

RESOLUTION NO. 2014-02

**A RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT
ADOPTING A CONFLICT OF INTEREST CODE**

WHEREAS, the Phelan Pinon Hills Community Services District ("the District") is a community services district organized and operating pursuant to California Government Code Section 61000 et seq., and a local government agency subject to the requirements of the Political Reform Act of 1974 ("the Act"), California Government Code Section 81000 et seq.;

WHEREAS, Section 87300 of the Act requires all local government agencies to adopt and promulgate conflict of interest codes pursuant to the provisions of the Act;

WHEREAS, the Fair Political Practices Commission ("the FPPC") has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code which can be incorporated by reference, and which may be amended by the FPPC after public notice and hearings to conform to amendments in the Act; and

WHEREAS, the District desires to comply with its statutory requirements under the Act and to provide a method to ensure that its Conflict of Interest Code is current and consistent with the prevailing provisions of the Act and the regulations of the FPPC.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Phelan Pinon Hills Community Services District as follows:

Section 1.

The terms of 2 Cal. Code of Regs. Section 18730, and any amendments to it duly adopted by the FPPC, are hereby incorporated herein by this reference and, along with the attached Appendix in which members and employees are designated and disclosure categories are set forth, shall constitute the District's Conflict of Interest Code. In the event of any inconsistency between the attached Appendix and the prevailing provisions of the Act and/or the applicable regulations of the FPPC, the Act and the FPPC regulations shall control.

Section 2.

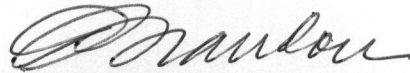
Designated officials shall file statements of economic interest with the District which will then be made available to the public for inspection and reproduction. Upon receipt of the statements from the District's Board of Directors and General Manager, the Secretary of the District shall make and retain a copy and forward the original of said statements to the County Clerk of the County of San Bernardino. Statements for all other designated officials will be retained by the District Secretary.

Section 3.

This Resolution supersedes Resolution No. 2012-16 adopted by the District's Board of Directors on September 19, 2012, and shall take effect immediately upon its adoption.

ADOPTED this 5th day of February, 2014.

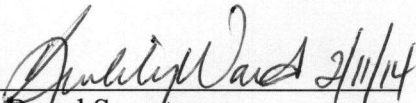
AYES: Brandon, Morrisette, Pace, Roberts, Whalen
NOES:
ABSTAIN:
ABSENT:



President, Board of Directors

Dated: Feb. 11, 2014

ATTEST:



Board Secretary

APPENDIX

CONFLICT OF INTEREST AND DISCLOSURE CODE

SECTION 100. Adoption of Code.

The Phelan Pinon Hills Community Services District "the District" in the County of San Bernardino hereby adopts this Conflict of Interest and Disclosure Code "Code". The provisions of this Code are additional to Government Code Section 87100 and other laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of said Act and regulations adopted pursuant thereto are incorporated herein and this Code shall be interpreted in a manner consistent therewith.

SECTION 200. Designated Positions.

The positions listed on Exhibit "B" are designated positions. Persons holding those positions are deemed to participate in the making of decisions which may foreseeably have a material effect on a financial interest.

SECTION 300. Economic Disclosure Statements.

Designated positions are assigned to one or more of the disclosure categories set forth on Exhibit "A." Each person holding a designated position shall file a statement disclosing his/her interest in investments, business positions, real property, and income, designated as reportable under the category to which his/her position is assigned on Exhibit "B."

SECTION 400. Place and Time of Filing.

- A. Persons holding designated positions which are added to the District's Code shall file an initial statement within 30 days after the effective date of the Code.
- B. Persons appointed, promoted, or transferred to designated positions shall file an assuming office statement with the District within 30 days after assuming the position.
- C. Annual statements shall be filed with the District by April 1st by all persons holding designated positions. Such statements shall cover the period of the preceding calendar year or from the date of the last statement filed.
- D. Leaving office statements shall be filed with the District within 30 days of leaving a designated position. Such statements shall cover the period from the closing date of the last statement filed to the date of leaving the position.

E. An individual who resigns a designated position within 12 months following initial appointment or within 30 days of the date of a notice mailed by the filing officer of the individual's filing obligation, whichever is earlier, is not deemed to assume or leave office, provided that during the period between appointment and resignation, the individual does not make, participate in making, or use the position to influence any decision of the District, or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position. Within 30 days of the date of a notice mailed by the filing officer, the individual shall do both of the following:

- (1) File a written resignation with the appointing power.
- (2) File a written statement with the filing officer signed under the penalty of perjury stating that the individual, during the period between appointment and resignation, did not make, participate in the making or use the position to influence any decision of the District or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

SECTION 500. Contents of Economic Disclosure Statements.

Statements shall be made on forms supplied by the District, and shall contain the following information.

A. When an investment, or an interest in real property, is required to be reported, the statement shall contain:

- (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 is engaged;
- (3) The address or other precise location and the use of the real property;
- (4) A statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars (\$2,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), whether it exceeds one hundred thousand dollars (\$100,000) but does not exceed one million dollars (\$1,000,000) or whether it exceeds one million dollars (\$1,000,000); and
- (5) If any otherwise reportable investment or interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the date of acquisition or disposal shall be reported.

B. When income is required to be reported, 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 at least five hundred dollars (\$500) but did not exceed one thousand dollars (\$1,000), whether it was in excess of one thousand dollars (\$1,000) but not greater than ten thousand dollars (\$10,000), whether it was greater than ten thousand dollars (\$10,000) but not greater than one hundred thousand dollars (\$100,000), or whether it was 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 amount or value and the date on which the gift was received and the name, address, and business activity, if any, of the intermediary or agent and the actual donor;
- (5) In case of a loan, the annual interest rate and security, if any, given for the loan; and
- (6) The first report filed by a person holding a designated position shall disclose any reportable investments, interests in real property, business positions, and income received during the previous 12 months.

C. When the filer's pro rata share of income to a business entity or trust, including income to a sole proprietorship, is required to be reported, 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 persons was equal to or greater than ten thousand dollars (\$10,000) during a calendar year.

D. When business positions are required to be reported, the statement shall contain:

- (1) The name, address, and a general description of the business entity;
- (2) The filer's job title or position; and

- (3) A statement whether the position was held throughout the entire reporting period and the dates the position was commenced or terminated, if not held during the entire reporting period.

SECTION 600. Disqualification.

Persons holding designated positions shall disqualify themselves from making or participating in the making or in any way attempting to use their official position to influence a governmental decision when it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on:

- A. The financial status of the person holding a designated position or that of his or her spouse or dependent children;
- B. Any business entity located in, doing business in, owning real property in, or planning to do business in the jurisdiction of the person holding a designated position, in which said person, or his or her spouse or dependent child, has a reportable investment of \$2,000 or more;
- C. Any real property located in the jurisdiction of the person holding a designated position and said person, or his or her spouse or dependent child, has a reportable interest of \$2,000 or more in that real estate;
- D. Any person, business entity, or nonprofit entity located in, doing business in, owning real property in, or planning to do business in, the jurisdiction of the person holding a designated position, from which said person or his or her spouse has received reportable income, other than loans by a commercial lending institution in the regular course of business, aggregating five hundred dollars (\$500) or more in value within twelve months prior to the time the decision is made;
- E. Any person, business entity, or nonprofit entity from which the person holding a designated position has received a reportable gift aggregating four hundred twenty dollars (\$420) or more in value within twelve months prior to the time the decision is made; and
- F. Any business entity, other than a nonprofit organization, in which the person holding a designated position is a director, officer, partner, trustee, employee, or holds any position of management.

SECTION 700. Adoption by Incorporation.

Adoption by incorporation by reference of the terms of this code along with the designation of employees and the formulation of disclosure categories in the Exhibits referred to above constitute the adoption and promulgation of a Conflict of Interest and Disclosure Code.

CONFLICT OF INTEREST AND DISCLOSURE CODE

Exhibit "A"

CATEGORY 1

Persons in this category shall disclose all interest in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the District.

CATEGORY 2

Persons in this category shall disclose all investments and business positions.

The Political Reform Act defines investment as follows:

“Investment” means 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 owned directly, indirectly, or beneficially by the public official, or other filer, or his or her immediate family, 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 in the jurisdiction, or has done business within the jurisdiction at any time during the two years prior to the time any statement or other action is required under this title. No asset shall be deemed an investment unless its fair market value equals or exceeds two thousand dollars (\$2,000). The term “investment” does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, interest in a diversified mutual fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940 or a common trust fund which is created pursuant to Section 1564 of the Financial Code, 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, mutual fund, or trust in which the individual or immediate family owns, directly, indirectly, or beneficially, a 10-percent interest or greater.

According to the Political Reform Act, a business position is a position of director, officer, partner, trustee, employee, or any position of management in any organization or enterprise operated for profit, including but not limited to a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation or association.

CATEGORY 3

Persons in this category shall disclose all income and business positions.

The Political Reform Act defines income as follows:

“Income” means a payment received, including but not limited to any salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, including any gift of food or beverage, loan, forgiveness or payment of indebtedness received by the filer, 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 the income of a spouse. Income also includes any outstanding loans. Income of an individual also includes a pro rata share of any business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10-percent interest or greater.

CATEGORY 4

Persons in this category shall disclose all business positions, investments in, or income (including gifts and loans) received from business entities that manufacture, provide or sell service and/or supplies of a type utilized by the District and associated with the job assignment of designated positions assigned to this disclosure category.

CATEGORY 5

Consultants who are not employed as full-time staff members of the District shall nonetheless be included as a designated employee and subject to the disclosure requirements herein. However, those consultants whose positions are marked with an asterisk (*) in Exhibit “B” of this Code, or any other consultants which may be hired, may not be required to fully comply with the disclosure requirements herein where the range of duties which they are hired to perform is limited in scope. Such determination shall be made in writing by the General Manager of the District and shall include a description of the consultant's duties and, based upon that description, a statement of the extent of the consultant's disclosure requirements, if any. This determination is a public record and shall be retained for public inspection in the same manner and location as this Code.

CONFLICT OF INTEREST AND DISCLOSURE CODE

Exhibit "B"

DESIGNATED POSITIONS

DISCLOSURE CATEGORIES

Director	1-3
General Manager	1-3
Treasurer	1-3
Administrative Services Manager	4
Water Operations Manager	4
Executive Secretary/HR Specialist	4
Engineering Manager	4
Consultant*	5