

NTTA BOARD OF DIRECTORS 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 its Ethics Policy.

II. STANDARDS OF CONDUCT

Directors have a fiduciary duty to act in the best interest of the 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. Directors shall comply with all applicable laws. To the extent this Ethics Policy is inconsistent with any applicable law, such law shall control.

A. A Director 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 Director 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 a Director.

B. A Director shall not:

1. solicit, accept, or agree to accept any gift or other benefit (i) as consideration for the Director's decision, opinion, recommendation, vote, or other exercise of discretion, (ii) that the Director knows or should know is being offered with the intent to influence the Director's official conduct or (iii) that might reasonably tend to influence the Director's discharge of official duties;
2. solicit, accept, or agree to accept any gift or other benefit from a person the Director knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the Director'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 a Director or performed his or her official duties as a Director 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 Director by reason of the Director'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 director might reasonably expect would require or induce the Director to disclose confidential information that was acquired by reason of the Director'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 Director's independence of judgment in the performance of the Director's official duties;
7. make personal investments that could reasonably be expected to create a substantial conflict between the Director'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 Director'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;
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;

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.

12. purport to commit the NTTA to any contract, obligation or other action without having been properly authorized to do so by the Board.

III. CONFLICTS OF INTEREST

A. Definition. A “conflict of interest” exists when a Director has a private interest (financial, personal, or otherwise) in a contract, decision, or other matter involving the NTTA that might cause the Director to perform his or her official duties in a way other than the Director would have if he or she had no such private interest. A Director 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 Director, certain family members of the Director and a domestic partner of the Director. This means that if a family member or domestic partner of a Director has an interest in an NTTA matter that, if the interest were held by the Director, would give rise to a conflict of interest, then the Director is deemed to have a conflict of interest in that matter.

C. Family members and domestic partners. Family members are persons related to the Director 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 Director and shares the common resources of life in a close, personal, and intimate relationship with the Director.

D. Substantial interest in business or real estate. If a Director or the Director’s family member or domestic partner has a substantial interest in (i) a business entity that is the subject of a vote or decision by the Board and that vote or decision will have a 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 Director shall abstain from participation in the matter and, prior to the vote or other action by the Board, file an affidavit on the form approved by the NTTA that notes the basis of the Director’s abstention. A substantial interest in a business entity occurs when a person (i) owns 10 percent or more of the voting stock

² The list of family members includes the Director’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 a Director, if the Director 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 Director and the deceased/divorced spouse had a child who is now living.

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. Directors 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 and that business or person (i) has had an employment or business relationship with the Director or a family member or domestic partner of the Director through which the person or business has received over \$2,500 in income (other than investment income) during the previous 12 months or (ii) has given the Director or a family member or domestic partner of a Director 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 Director's official status; (ii) a political contribution defined by Title 15 (Section 251.001), Texas Election Code or (iii) food accepted as a guest. In addition, Directors are required to file the referenced affidavit when the NTTA is entering into or considering entering into a contract with a person and the Director has a family relationship³ with that person or his or her agent. Directors must file the affidavit within seven business days after the date the Director became aware of the facts that require the filing.

F. Apparent conflict of interest/Appearance of impropriety. An apparent conflict of interest exists when a reasonable person would believe that a Director's private interest (financial, personal or otherwise) might cause the Director to perform his or her duties in a way other than they would have been performed if the Director had no such private interest. A Director with an apparent conflict of interest shall abstain from participation in that matter and note the basis of that abstention in an affidavit on a form approved by the NTTA filed before the Board takes a vote or other action on the matter. A Director who reasonably believes that his or her involvement in a vote or other action by the Board may give rise to an appearance of impropriety shall abstain from participation in that matter and submit an affidavit in the same manner.

³ The Director has a "family relationship" with a person or that person's agent if that person or agent is that Director'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).

G. Abstention. A Director 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. At a public meeting of the Board, the Director who is abstaining shall indicate such lack of involvement by leaving his or her post temporarily when the matter is being discussed or pushing back his or her chair to signal non-involvement in the discussion. In some instances, such as executive sessions, it will be necessary for the Director to physically remove himself or herself from the meeting when the matter is being discussed.

H. Process. Directors shall file the forms referenced in Sections III.D – III.F with the Secretary. The Secretary shall promptly notify the Chairman, Executive Director, and Ethics Officer of any such filings. The Chairman, Executive Director, and Ethics Officer shall proactively interact with Directors and each other regarding possible conflicts of interest or appearances of impropriety involving Directors. 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 Chairman, Executive Director, and the Ethics Officer with the affected Director. If they are unable to resolve the matter, the Board shall be apprised so it may take any appropriate action allowed by law. This process does not relieve individual Directors of their personal obligation to comply with this Ethics Policy.

I. Regular reporting. Directors shall diligently and timely review and complete the conflict of interest disclosure forms provided to them by the NTTA in advance of every Board or Board Committee meeting. Each Director shall evaluate with the Ethics Officer the most effective method to ensure the disclosure of conflicts arising in connection with that Director's business, investments, and other activities. A Director 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, Directors shall file with the Secretary a personal financial statement on the form developed by the Texas Ethics Commission before voting or participating in any substantive Board action. By April 30 of each year, Directors shall file their personal financial statements with the Secretary. Directors may request a single extension of time of up to 60 days for such filing, provided that such request must be submitted to the Chairman with a copy to the Ethics Officer before April 30. Pursuant to NTTA Board Resolution No. 15-29, within 10 days after receipt of a personal financial statement filed by a Director, the Secretary shall file the personal financial statement with the clerk of the county in which the Director resides.

IV. CONFLICTS OF INTEREST AFFECTING ELIGIBILITY

A. Pursuant to Section 366.252(a) of the Texas Transportation Code, a person is not eligible to serve as a Director if the person or the person's 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 the NTTA or receiving money from the 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 the NTTA, other than compensation for acquisition of turnpike right-of-way;

4. uses or receives a substantial amount of tangible goods, services, or money from the NTTA, other than compensation or reimbursement authorized by law for board membership, attendance, or expenses, or for compensation for acquisition of turnpike right-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 the NTTA.

B. Reporting. On an annual basis each Director shall affirm on a form approved by the NTTA that he or she continues to meet the eligibility requirements for serving on the NTTA Board set forth under Section IV.A. A Director 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 Chairman and the Ethics Officer.

V. NEPOTISM

A Director may not (i) appoint or hire, (ii) vote for 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 Director within the third degree of consanguinity or the second degree of affinity as defined by Chapter 573, Texas Government Code, Subchapter B. Nor shall a Director take any of

these actions on behalf of a person related to another Director within the third degree of consanguinity or the second degree of affinity as defined by Chapter 573, Texas Government Code, Subchapter B, if such action was carried out in whole or partial consideration for the other Director taking a similar action regarding an individual related to the first Director within such degree of consanguinity or affinity.

VI. CONDUCT OF BUSINESS

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

VII. ADOPTION AND SUBSEQUENT AMENDMENTS

The Board adopted this Ethics Policy by Resolution No. 12-05, passed unanimously on January 18, 2012. That resolution also (i) directed that ethics policies applicable to NTTA employees be made consistent with the standards set forth herein, and (ii) 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, and by Resolution No. 16-42, passed on March 16, 2016.