

Conflict-of-Interest Policy.

1. A person is disqualified from serving as a Director on the Board for the Corporation if:
 - a. He or she is a developer of property within the service area of the Corporation;
 - b. He or she is an employee of any developer of property within the service area of the Corporation;
 - c. He or she is an employee of any director, manager, engineer, or attorney for the Corporation;
 - d. 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;
 - e. He or she 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 members generally, or;
 - f. He or she is a party to a contract with any developer of property within the service area of the Corporation, other than a contract limited solely to the purpose of purchasing or 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.
 - g. He or she is serving as a decision-maker, managerial employee, or in some professional capacity representing a municipality, district, or utility, which is currently contracting with the Corporation for water utility or other service or other conditions or considerations.
 - h. He or she is a member of the immediate family of any Director of the Corporation or of any other person serving in a managerial capacity, as attorney, accountant, or as engineer on behalf of the Corporation or if he or she services 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 holds any indebtedness of the Corporation.
 - i. He or she is currently under indictment, or has plead "guilty" or "no contest" to, or has received Deferred Adjudication for, a felony, State Jail felony, or an equivalent level offense in a

U.S. military court; OR, has a conviction for a misdemeanor offense that is inconsistent with the safe and efficient operation of the Frognot WSC.

2. The Corporation disqualifies a person from employment if he or she is a member of the immediate family of any Director of the Corporation or of any other person serving in a managerial capacity on behalf of the Corporation.
3. As used in this policy, the term "developer of property within the service area of the Corporation" refers to any person who owns land located within an area served by the Corporation, or obligated to be served by the Corporation under a certificate of convenience and necessity, and who has divided or proposes to divide the land into two or more parts for the purpose of laying out a subdivision, or any tract of land or any addition to any subdivision, or for laying out residential lots or commercial lots, or any lots intended for the any uses which require, or may require, water/sewer service from the Corporation.
4. Any relationship or employment, which constitutes a disqualification as set for the herein shall be, considered grounds for removal or for termination of employment.
5. No Officer or Director of the Corporation entitled to any compensation for or in consideration of the execution of his duties as such Officer or Director, provided, however, that the actual, reasonable expenses of an Officer or Director incurred on the business of the Corporation may, with the approval of the Board of Directors, be paid to them.
6. No officer or Director of the Corporation shall:
 - a. Solicit or accept or agree to accept a financial benefit, other than from the Corporation, 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 Officer's or Director's performance of his or her duties;
 - b. Accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties;
 - c. Accept outside employment or compensation that might reasonably be expected to create a substantial conflict between the officer's and Director's private interest and duties of the Corporation; or

d. Solicit or accept or agree to accept a financial benefit or Director of the Corporation in favor of that person.

7. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purpose or for any special purpose of the corporation, provided, however, that the Board of Directors may reject any donation made upon a condition or restriction if in the discretion of the Board of Directors the acceptance of the donation as so conditioned or restricted will not be in the best interests of the Corporation.

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 of Directors during the time of service by that Director, even though the Director may have been under the disqualification at the time of such service.

9. If at any time any officer or Director is required to vote in his or her capacity as a director on an issue which may create a conflict of interest, which may be deemed a conflict of interest by the Board, or which may be interpreted by the membership as a conflict of interest, the officer or Director shall abstain from voting, as a matter of record, on that issue.