

- POLICY # 6  
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TITLE: **Conflict of Interest Code**

MANUAL: Petaluma Health Care District Board Governance Policies

Board Approval Date: May 21, 2013 Written By: R.Faith/J. Thornton

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## **I. PURPOSE / EXPECTED OUTCOME(S)**

The Petaluma Health Care District is a subdivision of the State of California. As a governmental agency, the District and members of its Board of Directors, its officers and employees are subject to California laws regulating conflicts of interest and requiring certain financial disclosures. The Political Reform Act of 1974 (California government Code §81000, et.seq.) (the "PRA") requires, among other things, each state and local government agency to adopt and promulgate its own conflict of interest code (§87300). Section 18730 of the California Code of Regulations, "Regulations of the Fair Political Practices Commission," provides that incorporation by reference of the terms of that regulation constitutes the adoption and promulgation of a conflict of interest code as required by the PRA. The District has therefore adopted by reference Section 18730 as the PHCD Conflict of Interest Code (Code), including as that regulation may hereinafter be amended or modified by the FPPC. See Addendum A.

The purpose of this Code is to provide for the disclosure of Investments, Business Positions, Interests in Real Property and Income of Designated Officials and Employees that may be materially affected by their official actions, and, in appropriate circumstances, to provide that Designated Officials and Employees should be disqualified from acting in order that conflicts of interest may be avoided.

## **II. CONFLICT OF INTERESTS LAWS:**

This Code shall be in addition to and shall not be construed to supersede or limit in any way, the application of (i) any policies and procedures adopted by the District pertaining to conflicts of interest that are not otherwise codified herein or (ii) other laws and regulations pertaining to conflicts of interest of

public officials, including but not limited to Government Code Sections 1090 (financial interest in contracts), 87100 (financial interest in governmental decisions) and 1126 (employment-based conflicts of interest), and Health and Safety Code Section 32110 (service to a competing hospital), each of which is hereby incorporated by reference into the Code.<sup>1</sup> Following is a summary of the prohibitions of those statutes:

1. **Government Code Section 1090** prohibits any member of the Board, officer or employee of the District from participating in the making of any District contract in which he/she has financial interest. This prohibition against participation in the making of a contract includes but is not limited to discussing or voting upon the contract, or influencing or attempting to influence another member of the Board as to his/her vote on the contract (NOTE: A violation of Section 1090 carries with it the risk that the District contract in question will be declared void under Government Code Section 1092.)
2. **Government Code Section 87100** prohibits any member of the Board, officer, or employee of the District from making, participating in making or in any way attempting to use his official position to influence a District decision in which he/she knows or has reason to know he/she has a financial interest. This prohibition against participation in District decision making includes but is not limited to discussing or voting upon the matter, or influencing or attempting to influence another member of the Board as to the District's decision or vote on the matter.
3. **Government Code Section 1126** prohibits any member of the Board, officer or employee of the District from engaging in any employment, activity, or enterprise for compensation that is inconsistent, incompatible or in conflict with, or is inimical to his/her duties for the District.
4. **Health and Safety Code Section 32110** prohibits any member of the Board, officer, or employee of the District from serving as a director, policy making management employee or medical staff officer of any hospital serving the same area as the area served by the hospital owned by the District, nor may he/she possess any ownership interest in any such hospital. For the purposes of this Code, a hospital shall be considered to serve the same area as the District when more than five percent (5%) of the other hospital's inpatient admissions are residents of the District.

### III. DISCLOSURE STATEMENTS:

1. **Designated Officials and Employees:** The persons holding positions listed in the Appendix are Designated Officials and Employees. As described in the Appendix, each Designated Official and Employee shall file annual statements disclosing his/her Business Positions, Health Care Facility Relationships, Interests in real Property Within the Jurisdiction, Investments in Business Entities, Income, or sources of Income as well as those Interests in Real Property, Business Positions, Investments and Income and sources of income of his/her Immediate Family members, which might foreseeably be affected materially by the operations of the District in a manner different from the public generally or a significant segment thereof.
2. **Time of Filing Statements:** As provided in Section 18730, California Code of Regulations.
3. **Forms:** Forms will be supplied by the District.
4. **Place of Filing:** Designated employees, except members of the Board of Directors, shall file their Statements of Economic Interests (Form 700) with the District Administration, who will make the statements available for public inspection and reproduction (Government Code Section 81800). Statements of designated employees will be retained by the District. Members of the elected Board will file their original statements with the Sonoma County Elections Department and will provide copies to be retained by the District.”

## **APPENDIX**

### **DESIGNATED EMPLOYEES**

The following is a list of the positions which the Board of Directors of Petaluma Health Care District has determined will entail the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest:

1. Members of the Board of Directors of Petaluma Health Care District, elected or appointed;
2. District Chief Executive Officer, District Controller

The Board of Directors of Petaluma Health Care District has determined that the disclosure requirements of this Code shall be equally applicable to each of the above-listed “designated employee”, i.e., each of said designated employees will be subject to all disclosure requirements of this Code.

Consultants to the District may also be subject to the disclosure requirements of this Code, as determined on a case-by-case basis by the District Board. This decision shall be based upon the determination of whether the Consultant participates in the making of decisions on behalf of the District.

## **DISCLOSURE**

### **TYPES OF INVESTMENTS, BUSINESS POSITIONS, INTEREST IN REAL PROPERTY AND SOURCES OF INCOME THAT ARE REPORTABLE**

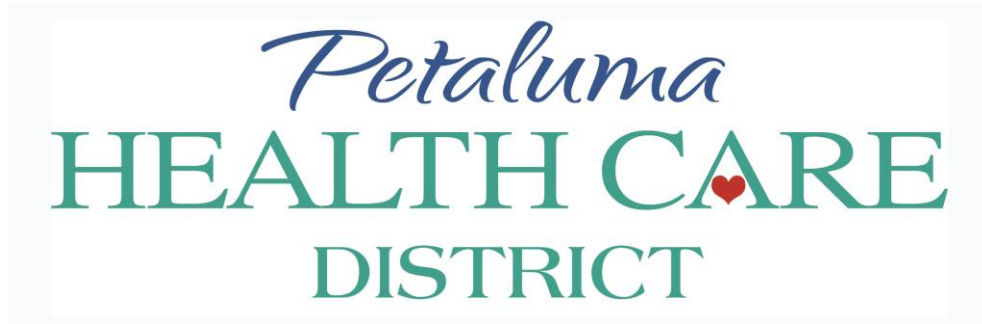
General Rule: An investment, business position, interest in real property, or source of income, including gifts, is reportable if the business entity in which the investment or business position is held, the interest in real property, or the income or source of income, may foreseeable be affected materially by any decision made or participated in by the designated employee by virtue of his or her official position. Financial interests are reportable only if located within the Health Care District or if the business entity is doing business or planning to do business within the District (and such plans are known by the designated employee) or had done business within the District at any time during the two years prior to the filing of the Statement.

Furthermore, pursuant to Government Code Section 87320(a), the District board has determined that the following, but not by way of limitation, specific Business Entities

in which a Designated Official or employee has an Investment, Business Position, an Interest in Real Property, or derives Income there from are reportable:

- (1) Bank, Savings and Loan or other Thrift Associations;
- (2) Third Party Payors for Health Care Services (including health maintenance organizations, hospital service plans, preferred provider organizations and indemnity health insurance carriers);
- (3) Liability Insurance Companies (including carriers which offer or sell professional liability insurance, comprehensive liability insurance, directors and officers liability and other types of insurance maintained by or on behalf of the District);
- (4) Real Estate Companies;
- (5) Ambulance Services Companies;
- (6) Health Care Providers/Facilities (including hospitals, skilled nursing homes, home health agencies, medical groups, ambulatory care centers, clinics, etc.);
- (7) Consulting Firms (architectural, legal, accounting); and
- (8) Any other Business Entity which supplies materials and/or supplies to the District, or which has supplied materials and/or supplies to the District at any time during the two (2) years prior to the time any statement or other action is required under this Code.

**ADDENDUM A**



**CONFLICT OF INTEREST CODE  
OF  
PETALUMA HEALTH CARE DISTRICT**

**Approved 11-06-18**

## CONFLICT OF INTEREST CODE OF THE PETALUMA HEALTH CARE DISTRICT

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission 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 in an agency's code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Petaluma Health Care District.

Designated Employees shall file their statements with the District which will make the statements available for public inspection and reproduction. (Gov. Code §81008.) Upon receipt of the statements of the District's Board of Directors and Administrator, the District shall make and retain a copy and forward the originals of these statements to the County of Sonoma for filing. Statements for all Designated Employees will be retained by the District.

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CONFLICT OF INTEREST CODE OF THE  
PETALUMA HEALTH CARE DISTRICT

PURPOSE

(Regulations of the Fair Political Practices Commission, Title 2, Division 6 of the California Code of Regulations)

**Government Code Section 18730: Provisions of Conflict of Interest Codes.**

- A. Incorporation by reference of the terms of Government Code Section 18730, 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 Section 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. The terms of the conflict of interest code (the “Code”) amended or adopted and promulgated pursuant to this regulation are as follows:

**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. § 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this Conflict of Interest Code.

**Section 2. Designated Employees.** The persons holding positions listed in the Appendix are designated employees (“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, as defined in Government Code Section 87100.

**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 District 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 Section 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 of another agency, if all of the following apply:

- a. The geographical jurisdiction of this District is the same as or is wholly included within the jurisdiction of the other agency;
- b. The disclosure assigned in the conflict of interest 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. The filing officer is the same for both agencies.<sup>1</sup>

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 interest 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.

**Section 4. Statements of Economic Interests: Place of Filing.** The code reviewing body shall instruct all Designated Employees within the Code to file statements of economic interests with the District or with the code reviewing body.<sup>2</sup>

**Section 5. Statements of Economic Interests: Time of Filing.**

**a. Initial Statements.**

All Designated Employees employed by the District on the effective date of this Code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within thirty (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 thirty (30) days after the effective date of the amendment.

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<sup>1</sup> 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 § 81004.

<sup>2</sup> See Government Code § 81010 and 2 Cal Code of Regs. § 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.

**b. Assuming Office Statements:**

All persons assuming designated positions after the effective date of this Code shall file statements within thirty (30) days after assuming the designated positions, or if subject to State Senate confirmation, thirty (30) days after being nominated or appointed.

**c. Annual Statements:**

All designated employees shall file statements no later than April 1<sup>st</sup> of each year. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

**d. Leaving Office Statements:**

All persons who leave designated positions shall file statements within thirty (30) days after leaving office.

**Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.** Any person who resigns within twelve (12) months of initial appointment, or within thirty (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. Any person who resigns a position within thirty (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.

**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 twelve (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 twelve (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.
- 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 statements filed and the date of leaving office.

**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 District, and shall contain the following information:

- a. **Investments and Real Property Disclosure.** When an investment or an interest in real property<sup>3</sup> is required to be reported,<sup>4</sup> 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;
  - 4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten

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<sup>3</sup> For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

<sup>4</sup> 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 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.

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,<sup>5</sup> 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), 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;
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,<sup>6</sup> the statement shall contain:

1. The name, address and a general description of the business activity of the business entity;
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 (\$10,000.00).

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

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<sup>5</sup> 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.

<sup>6</sup> 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 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.

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.

**Section 8. Prohibition on Receipt of Honoraria.**

- a. 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.

**Section 8.1 Prohibition on Receipt of Gifts of \$470 or More.**

- a. 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 four hundred seventy dollars (\$470) 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.

**Section 8.2 Loans to Public Officials.**

- a. 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. 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. 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. 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. 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 \$500 at any given time.
  - 4. Loans made, or offered in writing, before January 1, 1998.



### **Section 8.3 Loan Terms.**

- a. 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 \$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. This section shall not apply to the following types of loans.
  1. Loans made, or offered in writing, before January 1, 1998.
  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. Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code

### **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:
    - i. The date the loan was made.
    - ii. The date the last payment of \$100 or more was made on the loan.
    - iii. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.
- b. 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 8.4(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 8.4(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.

**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 twelve (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 four hundred and seventy dollars (\$470) or more in value provided to, received by, or promised to the Designated Employee within twelve (12) months prior to the time when the decision is made.

**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 the purposes of this Section.

**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 twelve (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.

**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. In the case of the Board of Directors, this determination and disclosure shall be made part of the District's official record; in the case of a Designated Employee who is the Chief Executive Officer of the District, this determination and disclosure shall be made in writing to the Board of Directors; and in the case of other Designated Employees, this determination and disclosure shall be made in writing to the Designated Employee's supervisor.

**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 Regulations 18329 and 18329.5 or from the attorney for the District, provided that nothing in this Section requires the attorney for the District to issue any formal or informal opinion.

**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.

**CONFLICT OF INTEREST CODE OF THE  
PETALUMA HEALTH CARE DISTRICT**

**APPENDIX**

**DESIGNATED POSITIONS**

<b>DESIGNATED EMPLOYEES TITLE OR FUNCTION</b>	<b>INVESTMENT S AND REAL PROPERTY DISCLOSURE</b>	<b>PERSONAL INCOME DISCLOSURE</b>	<b>BUSINESS ENTITY INCOME DISCLOSURE</b>	<b>BUSINESS POSITION DISCLOSURE</b>
** Members of the Board of Directors	X	X	X	X
** Chief Executive Officer	X	X	X	X
Consultants <sup>7</sup>				

\*\* File with Board of Supervisors (Eff. 2/2013)

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<sup>7</sup> Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in this Code, subject to the following limitation:

The Chief Executive Officer may determine in writing that a particular consultant is hired to perform a range of duties that is sufficiently broad in scope to require compliance with the disclosure requirements described in this Code. 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.

## CONSULTANTS

Consultants are defined by FPPC Regulations Section 18700.3 as follows:

....“consultant” means an individual who, pursuant to a contract with a state or local government agency:

(1) Makes a governmental decision whether to:

- (A) Approve a rate, rule, or regulation;
- (B) Adopt or enforce a law;
- (C) Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
- (D) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;
- (E) Grant agency approval to a contract that requires agency approval and to which the agency is a party, or to the specifications for such a contract;
- (F) Grant agency approval to a plan, design, report, study, or similar item;
- (G) Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof; or

(2) Serves in a staff capacity with the agency and in that capacity participates in making a governmental decision as defined in Regulation 18704(a) and (b) or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code under Section 87302.