The Secretary shall advise the Chair of the Board and the President of each and every opinion issued. Opinions shall, to the extent possible, avoid the disclosure of personal information while, at the same time, disclosing the
basis for the opinion. Copies of all opinions shall be retained by the Secretary, and shall be made available to the Board upon request, to permit and encourage consistency.

The minutes of the meeting at which the disclosure of any conflict is made shall reflect that the disclosure was made and whether the person with the conflict withdrew, after making full disclosure of the matter in question and the conflict, and was not present for the final discussion of the matter nor for any vote thereon.

In addition to the foregoing, directors should not:

1. Use inside information—i.e., information that is made available to them because of their position as directors, and that is proprietary or confidential or otherwise not generally known to the public—for their personal advantage or for the advantage of any close relative.

2. Accept any service, discount, concession, fee for advice or service, or thing of value from any person or organization with an interest in an issue, matter or transaction in which CAJPA also has an economic or programmatic interest under circumstances that would suggest an obligation on the part of the director to exert any influence on CAJPA to enter into a transaction or to adopt, alter, or abolish any policy or position.

5. Annual disclosure of economic interests. All persons covered by this policy will be required to annually disclose those Economic Interests as defined by this policy to the President of the Board of Directors on a form provided by the Association. Members of the Board of Directors of the Association may provide to the Association a copy of their completed Fair Political Practices Commission Statement of Economic Interest (Form 700) to fulfill this reporting requirement. The Association’s Executive Director and Finance Manager will periodically review Disclosure Statements filed by members of the Board and designated staff of the Association detailing their Economic Interests and monitor the potential impact of any upcoming decisions of the Board of Directors on such personal Economic Interests. Such periodic monitoring is to assure that all potential conflicts are discovered and disclosed to the Board of the Association and managed pursuant to these policies before any Association decision is made which may have any affect on such Economic Interests.
____ I have read the above Conflict of Economic Interest Policy and I have no conflicts, as described in this policy.

____ I have read the above Conflict of Economic Interest Policy and I have no conflicts, as described in this policy, except for those noted below or on the attached page(s).

____________________________________                                    __________
Signature                                      Date

__________________________________________
Board Member’s Name (printed)

**Revision Dates and Actions:**
- **June 14, 2016:** Adopted by the CAJPA Board of Directors
- **January 10, 2012:** Adopted by the CAJPA Board of Directors w/o changes
- **January 11, 2011:** Adopted by the CAJPA Board of Directors w/o changes
- **January 12, 2010:** Adopted by the CAJPA Board of Directors w/o changes
- **January 13, 2009:** Adopted by the CAJPA Board of Directors