



POLICY	Conflict of Interest Code	
POLICY # 1014	ADOPTED: February 18, 2026	REVISION:

**1014.1 PURPOSE:**

The purpose of this Conflict of Interest Code Policy is to ensure that all board members, officers, and designated employees of the Hidden Valley Lake Community Services District act in the best interest of the public and the Board, free from personal financial or other conflicts. This policy is adopted pursuant to the California Political Reform Act (Government Code §81000 et seq.) and incorporates the FPPC’s Model Conflict of Interest Code (2 CCR §18730).

**1014.2 AUTHORITY AND LEGAL BASIS:**

This policy is adopted pursuant to:

- The **Political Reform Act of 1974** (California Government Code §§ 81000 et seq.)
- The **Fair Political Practices Commission (FPPC)** regulations (Title 2, California Code of Regulations)
- **Form 700 (Statement of Economic Interests)** filing requirements
- Applicable **local conflict of interest codes**

**1014.3 SCOPE:**

This policy applies to:

- Elected and appointed officials
- Board members
- Executive staff
- Employees designated in the agency’s Conflict of Interest Code
- Consultants or contractors, where applicable

**1014.4 DEFINITION:**

**Conflict Of Interest** - A conflict of interest exists when a public official or employee:

- Makes, participates in, or influences a governmental decision, and
- Has a financial interest in the outcome of the decision, as defined under Government Code § 87100 et seq.

Examples include:



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- Financial interest in a contract, license, or permit
- Employment or investment in a company doing business with the agency
- Gifts exceeding FPPC limits
- Real property interests that may be affected by agency decisions
- Family or personal relationships that impair objectivity

**1014.5 DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES:**

The code must list all agency positions that involve the making or participation in making of decisions that “may foreseeably have a material effect on any financial interest.” This covers agency members, officers and employees, and it may include volunteers on a committee if the members make or participate in making government decisions.

Position Title	Disclosure Category
Accounting Supervisor	Category 02
Board Chair/President	Category 01
Board Member	Category 01
Board Vice-Chair/ Vice-President	Category 01
General Manager	Category 02
Legal Counsel	Category 03
Project Manager	Category 01,02,03,04,05
Secretary to the Board	Category 01,02,03, and 04
Utility Superintendent	Category 01,02,03,04, 05

**1014.5.1 Disclosure Categories:**

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which the designated is assigned. "Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments and business positions in business entities,



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and sources of income, including gifts, loans and travel payments, that are located in, do business in, or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District, including any leasehold, beneficial or ownership interest or option to acquire property.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the District.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the designated position's department, unit or division.

### 1014.5.2 Disclosure Requirements:

Designated individuals must:

- File an annual Statement of Economic Interests (Form 700) per the agency's Conflict of Interest Code
- Disclose interests in real property, investments, income, and gifts
- File Form 700:
  - Within 30 days of assuming office
  - Annually by April 1
  - Within 30 days of leaving office

Individuals holding designated positions shall file their statements of economic interests with the **District**, which will make the statements available for public inspection and



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reproduction (Gov. Code Sec. 81008). Upon receipt of the statements, the **District** shall make and retain copies and forward the originals to:

**Lake County Clerk**  
**255 N Forbes Street**  
**Lakeport, CA 95453.**

**1014.6 DISQUALIFICATION:**

Officials must **recuse themselves** from participating in decisions where a conflict exists. Disqualification includes:

- Not voting or influencing the decision
- Leaving the room during discussions (for legislative bodies)
- Not communicating about the matter with agency staff or other decision-makers

**1014.8 GIFTS AND HONORARIA:**

- Gifts must not exceed FPPC gift limit (e.g., \$590 in 2025 from a single source; updated biennially)
- Honoraria restrictions apply to designated officials under Government Code § 89501
- Reportable gifts must be disclosed on Form 700 Schedule D

**1014.9 NEPOTISM AND PERSONAL RELATIONSHIPS:**

- No employee or official shall use their position to influence the employment, promotion, or discipline of a family member or person with whom they have a close personal relationship
- Hiring of relatives must follow fair and competitive procedures

**1014.10 CONTRACTS – GOVERNMENT CODE § 1090:**

Officials and employees may not be financially interested in contracts made in their official capacity. Violations of Government Code § 1090 may result in:

- Civil penalties
- Criminal liability
- Contract voiding



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**1014.11 CONSULTANT CONFLICTS:**

Consultants must disclose interests and may be required to file Form 700 if:

- They make or participate in agency decisions; or
- They are designated under the Agency’s Conflict of Interest Code

**1014.12 TRAINING REQUIREMENTS:**

Designated officials must complete:

- Ethics training every 2 years under AB 1234; and
- Training in conflict-of-interest laws as required by law or the agency


**1014.13 ENFORCEMENT AND VIOLATIONS:**

Violations of this policy may result in:


- Disciplinary action (including termination)
- Referral to enforcement authorities (e.g., FPPC, Attorney General)
- Civil fines or criminal penalties under state law

**1014.14 POLICY REVIEW AND UPDATES:**

This policy shall be reviewed every two years or as required by changes in law. Amendments must be approved by the Board.

  
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**Jim Freeman, President to the Board**

**ATTEST:**

  
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**Paul Kelley, General Manager**

