

NTTA EMPLOYEES ETHICS POLICY

I. OVERVIEW

Pursuant to Section 366.033(a)(1) of the Texas Transportation Code, the NTTA Board of Directors ("Board") adopts the following as the NTTA Employees Ethics Policy ("Ethics Policy").

II. STANDARDS OF CONDUCT

Employees have a fiduciary duty to act in the best interest of NTTA. They shall act honestly and according to the standard of a prudent person, exercising their best skill and judgment for the NTTA's benefit. Employees shall comply with all applicable laws. To the extent this Ethics Policy is inconsistent with any applicable law, such law shall control.

A. An employee shall:

1. perform his or her official duties in a lawful, professional, and ethical manner befitting the NTTA;
2. report any conduct or activity that the employee believes to be in violation of this Ethics Policy or of law to the Ethics Officer or appropriate law enforcement officer; and
3. consult promptly with the Ethics Officer about ethics issues pertaining to his or her service as an employee.

B. An employee shall not:

1. solicit, accept, or agree to accept any gift or other benefit (i) as consideration for the employee's decision, opinion, recommendation, vote, or other exercise of discretion, (ii) that the employee knows or should know is being offered with the intent to influence the employee's official conduct or (iii) that might reasonably tend to influence the employee's discharge of official duties;
2. solicit, accept, or agree to accept any gift or other benefit from a person the employee knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the employee's exercise of discretion,

other than a gift or other benefit allowed under Section 36.10 of the Texas Penal Code;¹

3. intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers as an employee or performed his or her official duties as an employee in favor of another;
4. disclose confidential or proprietary information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court that was acquired by the employee by reason of the employee's official position;
5. accept other employment, including self-employment, or compensation or engage in a business, charity, nonprofit organization, or professional activity that the employee might reasonably expect would require or induce the employee to disclose confidential information that was acquired by reason of the employee's official position;
6. accept other employment, including self-employment, or compensation or engage in a business, charity, nonprofit organization, or professional activity that could reasonably be expected to impair the employee's independence of judgment in the performance of the employee's official duties;
7. make personal investments that could reasonably be expected to create a substantial conflict between the employee's private interest and the NTTA's interest;
8. utilize NTTA property, facilities, or equipment for any purpose other than official NTTA business, unless such use is reasonable and incidental and does not result in any direct cost to the NTTA, interfere with the employee's official duties, or interfere with NTTA functions;
9. utilize his or her official position for financial gain, obtaining privileges, or avoiding consequences of illegal acts;

¹ Such permitted items include (i) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient, (ii) an item with a value of less than \$50, excluding cash, and (iii) food, lodging, transportation or entertainment accepted as a guest.

10. knowingly make misleading statements, either oral or written, or provide false information, in the course of conducting NTTA business;
11. utilize NTTA property or personnel for political activity such as campaigning for a candidate or soliciting political contributions;
12. purport to commit the NTTA to any contract, obligation or other action without having been properly authorized to do so.

III. CONFLICTS OF INTEREST

- A. Definition. A “conflict of interest” exists when an employee has a private interest (financial, personal, or otherwise) in a contract, decision, or other matter involving the NTTA that might cause the employee to perform his or her official duties in a way other than the employee would have if he or she had no such private interest. An employee with a direct or indirect interest in a contract with the NTTA has a *per se* conflict.
- B. Application. Except where indicated, the conflicts of interest policy in this Section III covers the employee, certain family members of the employee and a domestic partner of the employee. This means that if a family member or domestic partner of an employee has an interest in an NTTA matter that, if the interest were held by the employee, would give rise to a conflict of interest, then the employee is deemed to have a conflict of interest in that matter.
- C. Family members and domestic partners. Family members are persons related to the employee in the first degree by consanguinity or affinity under Chapter 573, Texas Government Code, Subchapter B.² A domestic partner is someone who lives in the same household with the employee and shares the common resources of life in a close, personal, and intimate relationship with the employee.
- D. Substantial interest in business or real estate. If an employee or the employee’s family member or domestic partner has a substantial interest in (i) a business entity that is the subject of a decision or other action by the NTTA and that decision or other action will have a

² The list of family members includes the employee’s spouse, children, stepchildren, sons-in-law, daughters-in-law, mother, father, mother-in-law and father-in-law. Also included is a divorced spouse of an employee, if the employee and the former spouse had a child together who is now living, and the mother or father of a deceased or divorced spouse if the employee and the deceased/divorced spouse had a child who is now living.

special economic effect on the business entity that is distinguishable from the effect on the public or (ii) real estate where it is reasonably foreseeable the matter will have a special economic effect that is distinguishable from the effect on the public, the employee shall take the following steps. First, the employee shall immediately abstain from participation in the matter. Second, promptly, but no more than seven days after learning of a decision or other action affecting such interest, the employee shall provide his or her department director and the Ethics Officer with a written statement (i) describing the substantial interest in business or real estate involved, (ii) identifying the NTTA decision or other action that may affect that interest, and (iii) describing what role, if any, the employee has played or in the ordinary course would be expected to play in that decision or other action. A substantial interest in a business entity occurs when a person (i) 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) receives over 10 percent of his/her gross income for the previous year from the business entity. A substantial interest in real estate exists if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

- E. Reporting requirements. Employees are required to file an affidavit on a form approved by the NTTA when the NTTA is entering into or considering entering into a contract with a business or person that (i) has had an employment or business relationship with the NTTA employee or a family member or domestic partner of the NTTA employee through which the NTTA employee, family member, or domestic partner has received over \$2,500 in income (other than investment income) during the previous 12 months or (ii) has given the NTTA employee, family member, or domestic partner one or more gifts that have an aggregate value of more than \$100 in the previous 12 months. The following need not be reported: (i) gifts offered on account of kinship or a personal, professional, or business relationship independent of the employee's status as an NTTA employee or agent; (ii) a political contribution defined by Title 15 (Section 251.001), Texas Election Code or (iii) food accepted as a guest. The NTTA representative must file the affidavit within seven business days after the date he or she became aware of the facts that require the filing. In addition, NTTA employees or agents who exercise discretion in the planning, recommending, selecting, or contracting of or with a person or business with whom the NTTA is entering into or considering entering into a contract (a "vendor") must

file the affidavit if the employee or agent has a family relationship³ with the vendor or the vendor's agent. The NTTA will include such employee or agent on its list of local government officers required to be maintained and made available to the public and vendors under Title 5 (Section 176.0065), Texas Local Government Code.

- F. Apparent conflict of interest/Appearance of impropriety. An apparent conflict of interest exists when a reasonable person would believe that an employee's private interest (financial, personal or otherwise) might cause the employee to perform his or her duties in a way other than they would have been performed if the employee had no such private interest. An employee with an apparent conflict of interest shall abstain from participation in that matter. The employee shall note the basis of that abstention in a written statement of the facts that the employee shall supply to his or her department director and the Ethics Officer promptly but no later than seven days after the employee becomes aware of the need for such abstention. An employee who reasonably believes that his or her involvement in a decision or other action by the NTTA may give rise to an appearance of impropriety shall abstain from participation in that matter and submit a written statement in the same manner.

- G. Abstention. An employee who abstains from a matter must refrain from all involvement in deliberations and decision making with respect to that matter at both Board and staff levels. An employee who has abstained from a matter shall not attend meetings or portions thereof where the matter giving rise to the abstention is discussed.

- H. Process. The Executive Director, NTTA executive leadership and the Ethics Officer shall proactively interact with employees and each other regarding possible conflicts of interest or appearances of impropriety involving employees. Disputes involving the existence of a conflict of interest, apparent conflict of interest, or an appearance of impropriety or the proper response thereto will be first discussed by the affected employee's department director and the Ethics Officer with the affected employee. If they are unable to resolve the matter, the Executive Director shall be apprised and may take any appropriate action allowed by law. This process does not relieve

³ An employee has a "family relationship" with a vendor or a vendor's agent if the vendor or agent is the employee's (1) parent, child, brother, sister, grandparent, grandchild, great-grandparent, great-grandchild, aunt, uncle, nephew, or niece (*i.e.*, third degree of consanguinity), or (2) spouse, mother-in-law, father-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepmother, stepfather, brother-in-law, sister-in-law, spouse's grandparent, spouse's grandchild, grandchild's spouse, or spouse of grandparent (*i.e.*, second degree of affinity.)

individual employees of their personal obligation to comply with this Ethics Policy.

- I. Regular reporting. Employees shall diligently and in a timely manner review and complete the conflict of interest disclosure forms, if any, provided to them by the NTTA in advance of every Board or Board Committee meeting. The Executive Director shall designate which employees are subject to this reporting requirement, provided that at a minimum the following employees shall be subject to that requirement:

- Executive Director
- Deputy Executive Director
- All non-support staff employees who are direct reports to either the Executive Director or Deputy Executive Director
- General Counsel
- Manager in charge of procurement function

Each employee shall evaluate with the Ethics Officer the most effective method to ensure the disclosure of conflicts of interest arising in connection with that employee's business, investments, and other activities. An employee who does not file a conflict of interest form shall be presumed to have reported that he or she has no conflict of interest pertaining to the matters being considered by the Board.

- J. Annual reporting. Upon appointment, employees subject to the reporting requirements in subsection I shall file with the Secretary a personal financial statement on the form developed by the Texas Ethics Commission. By April 30 of each year, each such employee shall file such a personal financial statement with the Secretary. The filing date may be extended by up to 60 days by the Executive Director.

IV. REVOLVING DOOR

An employee after leaving NTTA employment shall not participate on behalf of any third party in a matter involving the NTTA in which the employee participated while employed at the NTTA. For purposes of this subsection, an employee participated in a matter if the employee made a decision or recommendation on the matter, approved, disapproved or gave advice on the matter, conducted an investigation related to the matter, or took a similar action related to the matter.

V. NEPOTISM

An employee may not (i) appoint or hire, (ii) recommend the appointment or hiring of, or (iii) encourage others to appoint or hire an individual to an NTTA position that is to be directly or indirectly compensated from the NTTA's funds if the individual is related to the employee within the third degree of consanguinity or the second degree of affinity as defined by Chapter 573, Texas Government Code, Subchapter B or is a domestic partner of the employee. Nor shall an employee take any of these actions on behalf of a person related to another employee within the third degree of consanguinity or the second degree of affinity as defined by Chapter 573, Texas Government Code, Subchapter B or domestic partner of another employee, if such action was carried out in whole or partial consideration for the other employee taking a similar action regarding an individual related to the first employee within such degree of consanguinity or affinity or who is a domestic partner of the first employee.

VI. CONDUCT OF BUSINESS

The NTTA recognizes its obligations under the Texas Open Meetings Act and the Texas Public Information Act and its employees will conduct NTTA business and report on its activities in a manner that apprises the public of the matters under consideration by the NTTA and the decisions it makes. Pursuant to Section 551.146 of the Texas Open Meetings Act, employees shall not without lawful authority disclose to third parties what was discussed in executive sessions of meetings of the NTTA Board of Directors. Such authorization may come from the full Board or from its Chairman via authority delegated to the Chairman by the Board.

VII. ADOPTION

The Board adopted this Ethics Policy by Resolution No. 12-87, passed unanimously on May 16, 2012. This Ethics Policy was amended by Resolution No. 16-127, passed unanimously on October 19, 2016. By Resolution No. 12-05, passed unanimously on January 18, 2012, the Board appointed the NTTA General Counsel to serve as the Ethics Officer under this Ethics Policy.