

APPROVED
By the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

David E. Duff
EXECUTIVE SECRETARY

September 22, 1995

To: Board of Directors (Legal and Claims Committee--Information)
(Organization & Personnel Committee--Information)
(Executive Committee--Action)

From: Chairman of the Board

Subject: Ethics Policy for Directors -- Administrative Code Change

RECOMMENDATION:

(1) To adopt an ethics policy for Directors; and, (2) to add Section 7300 to the Administrative Code to require the General Manager and Board to maintain ethics policies for employees and Directors.

Presented pursuant to motion of the Legal and Claims Committee.

John V. Foley

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Attachments

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REPORT:

A proposed ethics policy for Directors was considered by the Board at its last meeting, on September 12, 1995. The ethics policy presented to the Board in my letter dated August 28, 1995, was modified by the Legal and Claims Committee and was considered by the Board and referred to the Legal and Claims Committee for further clarification.

Attached are complete revised versions of the Ethics Policy for Directors, incorporating changes suggested by the General Counsel.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**ETHICS POLICY FOR DIRECTORS****I. Purpose and Scope.**

The policy of The Metropolitan Water Metropolitan of Southern California is to maintain the highest standards of ethics from its Board members, officers and employees. The proper operation of Metropolitan requires decisions and policy to be made in the proper channels of governmental structure, that public office not be used for personal gain, and that all individuals associated with Metropolitan remain impartial and responsible towards the public. Accordingly, it is the policy of Metropolitan that Metropolitan Board members, officers, and employees shall maintain the highest standard of personal honesty and fairness in carrying out their duties. This policy sets forth the minimal ethical standards to be followed by the Board of Directors of The Metropolitan Water District Of Southern California.

II. Responsibilities of Public Office.

Board members are obliged to uphold the Constitution of the United States and the Constitution of the State of California, and to carry out the laws of the nation, state and local governmental agencies. Board members shall comply with applicable laws regulating Board member conduct, including conflict of interests and financial disclosure laws. Board members should work in full cooperation with other public officials unless prohibited from so doing by law or officially recognized confidentiality of their work.

[Article XX, Section 3 of the California Constitution; California Government Code Section 1360.]

III. Fair and Equal Treatment.

No Board member shall grant any special consideration, treatment, or advantage to any person or group beyond that which is available to every other person or group in the same circumstances.

[See, e.g., Age Discrimination in Employment Act of 1967; Americans with Disabilities Act of 1990; Fair Employment and

Housing Act; Rehabilitation Act of 1973; Title VII of the Civil Rights Act of 1964; California Labor Code Section 1102.1.]

IV. Proper Use and Safeguarding of Metropolitan Property and Resources.

Except as specifically authorized, no Board member shall use or permit the use of Metropolitan-owned vehicles, equipment, telephones, materials or property for personal convenience or profit. No Board member shall require a Metropolitan employee to perform services for the personal convenience or profit of a Board member. Each Board member must protect and properly use any Metropolitan asset within his or her control, including information recorded on paper or in electronic form. Using Metropolitan assets for personal profit is forbidden. Board members shall safeguard Metropolitan property, equipment, moneys, and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

Board members are responsible for maintaining written records, including expense accounts, in sufficient detail to reflect accurately and completely all transactions and expenditures made on Metropolitan's behalf. Creating a document with misleading or false information is prohibited.

[Article XVI, Section 6 of the California Constitution; MWD Administrative Code Sections 6320 et seq. and 8202.]

V. Conflict of Interest.

A. No Board member shall vote on a matter before the Board of Directors if he or she has any interest, financial or otherwise, direct or indirect, or any obligation of any nature which is in conflict with the proper performance of his or her duties as a Board member. No Board member shall participate in any discussion of a matter before the Board of Directors if he or she has any interest, financial or otherwise, direct or indirect, or any obligation of any nature which is in conflict with the proper performance of his or her duties as a Board member, unless he or she discloses the full nature of the conflict on the records of the Board.

B. Circumstances establishing a conflict of interest include but are not limited to situations where:

1. The Board member has a substantial financial or personal interest in the outcome of a matter before the Board, or is

associated as an owner, member, partner, officer, employee, broker or stockholder in an enterprise that will be affected by the outcome of a matter before the Board;

2. The Board member has reason to believe or expect that he or she will receive, or a member of his or her immediate family will receive, a direct or indirect monetary gain or loss by reason of his or her participation in a matter before the Board;
3. The Board member, because of bias or prejudice, or because he or she has prejudged a matter, is incapable of providing fair treatment to a matter before the Board;
4. The Board member is participating in a decision affecting a person, vendor, contractor, firm, consultant or organization while seeking employment with that same person or entity; or;
5. The Board member has a prohibited interest as defined by Government Code sections 1090, et seq. and the Political Reform Act, Government Code section 81000 et seq., relating to conflicts of interest. (See, Metropolitan Water Metropolitan of Southern California Administrative Code section 7100 et seq. for Metropolitan's requirements concerning the disclosure of financial interests.)

C. A Board member who has a conflict of interest and who participates in discussions with, or gives an official opinion to the Board relating to the matter upon which the Board member has a conflict, shall disclose on the records of the Board the nature and extent of the conflict of interest.

D. Board members shall refrain from voting on or otherwise influencing matters involving any person with whom the member is negotiating for, or has accepted, future employment, or with whom the member has (or is negotiating for) a direct or indirect ownership interest or business relationship. Nothing in the foregoing shall apply to the member's appointing authority or to any noncontrolling interest in a publicly held entity. Board members are prohibited from recommending the employment of a relative by Metropolitan. In addition, a Board member is prohibited

from recommending the employment of a relative to any person known by the Board member to be bidding for or negotiating a contract with Metropolitan.

[California Government Code Sections 1090 et seq. and 81000 et seq.]

VI. Gifts.

A. No Board member shall receive or agree to receive, directly or indirectly, any compensation, reward or gift from any source except from his or her appointing authority or employer, for any action related to the conduct of Metropolitan's business, except as set forth below:

1. Acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a breakfast, luncheon or dinner meeting or other meeting or on an inspection tour where the arrangements are consistent with the transaction of official business.
2. Acceptance of transportation, lodging, meals or refreshment, in connection with attendance at widely attended gatherings sponsored by industrial, technical or professional organizations; or in connection with attendance at public ceremonies or similar activities financed by nongovernmental sources where the Board member's participation on behalf of Metropolitan is the result of an invitation addressed to him or her in his or her official capacity, and the transportation, lodging, meals or refreshment accepted is related to, and is in keeping with, his or her official participation.
3. Purchase of articles or admissions at advantageous rates where such rates are offered to Metropolitan personnel as a class.
4. Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, or other items of nominal value.
5. Acceptance of incidental transportation from a private organization, provided it is furnished in connection with the performance of the Board member's official duties and is of a type customarily provided by the private organization.

6. Acceptance of commendations, certificates or plaques for outstanding individual service or work on Metropolitan projects.

B. In no event shall any Board member accept gifts from any single source the cumulative value of which exceeds the applicable gift limit under California law.

C. A gift or gratuity, the receipt of which is prohibited under this section, shall be returned to the donor. If return is not possible, the gift or gratuity shall be turned over to a public or charitable institution without being claimed as a charitable deduction and a report of such action, and the reasons why return was not feasible shall be made on the records of the Board. When possible, the donor also shall be informed of this action.

[California Government Code Sections 89504, 89506; California Penal Code Section 70; Federal Hobbs Act (18 U.S.C. §1951).]

VII. Contracts with Metropolitan.

Board members are prohibited from offering inducements to a potential vendor, contractor, consultant, or other party, to the exclusion of similar persons or firms, in hopes of obtaining reciprocal favors. Metropolitan policies pertaining to the procurement of goods, services, and contractors, as well as the hiring of personnel, must be followed to ensure fairness to the participants. A Board member shall not exercise any decision-making power with respect to any transaction, contract or sale to which Metropolitan is a party and in which the Board member has a financial or personal interest. Proposed relationships with former Board members or Metropolitan employees subject to Board approval must be evaluated carefully in advance of completing any agreement with such persons to ensure that no unfair advantage is given to them and that Metropolitan's interests are fully protected in such situations.

[California Government Code Sections 1090 et seq. and 81000 et seq.]

VIII. Use of Confidential Information.

Confidential information must not be released to unauthorized persons unless the disclosure is approved by the Board of Directors, the Chair of the Board of Directors, or the Office of the General Counsel. Board members are prohibited from using any confidential information for personal advantage or profit.

[Ralph M. Brown Act (California Government Code Sections 54950 et seq.); California Government Code Section 1098; MWD Administrative Code Section 2105.]

IX. Soliciting Political Contributions.

Board members are prohibited from soliciting political funds or contributions at Metropolitan facilities.

X. Improper Activities and the Reporting of Such Activities.

Board members shall not interfere with the proper performance of the official duties of others. Board members are strongly encouraged to fulfill their own moral obligations to the public and Metropolitan by disclosing to the extent not expressly prohibited by law, improper activities within their knowledge. No Board member shall directly or indirectly use or attempt to use the authority or influence of his or her position for the purpose of intimidating, threatening, coercing, commanding, or influencing any person with the intent of interfering with that person's duty to disclose improper activity.

XI. Nondiscrimination and Affirmative Action.

Board members shall not, in the performance of their Board functions, discriminate against any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, sex, sexual preference, medical condition, or disability and they shall cooperate in achieving the equal opportunity and affirmative action goals and objectives of Metropolitan.

[Age Discrimination in Employment Act of 1967; Americans with Disabilities Act of 1990; Fair Employment and Housing Act; Rehabilitation Act of 1973; Title VII of the Civil Rights Act of 1964; California Labor Code Section 1102.1.]

**XII. Violation of
Ethics Policy.**

If a director is reported to have violated Metropolitan's ethic standards, the matter shall be referred to the Executive Committee for investigation and consideration of any appropriate action warranted.

Revision 3
Attachment B

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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