

SACRAMENTO RIVER SETTLEMENT CONTRACTORS CONFLICT OF INTEREST POLICY

Article I Purpose

The purpose of this Conflict of Interest Policy (“**Policy**”) is to protect the interest of **SACRAMENTO RIVER SETTLEMENT CONTRACTORS**, a California mutual benefit corporation (“**Corporation**”), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director (“**Director**”) or officer (“**Officer**”) of the Corporation, or other specified person. As a result, all Interested Persons (as that term is defined in Article II (1) below) are required to comply with the provisions of this Policy. This Policy is intended to supplement but not replace any applicable California state laws governing conflicts of interest applicable to nonprofit mutual benefit corporations.

Article II Definitions

1. Interested Person

An “**Interested Person**” is any Director, Officer or other person in a position to exercise substantial influence over the affairs of the Corporation and who has a direct or indirect Financial Interest (as that term is defined in Article II (2) below). Other persons who are in a position to exercise substantial influence over the affairs of the Corporation include, but are not limited to, those persons who have the ultimate responsibility for implementing the decisions of the Board, or supervising the management, administration or operation of the Corporation.

2. Financial Interest

- a. A person has a “**Financial Interest**” if the person has, directly or indirectly, through a business, an investment or a Family Member (as that term is defined in Article II (3) below):
 - i. an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
 - ii. an arrangement regarding Compensation (as that term is defined in Article II (4) below) with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
 - iii. a potential ownership or investment interest in, or Compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.
- b. A Financial Interest is not necessarily a conflict of interest. An Interested Person who has a Financial Interest will have a conflict of interest only if the Board decides under Article III (2) below that a conflict of interest exists.

- c. Shares owned by an Interested Person in a publicly traded company shall not be considered a Financial Interest under Article II (2)(a).

3. Family Member

A “**Family Member**” includes an Interested Person’s spouse, brother, sister, spouse of a brother or a sister, parent, grandparent, great grandparent, child, grandchild, great grandchild, and spouse of a child, a grandchild or a great grandchild. The relations in the preceding sentence include relations by blood, marriage or adoption. A Family Member also shall include any other person whose relationship to an Interested Person could be considered by an unrelated third party to be equivalent to those relations listed in the first sentence of this Article II (3). Determination of whether an individual is a Family Member shall be at the sole discretion of the non-interested Directors.

4. Compensation

“**Compensation**” includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Article III Procedures

1. Duty to Disclose

If any actual or possible conflict of interest arises, the potentially Interested Person must disclose the existence and nature of his or her Financial Interest and all related material facts to the Board. If an Interested Person discovers a Financial Interest in a transaction or arrangement that the Board has already entered into, the Interested Person must immediately disclose the existence and nature of his or her Financial Interest to the Board.

2. Determining Whether a Conflict of Interest Exists

After the Financial Interest has been disclosed to the Board and discussed as necessary with the potentially Interested Person, the non-interested members of the Board shall determine whether a conflict of interest exists or may exist. The Interested Person shall leave the Board meeting while the conflict of interest is discussed and voted upon.

A conflict of interest exists when, in view of all of the facts and circumstances, a Financial Interest is substantial enough that it would, or reasonably could, affect an Interested Person’s judgment with respect to a transaction or an arrangement to which the Corporation is a party.

3. Procedures for Addressing Conflict of Interest

If the non-interested Board members decide that a conflict of interest exists or may exist, the following measures shall be taken:

- a. An Interested Person may make a presentation to the Board, but after such presentation, he or she shall leave the meeting during the discussion of the measures to be taken regarding the conflict of interest.
 - b. The chairperson shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board shall determine by vote of the non-interested members:
 - i. whether the transaction or arrangement is in the Corporation's best interest and for its own benefit;
 - ii. whether the transaction or arrangement is fair and reasonable to the Corporation; and
 - iii. whether the Corporation enter into the transaction or arrangement in conformity with such determinations.
4. Violations of this Policy
- a. If the Board has reasonable cause to believe that an Interested Person has failed to disclose actual or possible Financial Interests, the Board shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the response of the Interested Person, making such further investigation as may be warranted in the circumstances, and determining that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, the Board shall have final authority to take appropriate disciplinary and corrective actions.

Article IV
Records of Proceedings

The minutes of the Board meetings at which conflicts of interest are addressed shall be prepared by the later of the next Board meeting or 60 days after the Board's final action on the conflict of interest and shall contain (as applicable):

- a. The names of the Interested Persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible transaction or arrangement, the nature of the Financial Interest, the action taken to determine

whether a conflict of interest was present and the date of the action, and the Board's decision as to whether a conflict of interest in fact existed.

- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, comparability data relied upon and how the data was obtained, the terms of the transaction and the date it was approved, and a record of any votes taken in connection with the proposal.

Article V Determination of Compensation

An Interested Person shall be precluded from voting on any matters pertaining to Compensation he or she shall receive, either directly or indirectly, for services rendered to the Corporation. This provision is not intended to preclude Directors from determining the types and levels of reasonable expenses for which Directors, as group, may be reimbursed under the Corporation's bylaws.

Article VI Annual Statements

Each Director, Officer and other person in a position of substantial influence over the affairs of the Corporation, as determined by the Board, shall annually complete the Conflict of Interest Statement in the form attached as **Exhibit A**.

Article VII Periodic Reviews

To ensure that the Corporation operates in a manner consistent with its purposes and that it does not engage in activities that could jeopardize its status as a tax-exempt Corporation, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether Compensation arrangements and benefits are reasonable and are the results of arm's-length bargaining.
- b. Whether agreements with third parties are properly recorded, reflect reasonable payments for goods and services and further the Corporation's purposes.

EXHIBIT A

SACRAMENTO RIVER SETTLEMENT CONTRACTORS

CONFLICT OF INTEREST POLICY:

ACKNOWLEDGMENT AND FINANCIAL INTEREST DISCLOSURE STATEMENT

Our corporation follows a conflict of interest policy designed to foster public confidence in our integrity and to protect our interest when we are contemplating entering a transaction or arrangement that might benefit the private interest of a director, a corporate officer, our top management official and top financial official, any of our key employees, or other interested persons.

Part I. Acknowledgment of Receipt

I hereby acknowledge that I have received a copy of the conflict of interest policy of Sacramento River Settlement Contractors, have read and understood it, and agree to comply with its terms.

Signature

Date

Printed Name

Part II. Disclosure of Financial Interests

We are required annually to file Form 990 with the Internal Revenue Service, and the form we file is available to the public. To complete Form 990 fully and accurately, we need each officer, director and key employee to disclose the information requested in this Part II.

A “conflict of interest,” for purposes of Form 990, arises when a person in a position of authority over an organization, such as an officer, director, or key employee, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated.

Part II Please check ONE of the following boxes:

My interests and relationships have not changed since my last disclosure of interests. [Proceed to signature block below. Do not complete the tables.]

OR

I hereby disclose or update my interests and relationships that could give rise to a conflict of interest. [Complete the table below. Use additional pages as needed.]

Family Relationships	Names of those presenting a potential conflict of interest
Include spouse/domestic partner, living ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great grand-children, and spouses/ domestic partners of brothers, sisters, children, grandchildren, and great grandchildren	

Type of interest	Description of interest that could lead to a conflict of interest
Transactions or arrangements with the organization	
Transactions or affiliations with other nonprofit organizations	
Substantial business or investment holdings	
Transactions or affiliations with businesses not listed above	

I am not aware of any financial interest involving me or a family member that could present a conflict of interest that I have not disclosed either above or in a previous disclosure statement.

Signature

Date

Printed Name