

JONESTOWN WATER SUPPLY CORPORATION (JWSC)
POLICY ON CONFLICT OF INTEREST

REQUIREMENT:

BY-LAWS, JONESTOWN WATER SUPPLY CORPORATION, ARTICLE IV SECTION 4. STATES THAT “THE BOARD OF DIRECTORS SHALL ADOPT AND MAINTAIN A CONFLICT OF INTEREST POLICY DESIGNED TO PROMOTE THE BUSINESS OF THE CORPORATION AND SERVE THE INTEREST OF THE MEMBERSHIP.”

I Scope

This Conflict of Interest policy covers all members of the JWSC Board of Directors, the General Manager and employees of JWSC, who are herein referred to as the covered individuals.

II Definitions

1. JWSC MISSION

The fundamental mission of the JWSC is to provide an adequate supply of safe potable water of high quality, at a reasonable price to its membership within the geographical Certified Service Area as defined by the Certificate of Convenience and Necessity Number 11115.

2. CONFLICT OF INTEREST (COI)

A Conflict of Interest exists when a covered individual actively influences decisions and actions of the Board, or fails to take appropriate action, and in so doing advances or protects one’s own interests or the private interests of others, with whom one has a relationship, in a way detrimental to the interests, or potentially harmful to the integrity or fundamental mission of the JWSC with the express purpose of personal or financial gain.

3. POTENTIAL CONFLICT OF INTEREST

A situation which could become a conflict of interest if certain actions are knowingly taken or avoided by any of the covered individuals.

4. PERCEIVED CONFLICT OF INTEREST

A situation that could be viewed by reasonable people to be a conflict of interest.

5. RELATIONSHIP (As Used Herein)

Relationship means a familial or other personal or business relationship.

6. IMMEDIATE FAMILY

An immediate family member includes spouses, parents, children and their spouses, grandchildren and their spouses, stepparents, brothers and sisters and their spouses.

7. DEVELOPER OF PROPERTY WITHIN THE SERVICE AREA OF THE CORPORATION

As used in this policy, the term “developer of property within the service area of the Corporation” refers to any person or other entity who owns or controls land in the process of being developed for residential or commercial/industrial purposes requiring water/sewer service located within an area served by the Corporation, or obligated to be served by the Corporation under a certificate of convenience and necessity.

III Policy

1. A person is disqualified from serving as a Director on the Board for the Corporation if;
 - 1.1. He or she is a developer or affiliated with a developer of property within the service area of the Corporation.
 - 1.2. He or she is an employee or immediate family member, or shareholder of any developer of property within the service area of the Corporation.
 - 1.3. He or she is an employee or immediate family member of any director, manager, engineer, or in any business owned or managed by another director.
 - 1.4. He or she is serving as a consultant, engineer, attorney, manager, or in any other professional capacity for the corporation or for a developer of property within the service area of the Corporation.
 - 1.5. He or she or an immediate family member of, is a party to a contract with the Corporation, except a contract for the purchase of water/sewer services furnished by the Corporation to the Corporation’s member generally.
 - 1.6. He or she or an immediate family member of, is a party to a contract with any developer of property within the service area of the Corporation, other than merely conveying real property within the service area of the Corporation for the purpose of establishing a residence or establishing a commercial business within the service area of the Corporation.
 - 1.7. He or she is a member of the immediate family of any other director of the Corporation or of any other person serving the Corporation in a managerial or in a professional service capacity, such as attorney, accountant, or an engineer, on behalf of the Corporation, or he or she serves as a director or as an officer for any bank or savings and loan association retained as a depository for the funds of the Corporation, or any bank or savings and loan association which lends to or holds any indebtedness of the Corporation. Acting to one’s own benefit in a conflict of interest is unethical. Knowingly persisting in a conflict of interest is unethical.

- 1.8. Upon appointment to the JWSC Board, each Director will complete a written Conflict of Interest statement, or if the Director does not have any conflicts of interest, a statement to that effect. The statement will be submitted to the Board. The statement will be updated as needed. See attached statement.
- 1.9. Failure to report a conflict of interest and/or engaging in a conflict of interest will result in appropriate action, as determined by the Board.
- 1.10. A person is disqualified from employment by the Corporation if he or she is a member of the immediate family of any director of the Corporation or any other person employed by the Corporation in a managerial capacity.

2. Examples of potential conflicts of interest

The following examples, while although not comprehensive, are illustrative of situations which may constitute a conflict of interest.

- 2.1. Influencing the awarding of contracts, the purchase, lease or terms of lease of services, equipment or materials for the JWSC to the advantage of a covered individual or a person with a relationship to that individual.
- 2.2. Accepting gifts or special favors for personal gain from any organizations or individuals with whom JWSC does business.
- 2.3. Unauthorized and non-reimbursed use of JWSC resources or facilities to benefit a private concern in which either the Director or a person with a relationship to that Director or an employee or a person with a relationship to that employee has a financial or other interest.
- 2.4. Using for personal gain or other unauthorized purposes, privileged information acquired as a result of covered individual's participation in open or executive sessions of the JWSC Board; such information might include knowledge of business strategies; individual or collective Board of Directors' views regarding business strategies, plans or actions; political concerns or forthcoming developments requiring contractor selection, etc.
- 2.5. Having a predisposition to oppose JWSC proposed actions, solely because the results would adversely affect one's personal or business financial interests.
- 2.6. Membership on the Jonestown City Council is considered a conflict of interest. If a Board member is elected to the Jonestown City Council that Board member must resign from the JWSC Board.

3. No officer or director of the Corporation shall,

- 3.1. Solicit or accept or agree to accept any appointments of any financial and/or material benefit that might reasonably tend to influence his or her performance of duties for the Corporation or that he or she knows or should know is offered with the intent to influence the performance of his or her duties.
 - 3.2. Accept employment, appointments or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties.
 - 3.3. Solicit, accept or agree to accept any loan from the Corporation.
 - 3.4. Solicit or accept or agree to accept a financial benefit from another person or entity in exchange for having performed duties as an officer or director of the Corporation in favor of the other person or entity.
4. No officer or director of the Corporation shall be entitled to any compensation for or in consideration of the execution of his or her duties as officer or director, provided, however, that the actual, reasonable expenses of any officer or director incurred in the business of the Corporation may, with approval of the Board, be paid to them.
5. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general use or for any special purpose of the Corporation, provided, however, that the Board may reject any such contribution, gift, bequest or devise made upon a condition or restriction if in the discretion of the Board the acceptance as so conditioned or restricted will not be in the best interest of the Corporation.
6. If at any time any officer or director is required to vote in his or her capacity as a director or officer on any issue which may create a conflict of interest, which may be deemed a conflict of interest by the Board, or which is likely to be interpreted by the members as a conflict of interest, the officer or director shall advise the President of the conflict of interest (or in the case of the President, advise the Vice-President) and shall abstain from discussion and voting, as a matter of record, on that issue.
7. Any relationship or employment which constitutes a disqualification, as set forth herein, shall be considered grounds for a director's rejection or removal, or for termination of an employee's employment. Such rejection, removal or termination may take place at any regular or special meeting of the Board.
8. The removal of any director of the Corporation because of disqualification under this policy shall not affect the validity of any action taken by the Corporation through its Board during the time of service by that director, even though the director may have been acting under the disqualification at the time of such service, unless there has been an improper benefit conferred on the disqualified director or someone associated with such director, in which case the Board may terminate any such benefit in any legal manner.

9. Except as otherwise provided by the laws of the state of federal government, the Corporation shall adhere to the following policy for awarding contracts:
 - 9.1. The Board shall advertise for bids for contracts for \$25,000.00 or more, and the Board shall advertise the letting of the contract, including the general condition, time, and place of opening of sealed bids. The notice shall be published in one or more newspapers with general circulation in the state, and one or more newspapers published in each county in which part of the Corporation's service area is located. If there are more than four (4) counties in the Corporation's service area, notice may be published in any newspaper with general circulation in the area. If no newspaper is published in the county or counties in which the Corporation is located or does business, publication in one or more newspapers with general circulation in the state is sufficient. The notice shall be published once a week for three (3) consecutive weeks before the date on which the bids are opened, and the first publication shall be no later than the 21st day before the date of the opening of the sealed bids.
 - 9.2. For contracts of less than \$25,000 the Board is not required to advertise or seek competitive bids.
 - 9.3. The Board may not subdivide work merely to avoid the advertising requirements specified in this policy.
 - 9.4. A contract may be awarded to any responsible person or persons that, in the Board's judgment, will be most advantageous to the Corporation and result in the best and most economical completion of the Corporation's proposed plants, improvements, facilities, works, equipment, and appliances. The Board is not required to accept the lowest bid.
 - 9.5. The Board may not accept bids that include substantial quantities of substituted items, either before or after the Corporation enters into a construction contract, substituted items were included in the original bid proposal, and all bidders had the opportunity to bid on the substituted items, or unless substituted items were sought or authorized in the original bid proposal.
 - 9.6. Change orders to contracts may be issued only as a result of unanticipated conditions encountered during construction, changes in regulatory criteria, emergencies, or under circumstances necessary to facilitate project coordination with other political entities or contractors.
 - 9.7. These policy provisions do not apply to contracts for personal or professional services or for a utility service operator.

PASSED and APPROVED this 18th day of July, 2000
Amended this 9th day of October, 2001
Amended this 25th day of March, 2004