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## LCRA BOARD POLICY

### 206 - ETHICS

April 20, 2011

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#### 206.10 PURPOSE

The purpose of this policy is to provide guidance to the LCRA Board of Directors (Directors) and employees regarding standards of ethical conduct and conflicts of interest.

#### 206.20 POLICY

**206.201 Ethical Standards of Conduct.** LCRA directors and employees must conduct themselves so as to bring continuing respect to LCRA, and avoid any questionable conduct that could bring discredit to LCRA. In accordance with state law, no director or employee should:

- A. Accept or solicit any gift, favor, or service that might reasonably tend to influence him in the discharge of his official duties, or that he knows or should know is being offered to him with the intent to influence his official conduct;
- B. Accept or solicit employment or engage in any business or professional activity which he might reasonably expect would require or induce him to disclose confidential information acquired by reason of his official position;
- C. Accept or solicit other employment or compensation which could reasonably be expected to impair his independence of judgment in the performance of his official duties;
- D. Make personal investments which could reasonably be expected to create substantial conflicts between his private interest and the public interest;
- E. Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his official powers or performed his official duties in favor of another; or
- F. Misapply or misuse LCRA property, services, or personnel for personal benefit.

**206.202 Conflicts of Interest.** Directors and employees will avoid conflicts of interest and conduct themselves so as to avoid even the appearance of conflicts of interest in the discharge of their official duties.

Directors: Before any vote or decision on a business entity or real property in which a director has a substantial interest, a director will publicly disclose the interest during a meeting of the Board, file a completed affidavit (available from the general counsel) with the Secretary of the Board, and abstain from further participation in the matter if:

- A. 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. It is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property that is distinguishable from its effect on the public.

Directors must also file a conflicts disclosure statement whenever a director becomes aware that a vendor or contractor of LCRA, or a potential vendor or contractor, has an employment or business relationship with a director or a family member of the director (the director's spouse, parent, child, father-in-law, mother-in-law, sons-in-law, and daughters-in-law). The disclosure statement must also be filed in the following circumstances:

- A. When a director or a family member of a director receives taxable income from a vendor or contractor or a potential vendor or contractor, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date a contract is signed or first considered by LCRA, or
- B. When a vendor has given to a director or a family member of a director one or more gifts that have an aggregate value of more than \$250 in the 12-month period preceding the date a contract is signed or first considered.

A director must sign the disclosure statement (available from the general counsel) before a notary, under oath, acknowledging that it applies to the director's family members, then file it with the LCRA records custodian by the seventh business day after the director becomes aware of facts requiring the form to be filed.

Employees: A conflict of interest exists when an employee's personal interests (whether due to considerations of economic benefit, family relationships, personal friendships, or otherwise) may affect his or her judgment in performing the employee's LCRA duties. In the event that an employee has an apparent or actual conflict of interest involving a business entity seeking to do or doing business with the LCRA, the employee must 1) notify an immediate supervisor in writing, and 2) avoid any participation in recommendations or approvals of any business transaction with the business entity.

**206.203 Annual Financial and Disclosure Statements.** The general manager and each member of the Board of Directors will file an annual financial statement with the Texas Ethics Commission in accordance with Texas Government Code, Chapter 572. In addition, the general manager and each Board member shall submit to the general counsel a disclosure statement by June 30 of each year. The annual disclosure statement shall be in a form prescribed by the general counsel that incorporates business and financial information included in the Texas Ethics Commission annual financial statement and provides a reaffirmation of adherence to this policy.

**206.204 Vendors and Contractors.** Vendors and Contractors of LCRA, their subcontractors, and their employees, are expected to behave in a lawful and ethical manner in their business dealings with LCRA. Contract provisions requiring ethical behavior will be included in all procurement contracts.

**206.205 General Manager Authority.** The general manager is authorized to develop and enforce codes of ethical conduct applicable to employees, which codes may be more restrictive than this policy or state law.

**206.206 Constitutional Limits on Donations.** LCRA will not give away public funds, property, or services in violation of Article III, Section 52, of the Texas Constitution.

**206.30 AUTHORITY**

Texas Local Government Code, Chapters 171 and 176.

Texas Government Code, Chapter 572.

Texas Penal Code, Chapters 36 and 39.

LCRA Bylaws, Sec. 2.01.

30 Tex. Admin. Code, Chapter 292.

EFFECTIVE: August 1987, Amended October 18, 1990, March 19, 1992, September 22, 1994, September 20, 2000, and May 21, 2008. Reaffirmed April 20, 2011.