BYLAWS OF EL PASO AREA TRANSPORTATION SERVICES, LGC d.b.a. EL PASO TRANSPORTATION AUTHORITY

ARTICLE I
PURPOSES

Section 1.01. Purpose of the Corporation. El Paso Area Transportation Services, LGC, d.b.a. as El Paso Transportation Authority (the "Corporation") is organized for the purpose of encouraging and assisting local units of government to join and cooperate with one another to provide and deliver regional multimodal transportation solutions for the residents of areas of El Paso County outside of the jurisdiction of the City of El Paso Mass Transit Department.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of the State of Texas to non-profit corporations incorporated under the Local Government Corporation Act, including, without limitation, the Texas Transportation Code Section 431.01, *et seq*., the Texas Nonprofit Corporation Law, Chapter 22, Business Organizations Code, Section 22.001, *et seq*.

The Corporation shall not create a legal obligation for any Members, as defined in Article 3 or local units of government that are a Member of the Corporation ("Local Government Units") save and except with the express consent of a Member or Local Government Unit. The Corporation shall comply, when applicable, with all Federal Transit Administration ("FTA"), Federal Highway Administration (FHWA) and Texas Department of Transportation ("TxDOT") requirements.

The Corporation shall have the power to acquire real property, subject to the approval of the Board of Directors. The Corporation may, except as prohibited in any interlocal agreement with a Local Government Unit, contract with any qualified and appropriate person, association, corporation or governmental entity to acquire personal property or to perform and discharge designated tasks which will aid or assist the Corporation in the performance of its duties.

The Corporation shall have the power to accept any contribution or donation from any source and shall have the power to request and accept any appropriation, grant, or other form of aid from the Federal government or the State of Texas or from any other source.

ARTICLE II
AUTHORITY AND DUTIES OF THE CORPORATION

Section 2.01. Board Functions and Authority. In order for the Corporation to accomplish its objectives and purposes, the Board of Directors shall perform the following functions:

a. Adopt and revise the Bylaws of the Corporation.
b. Elect Corporation Officers.
c. Adopt an Annual Budget.
d. Appoint a Corporation Director to the El Paso Metropolitan Planning Organization - Transportation Policy Board and that Director shall be one of the County's appointments to the Corporation Board of Directors.

e. Hire and Dismiss an Executive Director.

In addition to the above functions, the Board of Directors has the authority to:

a. Prepare periodic reports as may be required by the Bylaws of the Corporation and Federal and State legislation or regulations.
b. Receive and expend gifts, contributions, and donations which may be made to the Corporation to accomplish its purposes.
c. Apply and contract for, receive and expend for Corporation purposes, funds or grants from the State of Texas, the Federal government, or any other source.
d. Receive and expend funds from Corporation Members, as provided in these Bylaws, to finance the cost of operations, except that the Corporation shall not have the authority to levy taxes of any kind.
e. Coordinate and assist in planning and development for countywide public transit and provide assistance to Local Government Units in the implementation of their planning and operations.

ARTICLE III
MEMBERS

Section 3.01. Membership of the Corporation. Eligible Local Government Units within El Paso County may become members of the Corporation by passage of an ordinance, minute order, resolution or other appropriate and legal action of the governing body of such Local Government Unit adopting these Bylaws and appropriating the funds required to pay their share of the annual dues of the Corporation as set forth by Article VII of these Bylaws.

Local Government Units eligible to become members of the Corporation shall be:
a. Incorporated cities and towns within El Paso County.
b. Independent and Common School Districts, Junior College Districts.
c. Sovereign Indian Nations recognized by the United States of America Government.
d. A Mass Transit Department governed by Texas Transportation Code, Section 453 within El Paso County.

A Member of the Corporation may, by ordinance, minute order, resolution or other appropriate legal action of that governing body, withdraw from the Corporation which shall take effect within 365 calendar days after notice of withdrawal. Local Government Units which withdraw from the Corporation may subsequently apply for readmission as new members. In the event of withdrawal by a Member of the Corporation, said Member shall not be entitled to a return of any portion of previously paid annual dues.

Advisory membership in the Corporation may be permitted by action of the Board of Directors. In no event shall advisory membership be entitled to voting representation or voice in the Board of Directors of the Corporation.

ARTICLE IV
DIRECTORS

Section 4.01. Board of Directors. All powers of the Corporation shall be vested in the Board of Directors. The number of Directors shall be consistent with the number of Local Government Units that have joined the Corporation. Each Local Government Unit shall have one primary Director and one alternate Director whom shall by appointed by that Local Government Unit by an ordinance, minute order, resolution or other appropriate legal action of that governing body, except El Paso County, whom shall appoint at least three Directors to the Corporation of which, one of those Directors shall serve as the Chair of the Board of Directors. El Paso County shall unilaterally adopt the appropriate criteria for the Chair serving in that capacity. Any Members added, in accordance with Article III of these Bylaws and excluding advisory membership, shall be entitled to appoint one primary Director and one alternate Director to represent their Local Government Unit on the Board of Directors.

Section 4.02. Appointment of Board Director. Each Director, with exception of the Chair, must be an employee or contracted consultant of the appointing Local Government Unit. Additionally, the Director shall not be a member of the Local Government Unit's governing body unless approved by the Board of Directors for unusual circumstances. Any Director may be removed from office at any time, with or without cause, by the Local Government Unit which appointed that Director.

Section 4.03. Terms of Board Member. At the first annual meeting, the Directors shall be divided into three equal groups and designated by the Board of Directors to serve one, two, or three year terms. Thereafter, the term of office of each Director shall be two years. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that Director's earlier resignation or removal in accordance with these Bylaws. Upon the expiration of the term of office of any such Director appointed by resolution of the appointing Local Government Unit, or upon removal or resignation of such Direction, the applicable Local Government Unit shall appoint a successor Director, and the term of office for each such successor Director shall also be two years.

Section 4.04. Removal, Resignation and Successor of Board Member. Notwithstanding anything to the contrary in these Bylaws, each Director serves at the pleasure of Corporation. The removal of any Director shall be for cause and shall be by a majority vote of the entire Board.

To the extent allowed under Texas Constitution Article. XVI, §17 (Officers to Serve Until Successors Qualified), in the event that a Director resigns, is removed or, is separated from his or her employment by their appointing Local Government Unit or, otherwise is no longer qualified to serve as a Director, then such Director shall be considered removed from the Board of Directors and the Local Government Unit that appointed the Director shall provide for the appointment of a new Director to complete the unexpired term of such Director.

Any Director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt

by the Chair or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 4.05. Vacancies on the Board of Directors. Vacancies on the Board of Directors shall be filled by the Local Government Unit affiliated with that vacancy. An interim appointment may be made by the Local Government Unit affiliated with that vacancy.

Section 4.06. Meetings of the Board of Directors. The Board of Directors may hold their meetings and may have an office and keep the books of the Corporation at such place or places as the Board of Directors may from time to time determine: provided, however, in the absence of any such determination, such places shall be the registered office of the Corporation in the State of Texas.

The Board and any committee of the Board of Directors exercising the powers of the Board of Directors shall meet in accordance with and file notices of each meeting of the Board as is required by Chapter 551 of the Texas Government Code (the "Open Meetings Act").

Section 4.07. Annual Meeting. The annual meeting shall be held on the first board meeting after October 1, which is also the start of the Federal fiscal year, or as soon as practicable thereafter.

Section 4.08. Regular Meetings. Regular meetings of the Board of Directors shall be held at least ten times per year, or as needed.

Section 4.9. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chair or by a majority of the Directors and shall be in accordance with the provisions of the Texas Open Meetings Act.

Each Director shall be given reasonable notice of each special meeting in person by telephone, electronic transmission (e.g., facsimile transmission or electronic mail) or mail at least seventy-two hours before the meeting. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special meeting.

Section 4.10. Quorum. A majority of the Board of Directors (which must include at least one El Paso County Director) shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. The act of a majority of the Directors present (which must include at least one El Paso County Director) and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors. The Board of Directors shall exercise a one person-one vote policy for the membership that he or she represents. The Chair shall only exercise voting privileges in the event of a tie or as explicitly required by these Bylaws.

The affirmative votes of all Directors shall be required to approve the following:

1. The amendment of the Articles of Incorporation; and
2. The amendment of these Bylaws.

Section 4.11. Conduct of Business. At the meetings of the Board of Directors, matters pertaining to the purposes of the Corporation shall be considered in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the Chair shall preside, and in the absence of the Chair, the Vice-Chair shall preside. In the absence of the Chair and the Vice- Chair, an acting presiding officer shall be chosen by the Board of Directors from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting. The Secretary of the Corporation shall be a staff member designated by the Executive Director.

Section 4.12. Mandatory Ethics, Open Meetings Act, and Public Information Act Training. In accordance with Texas Statutes, the following trainings must be completed prior to appointment to the Board of Directors.

1. Ethics Training
2. Public Information Act – Texas Attorney General Public Information Act
3. Open Meetings Act – Texas Attorney General Open Meetings Act.

Section 4.13. Non-Attendance of Board Meetings. A Director who misses four or more consecutive meetings of the Corporation in any calendar year may be dropped from the Board of Directors unless the Directors votes, by an affirmative vote of a simple majority of the Board of Directors voting members present at a meeting at which a quorum has been met, that the Director should be retained as a voting member because the absences were due to extraordinary or extenuating circumstances. Retaining the Director shall be placed on the agenda for the next meeting of the Corporation, after the non-attendance issue has been identified. Participation of a designated alternate is counted as attendance. If the Board of Directors votes to remove a Director in accordance with this provision, the Corporation shall send written notice as soon as possible following the vote, so that the Local Government Unit can appoint an individual to replace the Director.

Section 4.14. Compensation of Directors; Reimbursement for Expenses. Directors shall not receive any salary or compensation for their services as a Director. Directors shall be reimbursed for their actual expenses incurred in the performance of their duties as a Director.

Section 4.15. Director's Liability. No Director shall be liable to the Corporation for monetary damages for an act or mission in the Director's capacity as a Director, except as is authorized by Texas or Federal law for public officials of a Texas governmental entity.

Section 4.16 Director's Reliance on Consultant Information. Unless there is an established rule of law to the contrary, a Director shall not be liable if while acting in good faith and with ordinary care, the Director relies on information, opinions, reports, or statements, including financial statements and other financial data concerning the Corporation or another person that was prepared or presented by:

a. one or more Officers or Directors of the Corporation or employees of the Members or Local Government Units; or

b. legal counsel, public accountants, or other people, as to matter the Director reasonably believes they are within the person's professional or expert competence.

ARTICLE V
OFFICERS

Section 5.01. Titles and Term of Office. The Officers of the Corporation shall be a Chair, a Vice-Chair, and other Officers as designated by the Board of Directors may be elected at the annual meeting. The initial term of the Officers of the Corporation shall be two years. Any vacancy in the office of an Officer shall be filled by a majority vote of the Board.

Section 5.02. Powers and Duties of the Chair. The Chair shall be appointed by the El Paso County Commissioners' Court and shall preside at all meetings of the Board of Directors and shall work closely with the Executive Director to ensure the efficient execution of the business of the Corporation. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, the Chair, Vice-Chair or Executive Director may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation as approved by the Board of Directors. The Chair shall have such other duties as are assigned by the Board of Directors. The Chair may call special meetings of the Board of Directors. The Chair shall have the authority to make appointments to committees as provided in after giving due consideration to expressions of interest from other Directors.

Section 5.03. Powers and Duties of the Vice-Chair. The Vice-Chair shall perform the duties and exercise the powers of the Chair upon the Chair's death, absence, disability, or resignation, or upon the Chair's inability to perform the duties of his or her office. Any action taken by the Vice-Chair in the performance of the duties of the Chair shall be conclusive evidence of the absence or inability to act of the Chair at the time such action was taken. The Vice-Chair shall have such other powers and duties as may be assigned to him or her by the Board of Directors or the Chair.

Section 5.04. Compensation of Officers. Officers are not entitled to compensation.

Section 5.05. Officer's Liability. No Officer shall be liable to the Corporation for monetary damages for an act or omission in the Officer's capacity as an Officer, except as is authorized by Texas or Federal law for public officials of a Texas Local Government Unit.

Section 5.06. Officer's Reliance on Consultant Information. Unless there is an established rule of law to the contrary, an Officer shall not be liable if while acting in good faith and with ordinary care, the Officer relies on information, opinions, reports, or statements, including financial statements and other financial data concerning the Corporation or another person that were prepared or presented by:

a. one or more other Officers or Directors of the Corporation or employees of the Members or Local Government Units; or
b. legal counsel, public accountants, or other persons as to matters the Officer reasonably believes are within the person's professional or expert competence.

Section 5.07. Removal from Office. Any Officer may be removed from office at any time, with or without cause, by the Board of Directors.

Section 5.08. Corporation Staff. Staff functions for the Corporation may be performed by Corporation staff directly or El Paso County staff as defined by a Master Agreement between the Corporation and El Paso County or by other consultants as approved by the Board of Directors. Should the Corporation use El Paso County for administrative services, the Corporation shall pay costs for such services as from time to time as billed by El Paso County.

The required Corporation staff functions shall include, but not be limited to, the following:

- **Secretary**. The Secretary shall keep or cause to be kept the minutes of all meetings of the Board of Directors in books provided for that purpose and he or she shall attend to the giving and serving of all notices. He or she shall have charge of the Corporation's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Corporation during business hours and he or she shall, in general, perform all duties incident to the office of Secretary subject to the control of the Board of Directors.

- **Treasurer.** The Treasurer shall have custody of all the funds and securities of the Corporation which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board of Directors; he or she may sign all receipts and vouchers for payments made to the Corporation, either jointly with such other Officer and/or the Executive Director, as is designated by the Board of Directors by Resolution; whenever required by the Board of Directors, he or she shall render a statement of his or her cash account; he or she shall enter or cause to be entered regularly in the books of the Corporation to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; and he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors.

- **Executive Director.** The Board of Directors may employ an Executive Director who will be responsible for the administration of the Corporation under an approved annual budget by the Board of Directors. Any obligations outside the budget shall be made only upon Board of Directors approval. The Executive Director shall continue to hold such position at the discretion of the Board of Directors, and in accordance with the Three-Party Employment Agreement with El Paso County, the Corporation, and the Executive Director. The Board of

Directors shall conduct an annual review of the performance of the Executive Director. The employment or dismissal of the Executive Director shall require a majority vote of the total voting membership of the Board of Directors and shall be done in accordance with the Three-Party Employment Agreement with El Paso County, the Corporation, and the Executive Director. All other staff shall be employed by and be responsible to the Executive Director.

ARTICLE VI
BUDGET AND FISCAL YEAR

Section 6.01. Fiscal Year. The fiscal year of the Corporation shall commence on October 1 of each year and end on September 30 of the following year. By September 30of each year, the Board of Directors shall adopt a proposed budget of expected revenues and proposed expenditures for the next ensuing fiscal year. The budget shall be considered adopted upon formal approval of the Board of Directors.

ARTICLE VII
FINANCE

Section 7.01. Member Annual Dues. Upon recommendation of staff to the Board of Directors, annual dues of the Members for the next ensuing fiscal year shall be adopted at the annual meeting in October of each year, or as practicable thereafter. This action shall require a two-thirds (2/3) majority of the voting representatives present and is tied directly to the implementation and operation of Corporation operated transit services. The Corporation may rely on staff or consultant support to determine the annual calculation of annual dues. This action shall require annual dues to become due and payable on January 1 of each year. An eligible Local Government Unit joining the Corporation during the year shall have its annual dues prorated to the nearest beginning month for the remainder of the fiscal year. A Member that is more than six months in arrears in its dues as set forth by the Board of Directors may be denied its voting privileges by action of the Board of Directors until such time as dues are paid. A member which has more than one year in arrears in its dues may be expelled by action of the Board of Directors. To allow for further project development and collaboration, additional funds may be pledged by a Local Government Unit to the Corporation for a specific project, service or purpose upon approval of the Board of Directors. These projects and//or services are not subject to the payment deadlines or requirements otherwise established by this Article as they are tied to specific milestones and other relevant deadlines. Such services shall be defined in an Interlocal Agreement between the Member and the Corporation.

Section 7.02. Corporation Funds. Funds of the Corporation shall be deposited in a depository to be designated at least every five (5) years by the Board of Directors. Funds may be expended only for budgeted items approved by the Board of Directors. Payments are to be made subject to the Financial Policies and Procurement Policies, as adopted or revised by the Board of Directors.

ARTICLE VIII
AUDIT AND ANNUAL REPORT

Section 8.01. Annual Audit. The Corporation shall have an annual audit performed by a

qualified independent auditor or auditing firm. This audit shall be performed soon after the conclusion of the Corporation's fiscal year. It shall be presented to the Board of Directors as well as each Local Government Unit by January 31st of the following year as applicable and reflect the financial accounts, transactions as well as progress of the Corporation of the preceding fiscal year.

ARTICLE IX
INDEMNIFICATION

Section 9.01. Indemnification. Given that the Corporation has been created as a local government corporation pursuant to the Texas Transportation Code Chapter 431 and therefore is a Texas governmental unit whose operations are all governmental and not proprietary functions for any purposes, to the maximum extent allowed by Texas law for Local Government Units, the Corporation may indemnify current and former Directors, Officers, and employees ("Indemnified Person") for acts and/or omissions that occur within the scope and course of their duties with the Corporation.

Section 9.02. Insurance. The Corporation may purchase and maintain bonds and insurance, at its expense, to protect itself and any Indemnified Person.

ARTICLE X
CODE OF ETHICS

Section 10.01. Policy and Purposes. It is the policy of the Corporation that Directors and Officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain the public confidence in the Corporation; and that the Board of Directors establish policies to control and manage the affairs of the Corporation, fairly, impartially, and without discrimination. The Code of Ethics attached as Exhibit A to the Bylaws has been adopted as part of the Corporation's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors, Officers and staff; and (b) to establish guidelines for such ethical standards of conduct.

Section 10.02. Unlawful Acts. In addition to any unethical conduct prohibited by Texas or Federal law and/or regulation for a Texas governmental officer or public official, a Director or Officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, or agree to accept from another:

a. Any benefit as consideration for the Director or Officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer; or
b. Any benefit as consideration for a violation of a duty imposed by law on the Director or Officer.

ARTICLE XI
ALLOCATION OF NET INCOME

Section 11.01. Income Generated by the Corporation. To allow for further project

development and collaboration, any net income of the Corporation identified at the end of the fiscal year that is not needed to pay Corporation's expenses or obligations may be used by the Corporation for a specific project or purpose upon approval of the Board of Directors and incorporated into a budget.

ARTICLE XII
MISCELLANEOUS PROVISIONS

Section 12.01. Notice and Waiver of Notice. Whenever any notice is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office mailbox addressed to the Executive Director and Chair of the Corporation at the address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 12.02. Amendments. A proposal to alter, amend, or repeal these Bylaws shall be made by the affirmative vote of all the Directors at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. However, any proposed change or amendment to the Bylaws must be approved by the El Paso County Commissioners Court to be effective after adopted by the Board of Directors.

Section 12.03. Gender. References herein to the masculine gender shall also refer to the feminine in all appropriate cases, and vice versa.

ARTICLE XIII
DISSOLUTION

Section 13.01. Dissolution. If the Board of Directors determine by resolution that the purposes for which the Corporation was formed have been substantially met and all bonds or notes issued by and all obligations incurred by the Corporation or on behalf of the Corporation have been fully paid, the Board of Directors shall execute a certificate of dissolution which states those facts and declares the Corporation dissolved in accordance with the requirements of Chapter 431 of the Transportation Corporation Act, or with applicable law then in existence.

Section 13.02 Compliance with State Law. Subject to any restrictions contained in applicable state law, if each of the Local Government Unit considers and approves a concurrent resolution directing the Board of Directors to proceed with the dissolution of the Corporation, the Board of Directors shall promptly proceed with the dissolution of the Corporation. The failure of the Board of Directors to promptly proceed with the dissolution of the Corporation in accordance with this Article XIII shall be deemed a cause for the removal from office of any or all of the Directors as permitted by Article IV of these Bylaws.

Section 13.03 Assets Distribution and Liabilities. Upon the dissolution of the Corporation:

a. The assets of the Corporation shall be distributed among the Local Government Unit in accordance with the percentage of each Local Government Unit contribution to the

purchase of the assets of the Corporation; and

b. Any remaining liabilities of the Corporation shall be allocated as follows:

(1) if the liability was incurred for the benefit of fewer than all of the Local Government Unit, the liability shall be allocated to those County and cities for whom the benefit was incurred based on the agreement of the benefited Local Government Unit; and
(2) if the liability was incurred for the benefit of all of the Local Government Unit, the liability shall be based on the percentage of each Local Government Unit contributions to the purchase of the assets of the Corporation.

Nothing in these bylaws shall prohibit the Local Government Unit from agreeing to an allocation of assets and liabilities contrary to this Article provided such agreement is not contrary to applicable state law.

Effective: December 7, 2020
Revised: October 6, 2025

EXHIBIT A
EL PASO AREA TRANSPORTATION SERVICE, LGC ETHICS POLICY

I. Policy

All members of the Board of Directors ("Board") for the El Paso Area Transportation Service, Local Government Corporation ("Corporation") have a fiduciary duty to be ethical in fulfilling their responsibilities. Ethical conduct includes, but is not limited to, behavior that is in compliance with applicable local, state, and federal laws.

II. Purpose

A. Ethical conduct is motivated by sources inside and outside the law. The Texas Local Government Code and the Texas Transportation Code regulate aspects of the conduct of members of the Board. However, as ethical conduct means more than complying with state and federal laws, the Board strongly encourages all of its members to maintain the highest personal values and standards. While it is impossible to establish specific and exhaustive standards for all situations, the standards established in this policy reflect minimum standards below which no conduct of a member of the Board should fall. This Policy has the following purposes:

1. To maintain and improve standards of public service;
2. To improve public confidence in the integrity of the Corporation and its Board;
3. To provide a process by which members of the Board may identify and resolve ethical issues;
4. To avoid conflicts between the personal interest and the public responsibilities of Board members;
5. To establish minimum standards of conduct to be adhered to by Board members;
6. To require disclosure of private financial interests by members of the Board;
7. To require reporting of certain gifts received by members of the Board; and,
8. To provide for complaints and resolution of ethical issues and concerns.

B. This chapter is cumulative of and supplemental to all applicable provisions of state and federal laws and regulations. Compliance with this Ethics Policy does not excuse or relieve any person from any obligation imposed by any applicable state or federal laws or regulations.

III. Definitions

For purposes of this Ethics Policy, the following definitions shall apply. Terms not defined in this policy, but defined in the Texas Local Government Code and the Texas Transportation Code, shall have the meanings assigned to them in those statutes.

"Benefit" means anything reasonably regarded as economic gain or economic advantage to a member of the Board, or to a relative of a member of the Board . "Benefit" does not include:

1. Political contributions made or received and reported in accordance with law;

2. Awards, such as plaques, certificates, trophies or similar mementos, publicly presented in recognition of public service;

3. 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 as a member of the Board;

4. Gifts or other tokens of recognition presented by representatives of governmental bodies or political subdivisions who are acting in their official capacities;

5. Commercially reasonable loans made to a member of the Board in the ordinary course of the lender's business;

6. Complimentary copies of trade publications;

7. Reasonable hosting, including travel and expenses, entertainment, meals or refreshments furnished in connection with public events, appearances or ceremonies related to official Board or Corporation business, if furnished by the sponsor of such public event; or in connection with speaking engagements, teaching or rendering other public assistance to an organization or another governmental entity;

8. Any economic gain or economic advantage, excluding cash or a negotiable instrument as described by Section 3.104, Texas Business and Commerce Code, conferred by any one person or organization if the economic value totals less than fifty dollars per calendar year; or

9. An honorarium, transportation or lodging, the acceptance of which is not prohibited under Sections 36.07 and 36.08, Texas Penal Code.

"Board" means the Board;

"Committee" means any committee established or created by the

Board; "Business days" means the weekdays excluding city holidays.

"Confidential information" means any written information that could be excepted from disclosure pursuant to the Texas Public Information Act, if such disclosure has not been authorized; or any non-written information which, if it were written, could be excepted from disclosure under that Act, unless disclosure has been authorized.

"Contribution" means a direct or indirect transfer of money, goods, services, or any other thing of value and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a transfer. The term includes a loan or extension of credit, other than those expressly excluded by the Texas Election Code, and a guarantee of a loan or extension of credit. The term does not include an expenditure required to be reported under Section 35.006(b), Texas Government Code.

"Contributor" means a person making a contribution and the person's spouse.

"In-kind expenses" means the value of personal services provided without compensation by any person on behalf of a member of the Board and includes incidental vehicular travel expenses incurred in conjunction with the provision of the personal services.

"Official business" means a purpose or function related to the duties or activities of the Board or the Corporation.

"Person" means an individual, corporation, partnership, labor union or labor organization, or any unincorporated association, firm, committee, club, or other organization or group of persons, excluding political committee organized pursuant to the Texas Election Code.

"Public event, appearances or ceremonies" means those functions, activities and ceremonies conducted by or for the benefit of any governmental entity; a function, activity or ceremony conducted by a non-profit corporation or similar organization formed for educational, scientific, community-betterment or economic

development purposes which relates to the purpose for which the non-profit corporation or organization was formed; or a function, activity or ceremony which honors or recognizes the accomplishments of a political, prominent or public figure.

“Quasi-judicial proceeding” means a hearing or proceeding held by a public administrative officer, to include but not be limited to a hearing officer, arbitrator or administrative law judge, who is required to hear or investigate facts and to draw conclusions from them as a basis for his or her official action and to exercise discretion of a judicial nature.

“Relative” means a person who is related to a Board member as spouse or as any of the following, whether by marriage, blood or adoption: parent, child, brother, sister, aunt, uncle, niece, nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, step son-in-law, stepdaughter, step daughter-in-law, stepbrother, stepsister, half-brother, half-sister, brother-in-law or sister-in-law.

IV. Standards of Conduct

Members of the Board:

A. Shall not accept or solicit for personal financial gain, any benefit that might reasonably tend to influence them to act improperly in the discharge of official duties, or that may tend to give the appearance of improper influence;

B. Shall not use their official positions improperly to secure unwarranted privileges or exemptions for themselves, relatives, or others. This provision does not preclude members from acting in any manner consistent with their official duties or from zealously providing public services to anyone who is entitled to them;

C. Shall not participate in making or influencing any Board decision or action in which they know that they have any financial interest distinguishable from that of the public generally or from that of other members generally;

D. Shall not give reasonable basis by their conduct for the impression that any person can improperly influence, or unduly enjoy their favor in, the performance of their official duties, or that they are unduly affected by the kinship, rank, position or influence of any person;

E. Shall not use his or her position to secure official information about any person or entity for any purpose other than the performance of official responsibilities;

F. Shall not use or disclose, other than in the performance of their official duties or as may be required by law, confidential information gained in the course of or by reason of their positions. This provision applies to former members as well as to current ones;

G. Shall not knowingly perform or refuse to perform any act in order to deliberately thwart the execution of the policies, rules or regulations of the Board or the Corporation;

H. Shall not utilize Board and Corporation resources for personal benefit or the personal benefit of a relative, friend or business associate, except to the extent that the benefit received is strictly incidental to the performance of official duties, or to the extent that the person is entitled by law to obtain public services from the Board or the Corporation;

I. Shall not transact any business (other than ministerial acts) on behalf of the Board or the Corporation with any business entity of which they are officers, agents, members, or employees, or in which they have a financial interest. A Board member is considered to have a financial interest in a business entity if a person related to the Board member in the first degree by consanguinity or affinity has a financial interest in the business entity. In the event such a circumstance arises, then the Board member shall make known their interest, and:

1. Abstain from voting on the matter and refrain from discussion of the matter at any time with the other Board member.

J. Shall not personally provide services for compensation, directly or indirectly, to a person or organization who is requesting an approval, investigation, or determination from the Board or the Corporation. This restriction does not apply to outside employment of a member if the employment is the member's primary source of income;

K. Shall not accept employment or engage in outside activities incompatible with the full and proper discharge of their duties and responsibilities with the Board or the Corporation, or which might impair their independent judgment in the performance of their duties;

L. Shall not personally participate in a decision in a matter if the member is negotiating or has an arrangement concerning prospective employment with a person or organization that has a financial interest in a matter under consideration by or within the jurisdiction of the Board or the Corporation. For purposes of this section, the term "decision" shall mean a decision, approval, disapproval, recommendation, investigation or rendering of advice, and the term "matter" shall include but not be limited to a matter, proceeding, application, request for ruling or determination, contract or claim which involves the Board or the Corporation. In such instance, the member shall:

1. Immediately notify the Chair of the Board of the nature of the negotiation or arrangement, file an affidavit with the Board Chair describing the nature of the negotiation or arrangement and:

a. Refrain from discussing the matter at any time with other Board members; and,

b. Abstain from voting on the matter.

M. Shall not receive any fee or compensation for their services as Board members. This shall not prohibit their performing the same or other services for a public or private organization that they perform for the Corporation if there is no conflict with their duties and responsibilities;

N. Shall not personally represent or appear in behalf of the private interest of another before the Board; or, if the represented person's interest is adverse to that of the Board or the Corporation, represent any person:

1. In any quasi-judicial proceeding involving the Board or Corporation; or

2. In any judicial proceeding to which the Board or the Corporation is a party.

Nothing in this subsection shall preclude:

a. A Board member from speaking or appearing without compensation before the Board, any governmental body, or any board or department on behalf of constituents in the course of his or her duties as an elected official;

b. Any Board member from appearing before any governmental body, board, or department, in a manner consistent with other Board and Corporation policies and rules, to discuss any general Board or Corporation policies or public issues, including the presentation of viewpoints or petitions of other members;

c. A Board member from testifying as a witness under subpoena in a judicial or quasi-judicial proceeding.

O. Shall not personally represent or appear in behalf of the private interests of another:

1. Before the Board, unless the member discloses his or her status as a Board member and the representation or appearance does not relate to a matter that was heard or decided by the Board; or

2. In a judicial or quasi-judicial proceeding to which the Board or the Corporation is a party, if the interest of the person being represented is adverse to that of the Board or the Corporation and the subject of the proceeding involves the Board or the Corporation.

P. Shall not use for their personal benefit and shall not disclose, except as may be required by law, confidential information gained in the course of or by reason of their positions. This provision shall not prohibit the disclosure of such information to incumbent public officials or employees to whose duties such information may be pertinent.

Q. Each Board member shall acknowledge in writing receipt of this Ethics Policy.

V. Reporting requirements

A. Financial Disclosure

1. Each Board member, excluding officials whose financial disclosure requirements are governed by local, state, or federal law, shall file with the Board Chair, within ten business days after the date of his or her appointment to the Board, a signed, sworn statement disclosing:

a. Where, by whom and in what specific capacity that person is employed or self-employed;

b. Membership on boards of directors of corporations, whether organized for profit or not;

c. Partnership interest in any business conducting business with the Board or the Corporation;

2. Each person submitting a statement of financial disclosure required under this section shall utilize a form provided by the Board Chair.

3. No person submitting such a statement of financial disclosure must indicate therein the extent of financial involvement in any investments.

4. Each person subject to this section shall thereafter file with the Board Chair a signed and sworn financial disclosure statement, on or before January 15 of each year while a member of the Board, or at any other time in which the person changes his or her primary employment or has made changes in financial investments which require disclosure under this section. Those persons who have no changes to report regarding the information required to be reported, may, in lieu of filing a complete financial disclosure form, file a short form annual report, provided that they have filed a complete financial disclosure form within the previous five years.

5. The Board Chair shall, no later than March 15 of each year, prepare a report which notes whether each person subject to the fling requirement of this section has filed the required financial disclosure statement as of the date of the report. In the event that a person subject to the filing requirement has not filed his or her financial disclosure statement by the date of the completion of the report or in the event that a person fails to file his or her financial disclosure form within ten business days after the date of their appointment and they do not already have a current financial disclosure form on file, the Board Chair shall send a written notice by certified mail, return receipt requested, with a copy sent by regular mail, to the person to advise the person that the Board Chair's records indicate that the person is subject to the requirement of this section, the person has not filed a financial disclosure statement as required by this section and that the person has fifteen days from the date of the letter to file

his or her financial disclosure statement. The Board Chair will also advise the board member that the intentional or deliberate failure to timely file the financial disclosure statement shall result in formal notice being submitted to the member agency, and, possible removal upon majority vote by the Board.

6. In the event that a Board member fails to file his or her financial disclosure statement by the deadlines calculated in paragraph 5 above, the Board Chair shall prepare and send a notice of the failure to each member of the Board for their review and consideration regarding the possible removal of the Board member as a member of the Board. A Board member who fails to file his or her financial disclosure statement as required by this section forfeits his or her voting rights on the Board until he or she complies with such financial disclosure requirements.

B. Reporting of Gifts

It is the policy of the Board that all Board members shall be careful about accepting gifts from any source, particularly from those sources who may transact business with the Board or the Corporation.

1. Each Board member, excluding officials who are required to report the receipt of gifts by local, state or federal law, shall keep a written record of all reportable gifts received during his or her term of office as a Board member.

2. Such record shall be made on a quarterly basis each year. The record shall include a description of the reportable gift received; the name of the person and organization giving the reportable gift; the relationship of the donor to the reporter, if any; the value or estimated value of the reportable gift; and the immediate or intended disposition of the reportable gift. A reportable gift consisting of a certificate or admission ticket to a future event or activity shall be deemed to have been received on the date on which the certificate or admission ticket was received.

3. Such record shall be submitted to the Board Chair on a form prepared by the Board Chair no later than the tenth day of the month following the end of the quarter. If a Board member has no gift to report for a quarter, a statement to that effect shall be included on the reporting form.

4. If a gift is returned to the sender or donated to a suitable charity immediately upon its receipt, reporting of the gift is unnecessary. Any gift, the receipt of which is prohibited by this policy, shall be returned to its source.

5. In no event shall any Board member accept a gift, if the source of the gift is not identified. If the source of any gift cannot be ascertained, the gift shall be donated to a suitable charitable organization.

6. Door prizes are not reportable as gifts unless (a) the likelihood of winning a prize of some sort is at least one chance in ten or (b) the combined value of all prizes is greater than $10 multiplied by the number of persons eligible to win.

7. Except as provided herein, no Board member shall accept any expenses related to travel from an outside source. Acceptance of such expenses shall be made only if:

a. The Board specifically authorizes receipt of the expenses; and,

b. A public record of that action is maintained in the minutes of the Board.

8. Reportable gifts shall mean the following:

a. Any thing of value, including edibles, if the fair market value exceeds $50;

b. Any hosting, such as travel and expenses, entertainment, meals or refreshments, that has a value of more than fifty dollars, other than hosting provided on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient;

c. Any honorarium with a value of more than fifty dollars; and

d. Any other economic gain or economic advantage that has a value of more than fifty dollars and which was conferred on account of the official status of the recipient or in connection with official Board or Corporation business.

5. Any hosting, honorarium or other economic gain or economic advantage that is refused and returned to the sender within seventy-two hours of receipt shall not constitute a reportable gift under this section.

6. For purposes of this section, “honorarium” shall mean a payment, other than reimbursement for meals, travel or lodging expenses, for services provided in connection with addressing an audience or engaging in a seminar.

VI. Complaints

A. Any person may submit matters concerning an ethical issue under the provisions of this Ethics Policy to the Board Chair. Upon receipt of such written complaint, the complaint shall be referred to the Board for its review and consideration. “Just cause” means such cause as is found to exist upon a reasonable inquiry that would induce a reasonably intelligent and prudent person to believe that a person has committed an act or acts constituting an ethical violation under this policy.

B. The Board will schedule a review of the matter at the next Board meeting. The person submitting the complaint and any persons named in the complaint will be sent written notice of the date, time and place of the meeting by the Board Chair so that these persons may have the opportunity to attend the meeting at which the review will take place.

C. If the Board finds just cause in support of the complaint, the Board shall file a report with the Board Chair identifying in the report the particular provision or provisions of this Ethics Policy found to have been violated, and issue one or more of the following sanctions:

1. Letter of Notification. When the Board finds that a violation of the Ethics Policy was clearly unintentional or when the action or conduct found to have been a violation of the Ethics Policy was performed by the Board member in reliance on a written opinion of legal counsel the Board may issue a letter of notification advising the Board member of any steps to be taken to avoid future violations.

2. Letter of Admonition. When the Board finds that a violation of the Ethics Policy was minor and/or may have been unintentional, but where the circumstances merit a more substantial response, the Board may issue a Letter of Admonition.

3. Letter of Reprimand. When the Board finds that a violation of the Ethics Policy was committed intentionally or through reckless disregard of the provisions of the Ethics Policy, the Board may issue a letter of Reprimand.

4. Removal from Office. When the Board finds that a violation of the Ethics Policy was committed intentionally or through deliberate disregard of the provisions of the Ethics Policy, the Board may take action to remove the Board member as a member of the Board.