

NTTA BOARD OF DIRECTORS ETHICS POLICY

I. OVERVIEW

Pursuant to Section 366.033(a)(1) of the Texas Transportation Code, NTTA's 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 NTTA. They shall act honestly and according to the standard of a prudent person, exercising their best skill and judgment for 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 duties as a Director ("official duties") in a lawful, professional, and ethical manner; and
2. promptly report to and consult with the Ethics Officer regarding any ethics issues pertaining to his or her service as a Director or any activity regarding NTTA that the Director believes to be in violation of this Ethics Policy or law; if a Director believes the Ethics Officer may be implicated in alleged impropriety, the Director may contact the Executive Director, in lieu of the Ethics Officer, and if both the Ethics Officer and Executive Director may be implicated, contact the Board Chair.

B. Except as permitted under Section II.C, 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) as consideration for a violation of a duty imposed by law on the Director, (iii) that the Director knows or should know is being offered with the intent to influence the Director's official conduct, (iv) that might reasonably tend to influence the Director's discharge of his or her official duties, or (v) 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;
2. intentionally or knowingly solicit, accept, or agree to accept any benefit for the exercise of his or her powers as a Director or performance of his or her official duties in favor of another;

3. offer or give any gift or other benefit to:
 - (i) a public official as consideration for that official's decision, opinion, recommendation, vote, or exercise of discretion or that is intended or reasonably might be expected to influence the public official's discharge of his or her official duties; or
 - (ii) any person with an intent to avoid the detection of a violation of law or NTTA rules or polices; or
 - (iii) any person with an intent to gain a benefit that conflicts with NTTA's or the public's interest.
4. disclose confidential or proprietary information or information that is excepted from public disclosure under the Texas Public Information Act;
5. accept other employment, including self-employment, or engage in a business, charity, nonprofit organization, or professional activity that (i) the Director might reasonably expect would require or induce the Director to disclose confidential NTTA information or (ii) could reasonably be expected to impair the Director's independence of judgment in the performance of the Director's official duties;
6. make personal investments that could reasonably be expected to create a substantial conflict between the Director's private interest and NTTA's interest;
7. use NTTA property for any purpose other than official NTTA business, unless such use is reasonable and incidental and does not result in any direct cost to NTTA, interfere with the Director's official duties, or interfere with NTTA functions;
8. use his or her official position for financial gain, obtaining privileges, or avoiding consequences of illegal acts;
9. knowingly make misleading statements, either oral or written, or provide false information in the course of conducting NTTA business;
10. use NTTA property or personnel for political activity, such as campaigning for a candidate or soliciting political contributions;
11. purport to commit NTTA to any contract, obligation, or other action without having been properly authorized to do so by the Board.

C. Subsections 1-3 of Section II.B do not apply to a gift or other benefit allowed under Section 36.10 of the Texas Penal Code, including (1) 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, (2) an item with a value of less than \$50 (excluding cash), (3) a political contribution as defined by Title 15, Texas Election Code; (4) an expenditure made and reported in accordance with the lobbying provisions of Chapter 305, Texas Government Code; and (5) food, lodging, transportation, or entertainment accepted by the Director as a guest, though certain of these benefits may require disclosure under Part III of this policy.

III. CONFLICTS OF INTEREST

A. Definitions. Under this Part III, the following terms are defined as indicated:

1. A “conflict of interest” exists when a Director has a private interest (financial, personal, or otherwise) in a contract, decision, or other matter involving NTTA that might cause the Director to perform his or her official duties differently than if the Director had had no such private interest. A Director with a direct or indirect interest in a contract with or a sale of property to NTTA has a per se conflict.
2. An “appearance of impropriety” 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 official duties differently than if the Director had had no such private interest.
3. A “domestic partner” is someone who lives in the same household with a Director and shares the common resources of life in a close, personal, and intimate relationship with the Director.
4. A “family member” is the Director’s spouse or domestic partner, child, step-child, son-in-law, daughter-in-law, parent, step-parent, mother-in-law, father-in-law, divorced spouse if the Director and the divorced spouse had a child together who is now living, and a parent of the Director’s divorced or deceased spouse if the Director and such former spouse had a child together who is now living.¹
5. A “family relationship” is the relationship between a Director and anyone described in Section III.A.4. or any of the Director’s brothers, sisters, grandparents, grandchildren, great-grandparents, great-grandchildren, aunts, uncles, nephews, nieces, brothers-in-law, sisters-in-law, spouse’s grandparents, spouse’s grandchildren, grandchildren’s spouses, or grandparents’ spouses.

¹ “Family members” are persons related within the first degree by either consanguinity or affinity; “family relationship” describes persons related within the third degree by consanguinity or the second degree by affinity, all as defined in Subchapter B, Chapter 573, Texas Government Code.

6. “Gift” means a benefit offered by a person, including lodging, transportation, and entertainment accepted as a guest²; however, for the purposes of disclosures required under Section III.C., the term does not include (i) a benefit 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.
7. A person has a “substantial interest in a business entity” if (i) the person 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) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.
8. A person has a “substantial interest in real estate” if the person owns an equitable or legal interest in real estate and the interest has a fair market value of \$2,500 or more.

B. Application.

1. Imputed Conflict of Interest of Family Members. Unless an express exception applies, when a Director’s **family member** has an interest in an NTTA matter that would give rise to a conflict of interest if the interest were held by the Director, then the family member’s interest is imputed to the Director, who is, therefore, deemed to have a conflict of interest concerning that matter.
2. Disclosure of Family Relationships. If NTTA is entering into or considering entering into a contract with a person, and a Director has a **family relationship** with that person or his or her agent, the Director must disclose the family relationship, as described below in this Part III.

C. Disclosure Regarding Existing or Potential Relationships With Vendors. If NTTA has entered into, is entering into, or is considering entering into a contract with a business or person (a “vendor”), the Director must file a conflicts disclosure statement in a form approved by NTTA disclosing the following facts, if applicable: (1) the vendor has or has had an employment or business relationship with the Director or the Director’s family member through which the Director or family member received over \$2,500 in income (other than investment income) during the previous 12 months, or

² As previously noted, accepting these items as a guest does not violate the Texas Penal Code. However, the disclosure requirements in this Part III are derived from a different statute (the Texas Local Government Code); therefore, these items (excluding food) may require disclosure under Section III.C. if their aggregate value is more than \$100.

(2) in the previous 12 months, the vendor has given the Director or a family member one or more gifts having an aggregate value of more than \$100, or (3) the vendor or its agent has a family relationship with the Director. The Director must file the affidavit within seven business days after the date the Director becomes aware of the facts that require the filing.

- D. Disclosure and Abstention Regarding Matters Before the Board. If a Director or the Director's family member has a substantial interest in (1) a business entity that is the subject of a vote or decision by the Board that will have a special economic effect on the business entity that is distinguishable from the effect on the public, or (2) real estate, where it is reasonably foreseeable the matter will have a special economic effect that is distinguishable from the effect on the public, then, before a vote or other action on the matter is taken by the Board, the Director shall file an affidavit on a form approved by NTTA stating the nature and extent of the interest, and the Director shall abstain from all participation in the matter as described below. A Director who reasonably believes that his or her consideration of or participation in a matter before the Board may give rise to an appearance of impropriety shall submit an affidavit in the same manner and likewise abstain from participation in the matter. The affidavit described in this Section III.D is in addition to a conflicts disclosure statement, if any, required under Section III.C.
- E. Abstention Requirements. A Director who abstains under Section III.D must refrain from all involvement in deliberations and decision-making on the matter at both Board and staff levels. At a public meeting of the Board, the abstaining Director must vacate or push back his or her seat when the matter is being discussed to signal non-involvement in the discussion or otherwise indicate non-involvement. In some instances, such as executive sessions, it will be necessary for the Director to physically leave the meeting when the matter is being discussed.
- F. Procedures to Address Conflicts of Interest. Directors shall make the filings required by Sections III.C and III.D 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. The Chairman, Executive Director, and Ethics Officer will discuss with the affected Director any dispute involving the existence of and response to a possible conflict of interest or appearance of impropriety. 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.
- G. Regular Reporting. Before every Board or Board Committee meeting, Directors shall diligently review matters to be presented or considered at

the meeting, allowing sufficient time for issues to be addressed under Section III.F. Each Director shall evaluate with the Ethics Officer the most effective method to address possible conflicts of interest or appearances of impropriety arising in connection with that Director's business, investments, and other activities. A Director who does not make a filing required under Section III.C and/or Section III.D shall be presumed to have reported that he or she has no conflict of interest or appearance of impropriety pertaining to known vendor relationships or matters being considered by the Board or Committee.

- H. Annual Reporting. Upon appointment to the Board and before voting or participating in any substantive Board action and thereafter by April 30 of each year while serving on the Board, Directors shall file with the Board Secretary a personal financial statement on the form developed by the Texas Ethics Commission. 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 30th. 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. Bars to Service as a Director. 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 NTTA or receiving money from 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 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 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 NTTA.

- B. Annual Confirmation of Eligibility to Serve. Annually, each Director shall affirm on a form approved by NTTA that he or she continues to meet the eligibility requirements for serving on NTTA's Board set forth under Section IV.A. A Director who believes at anytime that he or she may no longer meet the eligibility requirements shall promptly bring that matter to the attention of the Chairman, the Executive Director, and the Ethics Officer.

V. NEPOTISM

A Director may not (A) appoint or hire, (B) vote for the appointment or hiring of, or (C) encourage others to appoint or hire an individual to an NTTA position that is to be directly or indirectly compensated from NTTA funds if the individual has a family relationship with the Director, as defined in Section III.A.5. Nor shall a Director take any of these actions on behalf of a person with whom another Director has a family relationship, if such action was carried out in whole or partial consideration for the other Director's taking a similar action regarding an individual with whom the first has a family relationship.

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 (A) directed that ethics policies applicable to NTTA employees be made consistent with the standards set forth herein, and (B) 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; Resolution No. 16-42, passed on March 16, 2016, and Resolution No. 22-77, passed on July 20, 2022.