

NTTA BOARD ETHICS POLICY

I. OVERVIEW

Pursuant to Section 366.033(a)(1) of the Texas Transportation Code, NTTA's Board of Directors ("Board") adopts this as its Board Ethics Policy.

II. DEFINITIONS

As used throughout this Policy, these terms are defined as follows:

An "appearance of impropriety" exists when a reasonable person would believe that a Board member's private interest (financial, personal, or otherwise) might cause him or her to violate or compromise his or her duty of loyalty to NTTA. An appearance of impropriety may exist even if the Board member does not have an actual conflict of interest.

A "conflict of interest" exists when a Board member has a private interest (financial, personal, or otherwise) in a contract, decision, or other matter involving NTTA that might cause him or her to violate or compromise his or her duty of loyalty to NTTA. For example, a Board member who has any financial interest in a vendor that has a contract with NTTA has a conflict of interest that must be disclosed, as described in this Policy.

A "domestic partner" is someone who lives in the same household with a Board member and shares the common resources of life in a close, personal, and intimate relationship.

A "duty of loyalty to NTTA" means a Board member's fiduciary duty to act in the best interest of NTTA in a manner that is honest and prudent and exercises the Board member's best skill and judgment for NTTA's benefit.

A "family member" is the Board member's spouse or domestic partner, child, step-child, son-in-law, daughter-in-law, parent, step-parent, mother-in-law, father-in-law, divorced spouse (if the Board member and the divorced spouse had a child together who is now living), and a parent of the Board member's divorced or deceased spouse (if the Board member and such former spouse had a child together who is now living).¹

A "family relationship" is the relationship between a Board member and any of his or her family members, brothers, sisters, grandparents,

¹ "Family members" are persons related within the first degree by either consanguinity or affinity; "family relationship" describes persons related within the third degree by consanguinity or the second degree by affinity, all as defined in Subchapter B, Chapter 573, Texas Government Code. Stated simply, "family members" generally refers to family that live with you, and "family relationship" generally refers to family that you would invite to a reunion.

grandchildren, great-grandparents, great-grandchildren, aunts, uncles, nephews, nieces, brothers-in-law, sisters-in-law, spouse's grandparents, spouse's grandchildren, grandchildren's spouses, or grandparents' spouses.

A “gift” is any benefit or item of value, including cash and cash equivalents (such as gift cards), food/alcohol, and concert/sporting tickets or other entertainment. “Gift” also includes any business favor, such as free or discounted goods or services, that personally benefits one or more NTTA Board members rather than NTTA as a whole. As explained in Section III.D, some gifts are strictly prohibited and other gifts are permitted only in certain circumstances and/or if they are reported in accordance with Section IV.

A person has a “substantial interest in a business entity” if (i) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity or (ii) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.

A person has a “substantial interest in real estate” if the person owns an equitable or legal interest in real estate and the interest has a fair market value of \$2,500 or more.

A “vendor” is any individual or business that NTTA contracts with for the delivery of any good or service.

III. STANDARDS OF CONDUCT

- A. Board members will fulfill their duty of loyalty to NTTA and comply with all applicable laws. To the extent this Ethics Policy is inconsistent with any applicable law, such law will control.
- B. Board members will:
 - 1. perform their NTTA duties in a lawful, professional, and ethical manner; and
 - 2. promptly disclose to and consult with the Ethics Officer regarding any matter involving NTTA that they believe to be in violation of this Ethics Policy or law; if a Board member believes that the Ethics Officer may be implicated in alleged impropriety, the Board member may contact the Executive Director instead, and if both the Ethics Officer and Executive Director may be implicated, contact the Board Chair.
- C. Board members will not:

1. disclose confidential or proprietary information or information that is excepted from public disclosure under the Texas Public Information Act;
2. accept other employment, including self-employment, or engage in a business, charity, nonprofit organization, or professional activity that (i) might reasonably require or induce the Board member to disclose confidential NTTA information or (ii) creates a conflict of interest or appearance of impropriety;
3. make personal investments that create a conflict of interest or appearance of impropriety;
4. use NTTA property for any purpose other than official NTTA business, unless such use is reasonable and incidental and does not result in any direct cost to NTTA, interfere with the Board member's official duties, or interfere with NTTA functions;
5. use their official position for financial gain, obtaining privileges, or avoiding consequences of illegal acts;
6. knowingly make misleading statements, either oral or written, or provide false information in the course of their NTTA duties;
7. use NTTA property or personnel for political activity, such as campaigning for a candidate or soliciting political contributions; or
8. purport to commit NTTA to any contract, obligation, or other action without having been properly authorized to do so by the Board.

- D. **Gifts.** Board members must comply with Chapter 36 of the Texas Penal Code, which covers the offer, solicitation, and acceptance of gifts by public servants. In some instances, NTTA has adopted rules that are stricter than the criminal laws. Thus, NTTA Board members should contact the Ethics Officer before offering or accepting a gift if the Board member is uncertain whether the gift complies with this Ethics Policy and/or applicable law.

Regarding gifts, NTTA Board members will not:

1. Solicit a gift from a NTTA vendor or customer;

2. Accept a gift that the Board member knows or reasonably should know is being offered in exchange for (i) the Board member's decision, opinion, recommendation, vote, or other exercise of discretion or (ii) the violation of a duty imposed by law on the Board member. This is referred to as a "quid pro quo" and is prohibited, no matter the type of gift;
3. Accept a gift of cash or cash equivalents (e.g., gift cards);
4. Accept a gift that raises a conflict of interest or appearance of impropriety; or
5. Accept any gift from someone that the Board member knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction over which the Board member exercises discretion. This Section does not prohibit gifts that are permitted under Section 36.10 of the Texas Penal Code, such as: (i) a gift conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient; (ii) a non-cash gift with a value of less than \$50 (max. one item per offeror per year); and (iii) food or entertainment² accepted by the Board member as a guest. Notwithstanding these exceptions, certain gifts are permissible only if they are disclosed pursuant to Section IV of this policy.

IV. CONFLICTS OF INTEREST

- A. Imputed Conflict of Interest of Family Members. If a Board member's family member has a substantial interest in a business entity or real estate that might affect or be affected by NTTA, the Board member is generally considered to have an "imputed" conflict of interest regarding that business entity or real estate. Thus, Board members should monitor conflicts of interest that may arise with their family members and disclose such conflicts of interest as described in this Section.
- B. Disclosure of Relationships With NTTA Vendors. Pursuant to Texas Local Government Code Chapter 176, if NTTA enters into, or is considering entering into a contract with a vendor, all Board members must file a conflicts disclosure statement (Texas Ethics Commission Form CIS) if any of the following facts are applicable:

² Frequent and/or costly meals/entertainment accepted as a guest are likely to raise an appearance of impropriety, which is prohibited by this Policy.

(1) the vendor has or had an employment or business relationship with the Board member or his or her family member through which the Board member or family member received over \$2,500 in income (other than investment income) during the previous 12 months; (2) in the previous 12 months, the vendor has given the Board member or a family member one or more gifts (other than food accepted as a guest) having an aggregate value of more than \$100; or (3) the vendor or its agent has a family relationship with the Board member.

The Board member must file the Form CIS (or an amendment or supplement thereto) with the Board Secretary within seven days after the date he or she becomes aware of facts requiring the disclosure.

- C. Additional Conflicts Disclosures. Board members must diligently watch for conflicts of interest and appearances of impropriety that may develop during their NTTA service and are encouraged to discuss such matters with the Ethics Officer.

If a conflict of interest or appearance of impropriety develops that does not meet the requirements of Section IV.B above, a Board member must promptly (*i.e.*, no more than seven days after becoming aware of the need for disclosure): (1) inform the Ethics Officer, Executive Director, and Board Chair; (2) fill out the NTTA Conflicts Disclosure Form; and (3) provide the NTTA Conflicts Disclosure Form to the Ethics Officer, who will file it with the Board Secretary.

Subject to the procedures in Section IV.D, the Board member will generally abstain from any votes or other decision-making associated with that matter. Board members must abstain when a conflict is covered by Texas Local Government Code Chapter 171, where a Board member or his or her family member has a substantial interest in: (1) a business entity that is the subject of a vote or decision by the Board that will have a special economic effect on the business entity that is distinguishable from the effect on the public or (2) real estate, where it is reasonably foreseeable the matter will have a special economic effect that is distinguishable from the effect on the public.

If abstention is required, then, at a public meeting of the Board, the abstaining Board member will vacate or push back his or her seat when the matter is being discussed to signal his or her non-involvement in the discussion. In some instances, such as executive session, it may be necessary for the Board member to leave the room while the matter is being discussed.

- D. Procedures to Address Conflicts of Interest. If either a Board member or the Ethics Officer determines that a matter requires formal disclosure under this Section, he or she will notify the Ethics Officer, the Board Chair, and the Executive Director, who will determine the action to be taken (including a determination of whether abstention is appropriate or required).

If the Board member, the Ethics Officer, the Board Chair, and the Executive Director are unable to agree on the action to be taken, the Board Chair will apprise the full Board, which may take any appropriate action allowed by law. This process does not relieve individual Board members of their personal obligation to comply with this Ethics Policy.

All written conflict disclosures required by this Section will be filed with the Board Secretary. A Board member who does not make a filing required under this Section will be presumed to have reported that he or she has no conflict of interest or appearance of impropriety pertaining to known vendor relationships.

- E. Review of Matters Before the Board. Before every Board or Board Committee meeting, Board members shall diligently review the matters to be presented or considered at the meeting, allowing sufficient time for potential conflicts of interest and appearances of impropriety to be disclosed and addressed under this Section.
- F. Personal Financial Statement. Board members must file an annual personal financial statement using the form developed by the Texas Ethics Commission. The statement must be filed with the Board Secretary upon appointment and by April 30 of each subsequent year of service. The filing deadline may be extended by up to 60 days by making a written request to the Board Chair with a copy to the Ethics Officer. Pursuant to NTTA Board Resolution 15-29, within 10 days after receipt of a personal financial statement filed by a Board member, the Secretary shall file the statement with the clerk of the county in which the Board member resides.

V. CONFLICTS OF INTEREST AFFECTING ELIGIBILITY

- A. Bars to Service as a Director. Pursuant to Section 366.252(a) of the Texas Transportation Code, a person is not eligible to serve as a Board member if the person or his or her spouse:
1. is registered, certified, or licensed by an occupational regulatory agency in the field of toll road construction, maintenance, or operation;

2. is employed by or participates in the management of a business entity or other organization regulated by NTTA or receiving money from NTTA;
 3. owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization regulated by or receiving money from NTTA, other than compensation for acquisition of turnpike rights-of-way;
 4. uses or receives a substantial amount of tangible goods, services, or money from NTTA, other than compensation or reimbursement authorized by law for board membership, attendance, or expenses, or for compensation for acquisition of turnpike rights-of-way;
 5. is an officer, employee, or paid consultant of a Texas trade association, as defined in Subsection 366.252(c) of the Texas Transportation Code, in the field of road construction, maintenance, or operation; or
 6. is required to register as a lobbyist under Chapter 305, Texas Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of NTTA.
- B. Annual Confirmation of Eligibility to Serve. Annually, each Board member shall affirm on a form approved by NTTA that he or she continues to meet the eligibility requirements for serving on NTTA's Board, as set forth above. A Board member who believes at any time that he or she may no longer meet the eligibility requirements shall promptly bring that matter to the attention of the Board Chair, the Executive Director, and the Ethics Officer.

VI. NEPOTISM

A Board member may not (A) appoint or hire; (B) vote for the appointment or hiring of; or (C) encourage others to appoint or hire an individual to an NTTA position that is to be directly or indirectly compensated from NTTA funds if the individual has a family relationship with the Board member. Board members may not take any action to circumvent this rule (e.g., a Board member may not agree with another Board member to hire an individual that has a family relationship with the other Board member).

VII. CONDUCT OF BUSINESS

NTTA recognizes its obligations under the Texas Open Meetings Act and the Texas Public Information Act. Accordingly, NTTA Board members will

conduct NTTA business and report on its activities in a manner that apprises the public of the matters under consideration by NTTA and the decisions it makes. Pursuant to Section 551.146 of the Texas Open Meetings Act, Board members must not without lawful authority knowingly disclose to third parties the certified agenda or recording of an executive session.

VIII. ADOPTION

The Board adopted this Ethics Policy by Resolution No. 12-05, passed unanimously on January 18, 2012. That resolution also (A) directed that ethics policies applicable to NTTA employees be made consistent with the standards set forth herein and (B) appointed the General Counsel to serve as the Ethics Officer under this Ethics Policy. This Ethics Policy was amended by Resolution No. 12-15, passed on February 22, 2012, Resolution No. 15-29, passed on March 18, 2015, Resolution No. 16-42, passed on March 16, 2016, and Resolution No. 22-77, passed on July 20, 2022. This version of the Policy was amended by Resolution No. 24-159, passed unanimously on November 20, 2024.