

LNRA BOARD POLICY
301 – ETHICS AND CONFLICT OF INTEREST

301.10 PURPOSE

The purpose of this policy is to provide guidance to the LNRA Board of Directors, LNRA officers, employees, and agents regarding standards of ethical conduct and conflicts of interest.

301.20 POLICY

301.201 ETHICS

LNRA Board members, LNRA officers, and employees must conduct themselves so as to bring continuing trust and respect to LNRA, and avoid any questionable conduct that could bring discredit to LNRA. In accordance with state law, no Board member, LNRA officer or employee should:

- Accept or solicit any gift, favor, or service that might reasonably tend to influence the Board member or employee in the discharge of official duties or that the Board member or employee knows or should know is being offered with the intent to influence the Board member's or employee's official conduct.
- Accept other employment or engage in a business or professional activity that the Board member or employee might reasonably expect would require or induce the Board member or employee to disclose confidential information acquired by reason of the official position.
- Accept other employment or compensation that could reasonably be expected to impair the Board member's or employee's independence of judgment in the performance of the Board member's or employee's official duties.
- Make personal monetary investments that could reasonably be expected to create a substantial conflict between the Board member's or employee's private interest and the interest of the public.
- Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the Board member's or employee's official powers or performed the Board member's or employee's official duties in favor of another.

301.202 CONFLICT OF INTEREST

- A. **BOARD MEMBERS:** Board members shall comply with Chapters 171 and 176 of the Local Government Code to the extent applicable. Board members shall, pursuant to the standards of § 171.00, et seq., Local Gov't Code, disclose any conflict of interest with matters pending before the Board by executing an Affidavit (Exhibit A) disclosing such interest and refrain from participation in the discussion of or decision on such matters. Additionally, Board members shall, pursuant to the standards of §176.001, et seq., Local Gov't. Code, disclose any conflict of interest when a Board Member has the specified relationship with a person (or the

person's agent) that contracts or seeks to contract for the sale or purchase of property, goods or services with LNRA. by executing the Local Government Officer Conflicts Disclosure Statement (Exhibit B) disclosing such interest.

In addition to the disclosures required above, each Board member shall disclose his/her substantial interest in:

1. any business entity within Jackson County; and
2. any business entity with which the Board member knows that LNRA has transacted business or is contemplating transacting business.

The Board member shall make this disclosure by filing with LNRA the Affidavit and the Local Government Officer Conflicts Disclosure Statement. LNRA shall segregate the payment from the Check Register and list the payment on a separate register. The Board shall review payments for interested transactions separately from the items listed in the Check Register, and the interested Board Member shall abstain from participation in the discussion of or any decision on the interested transaction.

B. OFFICERS, EMPLOYEES AND AGENTS: Any officer, employee, or agent of LNRA, pursuant to the standards of § 171.000, et seq., and §176.001, et seq., Local Gov't. Code, shall disclose any conflict of interest that exists with regard to LNRA business for which that officer, agent or employee has responsibility or when an officer, employee or agent has the specified relationship with a person (or the person's agent) that contracts or seeks to contract for the sale or purchase of property, goods or services with LNRA., by executing both the Affidavit and the Local Government Officer Conflicts Disclosure Statement disclosing the interest. The General Manager shall be responsible for independently reviewing all decisions made by the officer, agent, or employee in that area.

- Board members, officers, employees and agents of LNRA are required to file a Local Government Officer Conflicts Disclosure Statement if:
 - a. The person has contracted with LNRA or LNRA is considering doing business with the person and the person has an employment or other business relationship with the board member, officer, employee or agent or a family member of the board member, officer, employee or agent that results in the board member, officer, employee or agent or family member receiving taxable income; or
 - b. The person has contracted with LNRA or LNRA is considering doing business with person and the person has given the board member, officer, employee or agent or family member of the board member, officer, employee or agent one or more gifts (other than food, lodging, transportation, or entertainment accepted as a guest), that have an aggregate value of more than \$250 in the 12-month period preceding the date the board member, officer, employee or agent became aware that a contract has been executed with the person or LNRA is considering doing business with the person.

- For purpose of Chapter 176, “family member” means a person related within the first degree of consanguinity (relationship by blood) or affinity (relationship by marriage), as defined by Chapter 573, Subchapter B of the Government Code except that the term does not include a person who is considered to be related to another person by affinity only as described by Section 573.024(b), Government Code. Persons related to a board member, officer, employee or agent with the first degree of consanguinity include a parent or child of the board member, officer, employee or agent respectively. Persons within the first degree of affinity include the board member’s, officer’s, employee’s or agency’s husband or wife respectively.

301.203 FINANCIAL DISCLOSURE

Board members shall comply with standards of financial disclosure as contained in Chapter 572, Tex. Gov’t Code which are generally described below:

- Requires disclosure of private interest in pending measures or decisions and the abstention from participating in such measure, prohibits compensation for personal solicitation for the award of a contract to LNRA and requires financial disclosure by filing financial statements with the Texas Ethics Commission.

301.204 ADDITIONAL STANDARDS FOR PERSONS HANDLING INVESTMENTS

In addition to the foregoing requirements, the following standards shall be observed by the person(s) responsible for handling LNRA investments.

- The LNRA Board shall select a depository or depositories under the general provisions for the selection of depositories as provided for counties in Chapter 116 of the Local Government Code. The depository shall be located within the boundaries of the LNRA unless the Board determines that a suitable depository cannot be found within Jackson County.

301.205 NEPOTISM

All Board members and the General Manager shall comply with the standards enunciated in Chapter 573, Tex. Gov’t Code relating to nepotism.

An individual is not eligible for employment by the LNRA if such individual is related to a Board member or to the General Manager within the third degree by consanguinity or within the second degree by affinity.

This prohibition does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an individual to a position if the individual is employed in the position immediately before the appointment of the Board member or General Manager to whom the individual is related in a prohibited degree and that prior employment is continuous for at least thirty (30) days. If an individual continues in employment under this exception, the Board member or General Manager to whom the individual is related in a prohibited degree may not participate in any deliberation or voting on the appointment, reappointment, confirmation of the appointment or

reappointment, employment, reemployment, change in status, compensation or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees.

301.206 USE OF LNRA FUNDS AND PROPERTY

The funds, facilities, personnel, equipment, and supplies of LNRA shall be used in a manner consistent with Article III § 52 of the Texas Constitution, which prohibits grants of public funds or things of value to individuals, associates, or corporations.

301.30 RESPONSIBILITIES

301.301 BOARD MEMBERS AND GENERAL MANAGER

Board members and LNRA General Manager shall be responsible for the administration and coordination of this policy.

Effective: June 25, 2003, Amended July 19, 2006, Amended October 17, 2007

AFFIDAVIT

STATE OF TEXAS |
COUNTY OF JACKSON |

BEFORE ME, the undersigned authority, on this day personally appeared _____
(Name of Affiant), a member of the Board of Directors of the Lavaca-Navidad River Authority, who
being duly sworn, deposes and says:

I, or a person related to me by affinity or consanguinity in the first or second degree, has a
substantial interest in _____ (Name of Business Entity) as indicated below
by check mark and completion:

- () A relative of mine within the first or second degree of affinity or consanguinity
has a substantial interest in the business entity or its property that would be affected by a
decision of the public body of which I am a member.
- () Ownership of 10% or more of the voting stock or shares of the said business
entity or ownership of \$2500 or more of the fair market value of the said business entity.
- () More than 10% of (my) (my relative's) [circle answer] gross income for the
previous year was received from said business entity.
- () Equitable or legal ownership of the fair market value of \$2,500.00 or more in said
business entities' real property.

In consideration of this aforestated interest, I shall abstain from all further participation
(including deliberating and voting) in the matter involving this business entity now before this body or
office.

Date: _____

Affiant

SWORN TO AND SUBSCRIBED BEFORE ME this ____ day of _____, 20 ____.

Notary Public in and for the
State of Texas

My commission expires:

THIS AFFIDAVIT SHALL BE MADE A PART OF THE OFFICIAL MINUTES OF THE LAVACA-
NAVIDAD RIVER AUTHORITY.