

Hays Trinity Groundwater Conservation District

Ethics Policy

Section 1: General Statement of Policy

It is the policy of the Hays Trinity Groundwater Conservation District (District) that its directors, employees and agents conduct themselves in a manner consistent with sound business and ethical practices; that the public interest is paramount in all District actions; and that even the appearance of impropriety is to be avoided to ensure and maintain public confidence in the District.

Section 2: The Purpose of the Policy

The purpose of this ethics policy is to:

- a. Encourage high ethical standards in official conduct;
- b. Establish guidelines for ethical standards of conduct for all District officials and employees as public servants;
- c. Increase public confidence that the resources of their government are not used for unwarranted direct or indirect enrichment of governmental decision-makers or their close advisers; and
- d. Eliminate any incentive for private interests to conduct private financial transactions with governmental decision-makers or their close advisers for the purpose of securing a special advantage in competition for governmental contracts for services and goods.

Section 3: Standards of Conduct

District Directors, employees and agents shall adhere to certain standards of conduct:

- a. No District official, employee or agent shall have a direct or indirect interest in any contract for the purchase of any property or construction of any work by, or for, the District.
- b. No District official, employee or agent shall use his or her office or position or any confidential information received through his/her holding of a District position to transact any business in his/her official capacity with any person or entity, in which he/she, or a member of his/her immediate family, has an interest except in accordance with procedures provided for in Section 6.
- c. A District official, employee or agent may not accept gifts, entertainment or services

from individuals or companies doing or seeking to do business with the District, unless the transaction meets all of the following requirements:

- (1) Is in keeping with good business ethics;
- (2) Is customary and proper under the circumstances and gives no appearance of impropriety;
- (3) Serves a valid District business purpose;
- (4) Does not impose any sense of obligation on the recipient to the donor;
- (5) Does not result in any kind of special or favored treatment for the donor;
- (6) Cannot be viewed as extravagant, excessive, or too frequent considering all the circumstances;
- (7) Does not involve cash payments, gift certificates, credit arrangements of any kind, or any item of more than nominal value, i.e. \$25.00;
- (8) Does not involve materials, services, repairs or improvements at no cost or at unreasonably low prices; and
- (9) There is no effort made to conceal the full facts by either the recipient or the donor.

This is not intended to prevent gifts conferred on account of kinship or a personal, professional or business relationship independent of the status of the recipient as a District official.

A District employee may not provide to other persons gifts, entertainment or services on behalf of the District that could not be accepted under this policy.

Section 4: Communication of Ethics Policy

All new and current Directors, employees, committee members and agents shall be provided a copy of the District's Ethics Policy. New and current employees shall sign a Statement of Affirmation upon employment and shall reaffirm their adherence to the Ethics Policy at the time of Director Election confirmations and oaths of office. A copy of the signed Statement will be retained in the employee's personnel file. All new and current Directors shall sign a Statement of Affirmation which will be filed with the Board and reaffirmed at the time of Director Election confirmations and oaths of office. Attachment 1 is to be used as the form for Affirmation of Adherence to the Policy and shall be filed in the Director's or employee's personnel file.

The Ethics Policy shall be made available to District vendors, contractors, financial institutions, and professional consultants upon engagement of services. The Policy shall also be made available to prospective vendors and contractors submitting bids for services.

Section 5: Financial Reporting by Directors

As required by the Texas Election Code, Title 15, Chapter 254, District Directors are required to file semi-annual reports of financial contributions, loans, and expenditures as set out in § 254.093. Statements are to be filed by January 15th and July 15th of each year on forms prescribed by the Secretary of State. The July 15th report covers the period beginning January 1st, the day the Director takes office, or the first day after the period covered by the last report as applicable, and continuing through June 30th. The second report, required to be filed no later than January 15th, covers the period beginning July 1st, the day the Director takes office, or the first day after the period covered by the last report, as applicable, and continuing through December 31st. The contents of such reports are set out in Texas Election Code §§ 254.031 and 254.091.

Each Director shall file the required financial reports with the Secretary of the Board of Directors of the District no later than January 15th and July 15th of each year. A Director is not required to report Director expenditures made from the Director's personal funds. If the Director has neither received nor expended \$500.00 of political contributions during a reporting period, a Director's report is not required.

A Director who becomes a candidate is subject to the reporting requirements for candidates as set forth in §§ 254.061 - 254.088 of the Texas Election Code.

Section 6: Conflict of Interest

Local Government Code Section 171 pertains to conflict of interest. Excerpts of that code follow:

a. Definitions

- (1) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust or any other entity recognized by law. (Local Government Code, Section 171.001)
- (2) For purposes of this policy, a Director has a substantial interest in a business entity if:
 - (a) The Director owns 10% or more of the voting stock or shares of the business entity or owns either 10% or more, or \$5,000 or more, of the fair market value of the business entity; or
 - (b) Funds received by the Director from the business entity exceed 10% of the Director's gross income for the previous year.
- (3) A Director has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

(4) A Director is considered to have a substantial interest under this Section if a person related to the Director in the first degree by consanguinity or affinity has a substantial interest under this Section. (Local Government Code, Section 171.002)

b. Affidavit and Abstention from Voting [Local Government Code Section 171.004 (Vernon Supp. 1992)]

(1) If a Director has a substantial interest in a business entity or in real property, the Director shall file, before a vote or a decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:

(a) in the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or

(b) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

(2) The affidavit must be filed with the General Manager of the District.

(3) If a Director is required to file and does file an affidavit, the Director is not required to abstain from further participation in the matter requiring the affidavit if a majority of the Directors are likewise required to file and do file affidavits of similar interests on the same official action.

c. Voting on Budget [Local Government Code, Section 171.005 (Vernon Supp.1992)]

(1) The Board of Directors of the District shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a Director has a substantial interest.

(2) Except as provided by this Section, the affected Director may not participate in that separate vote. The Director may vote on a final budget if:

(a) the Director has complied with the provisions of this Section; and

(b) the matter in which the Director is concerned has been resolved.

d. Prohibited Acts/Penalties (Local Government Code, Section 171.003)

- (1) A Director commits an offense if the Director knowingly:
 - (a) violates any of the Sections above;
 - (b) acts as a surety for a business entity that has work, business or a contract with the District; or
 - (c) acts as a surety on any official bond required of a Director of the District.

- (2) An offense under this section is a Class A misdemeanor.

Section 7: Revolving Door

No District Director or employee may represent an interest other than the District's in front of the Board of Directors for 90 days after termination of employment/term of office with the District.

Section 8: Remedies

If it is determined that a violation of this Ethics Policy occurred by an employee, the General Manager shall proceed promptly to determine the appropriate penalty. Appropriate documentation of the violation, findings, and penalty will be maintained in accordance with the personnel policies of the District.

If it is determined that a violation of this Policy occurred by a District official, Director or agent, the Board of Directors shall proceed promptly to determine the appropriate action.

Attachment 1

To Be Placed in Employee's or Director's Personnel File

Ethics Policy - Statement of Affirmation

I acknowledge that I have received a copy of the Ethics Policy. I also acknowledge that the provisions of the Policy are part of the terms and conditions of my employment or service in the elected office of Director and that I agree to abide by them.

Signature of Employee or Director

Date: _____

Print Name: _____