

APPENDIX F

POLICY AND PROCEDURES REGARDING REPORTING OF PERCEIVED, POTENTIAL AND ACTUAL CONFLICTS OF INTEREST

A. Definitions. The following definitions shall apply to this Policy and Procedures regarding Reporting of Perceived, Potential and Actual Conflicts of Interest:

1. "Actual Conflict" shall mean a direct or real conflict between a Covered Person's duties and/or responsibilities to the Authority and a competing interest or obligation, whether personal or involving a third party, which could improperly influence the decisions or activities of a Covered Person.
2. "Conflicts Compliance Officer" shall mean the person appointed by the Authority's Board of Directors who shall be responsible for effectively administering this COI Policy.
3. "COI Policy" shall mean this Policy and Procedures regarding Reporting of Perceived, Potential, and Actual Conflicts of Interest, as may have been amended from time-to-time.
4. "Conflict of Interest" shall mean any Actual Conflict, Perceived Conflict or Potential Conflict.
5. "Covered Person" shall mean each person performing duties for or on behalf of the Authority, including each director and employee of the Authority, and the non-Authority employees performing such duties for a consultant, contractor or vendor paid by the Authority.
6. "Immediate Family" shall mean a person's spouse, children, mother, father, siblings and anyone living in the same household.
7. "Indirect Interest" shall mean an Interest of a Covered Person's Immediate Family.
8. "Interest" shall mean any economic or financial interest that could reasonably influence judgement or action.

9. "Perceived Conflict" shall mean a situation in which a conflict could reasonably be perceived, or give the appearance that a competing interest with the Authority could improperly influence the decisions/activities of a Covered Party.

10. "Potential Conflict" shall mean a situation in which a Covered Person has an interest or obligation that is not presently an Actual Conflict, but it is reasonably foreseeable that an Actual Conflict could develop in the future.

B. Policy Statement. The Authority is committed to acting in good faith in all aspects of its work. As such, each Covered Person is expected to avoid situations in which an Interest or Indirect Interest creates a Conflict of Interest. A Conflict of Interest may exist when a Covered Person or Immediate Family receives an individual benefit from any decision or action taken on behalf of the Authority by the Covered Person. Therefore, each Covered Person is expected to:

1. Disclose to the Conflicts Compliance Officer any current or proposed relationship, transaction, ownership interest, arrangement or activity that constitutes a Conflict of Interest.
2. Not offer, accept, or provide gifts or favors, such as meals, transportation or entertainment, which might reasonably be interpreted as an inducement.
3. Maintain unbiased relationships with actual and potential Covered Persons.
4. Exercise the duties of loyalty, good faith, honesty and fair dealing in all activities and transactions related to the Authority.
5. Not misuse his/her position with the Authority for personal gain.
6. Not engage in outside business activities or relationships, such as employment, consulting arrangements, financial interests (including ownership or investment interests), contracting arrangements, appointed positions, or board or committee memberships that conflict with the Authority's interests.
7. Not use Authority resources or property (including supplies, equipment, facilities, or personnel) in conducting non-Authority business activities.
8. Not use or disclose Authority information that is privileged, confidential or not otherwise available to the public for personal gain.
9. For Covered Persons who are Authority directors or employees, not employ a relative without disclosing same to his/her supervisor and the Board of Directors.
10. For Covered Persons who are Authority directors or employees, not employ a person to be supervised by a relative or employ a person to supervise a relative without approval from the Board of Directors.

C. Procedures to Implement Policy Statement.

1. The Authority's Board shall appoint a Conflicts Compliance Officer.
2. In addition to any other action required of a Covered Person under applicable law, each Covered Person shall complete a Conflicts of Interest Survey in a form substantially similar to that attached hereto as **Attachment F-1** as follows:
 - i. Initially, each Covered Person shall complete the survey within two (2) weeks of adoption of this COI Policy and each person who becomes a Covered Person hereafter shall complete the survey within two (2) weeks prior to commencing duties for or on behalf of the Authority.
 - ii. In addition, each Covered Person shall complete the survey immediately upon learning about a previously undisclosed Conflict of Interest involving him or herself or another Covered Person.
 - iii. Finally, each Covered Person shall complete the survey no less frequently than once each calendar year. Non-compliance with this requirement shall be reported to the Conflicts Compliance Officer.
3. Upon completion of a survey, the Covered Person should submit the completed survey to the Conflicts Compliance Officer.
4. Upon receipt of a survey including information about a Conflict of Interest, the Conflicts Compliance Officer may conduct additional investigation and shall provide a written report regarding his or her findings related to the reported Conflict of Interest to the Board of Directors and the Authority's General Counsel at the next scheduled Board meeting following the completion of any such additional investigation. **In order to allow the Board of Directors to discuss its legal obligations and options while preserving attorney-client privilege, all such reports shall be presented by the Conflicts Compliance Officer in a closed session of the Board.**
5. Thereafter, the Board of Directors will decide what actions, if any, the Covered Person should take to mitigate the Conflict of Interest.

Attachment F-1
North Harris County Regional Water Authority
Conflicts of Interest Survey

Each Covered Person, which includes each person performing duties for or on behalf of the North Harris County Regional Water Authority (the "Authority"), including each director and employee of the Authority, and the employees performing such duties for a consultant, contractor or vendor paid by the Authority, shall complete this Conflicts of Interest Survey at the following times:

- A. within two (2) weeks of beginning to perform duties for or on behalf of the Authority;
- B. at least once each calendar year; and
- C. immediately upon learning of any Conflict of Interest involving any Covered Person.

Capitalized terms in this survey shall have the meaning provided in the Authority's Policy and Procedures Regarding Reporting of Perceived, Potential and Actual Conflicts of Interest, which is available on the Authority's website.

Instructions

Please circle "Yes" or "No" as appropriate for each question. If you answer "yes" to any question, please provide additional details, attaching additional pages if needed. Once completed, please read and sign the certification at the end of the survey and submit the completed survey to the Authority's Conflicts Compliance Officer via email, regular mail or by first class mail at the Authority's mailing address.

Answers to this survey may be subject to disclosure under the Texas Public Information Act, Texas Government Code Chapter 552.

1. Is anyone in your Immediate Family, other than you, a Covered Person?

Yes or No. If yes, please explain.

2. Have you or anyone in your Immediate Family received from a Covered Person any gift or entertainment valued at more than \$100?

Yes or No. If yes, please explain.

3. Have you or anyone in your Immediate Family given a Covered Person any gift or provided any hospitality with a value in excess of \$100?

Yes or No. If yes, please explain.

4. Do you have an Interest or Indirect Interest in a business that employs a Covered Person (whether as a W-2 employee or 1099 contractor)?

Yes or No. If yes, please explain.

5. Are you or anyone in your Immediate Family serving on the board of an entity that employs a Covered Person (whether as a W-2 employee or 1099 contractor)?

Yes or No. If yes, please explain.

6. Have you or anyone in your Immediate Family maintained employment or participated in other business activities which creates a Conflict of Interest?

Yes or No. If yes, please explain.

7. Have you or any member of your Immediate Family disclosed any information you know to be confidential to a Covered Person who is not otherwise entitled to receive to such information?

Yes or No. If yes, please explain.

8. Have you or any member of your Immediate Family utilized for personal benefit any information you know to be confidential?

Yes or No. If yes, please explain.

9. Are you aware of any Conflict of Interest, whether due to your own relationships, those of your Immediate Family or of any other Covered Person?

Yes or No. If yes, please explain.

Certification

By my initials and signature below, I certify that:

1. I have reviewed and I understand the Authority's Policy and Procedures Regarding Reporting of Perceived, Potential and Actual Conflicts of Interest (the "COI Policy").

(initial)

2. I am in compliance with the COI Policy.

(initial)

3. The information I provided in this survey is true, accurate and complete to the best of my knowledge.

(initial)

4. If any information provided in this survey becomes inaccurate, I understand the Policy requires me to complete a new survey and submit it to the Conflicts Compliance Officer.

(initial)

Signature

Date

Name (please print)