

APPENDIX D

CONFLICT OF INTEREST

As a local public official, a member of the Board of Directors of Military Highway Water Supply Corporation shall uphold the member's position of public trust by meeting and maintaining the applicable qualifications for membership and by complying with the applicable requirements relating to conflict of interest.

1. No Officer or Director of the Corporation shall:
 - a. Solicit or accept or agree to accept a benefit, other than from the Corporation, that might reasonably tend to influence his or her performance of duties for the Corporation or that he or she knows or should know is offered with the intent to influence the Officer's or Director's performance of his or her duties;
 - b. Accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties;
 - c. Accept outside employment or compensation that might reasonably be expected to create a substantial conflict between the Officer's or Director's private interests and duties to the Corporation;
 - d. Solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as an Officer or Director of the Corporation in favor of that person;
 - e. Serve as a consultant, employee, or in any professional capacity for the corporation;
 - f. Serve as a decision-maker managerial employee, or in some professional capacity representing a municipality, district, or utility which contracts with the Corporation for utility or other services;
 - g. Be a member of the immediate family of any Director of the Corporation or of any other person serving in a managerial capacity of a professional consultant to the Corporation, such as an attorney, accountant, or engineer;
 - h. Solicit or accept or agree to accept from another person or business entity, other than from the Corporation, a benefit in return for the Officers or Director's decision, opinion, recommendation, vote or other exercise of discretion as a Board member or for a violation of a duty imposed by law;
 - i. Solicit or accept or agree to accept a benefit or payment from a supplier to or contractor with the Corporation;

- j. Solicit or accept or agree to accept from another person or business entity, other than from the Corporation, a benefit for the referral of a consumer to the Corporation or to another business entity;
 - k. Refer for services a consumer to a business entity owned or controlled by a member of the Board of Directors, unless the business entity is the only business entity that provides the needed services within the jurisdiction of the Corporation;
 - l. Use a Corporation facility in the conduct of a business entity owned or controlled by that Director;
 - m. Appoint, vote for, or confirm the appointment of a person to a paid office or position with the Corporation if the person is related to the Officer or Director by affinity within the second degree or by consanguinity within the third degree; or
 - n. Use or receive a substantial amount of tangible goods or funds from the corporation, other than:
 - (1) compensation or reimbursements authorized by law for Board of Directors membership, attendance, or expenses; or
 - (2) as a consumer or as a family member of a consumer receiving services from the Corporation.
2. Any relationship or employment which constitutes a disqualification as set forth herein shall be considered grounds for removal.
 3. No Officer or Director of the Corporation shall be entitled to any compensation for or in consideration of the execution of his duties as such Officer or Director, provided, however, that the reasonable expenses of an Officer or Director incurred on the business of the Corporation may, with the approval of the Board of Directors, be paid to them. Notwithstanding this provision, the Board may elect to pay a Board Member's expense for attendance at any special meeting at an expense not greater than \$50.00 per meeting, unless the actual expense is greater, then the Board member would only be reimbursed such actual expense.
 4. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or device for the general purpose or for any special purpose of the Corporation, provided, however, that the Board of Directors may reject any donation made upon a condition or restriction if in the discretion of the Board of Directors the acceptance of the donation as so conditioned or restricted will not be in the best interest of the Corporation.
 5. The removal of any Director of the Corporation because of disqualification under this policy shall not affect the validity of any action taken by the Corporation through its Board of Directors during the time of service by that Director, even though the Director may have been

acting under the disqualification at the time of such service.

6. If at any time any Director has an interest in real or personal property or in a business entity (as defined by Section 171.001(2) of the Texas Local Government Code) is required to vote or make a decision on any matter involving such real or personal property or business entity, or on an issue which may reasonably create a conflict of interest, which may reasonably be deemed a conflict of interest by the Board, or which may reasonably be interpreted by the membership as a conflict of interest in his or her capacity as a director, the Director shall file an affidavit stating the nature and extent of the conflict of interest (in the form attached to this policy) with the official record keeper (the Secretary-Treasurer) of the Corporation, the Director shall abstain from participation in Board discussion of the matter, and the Director shall abstain from voting as a matter of record, on that issue. However, no Director shall be required to file an affidavit or refrain from participation or voting on a matter which will have no special economic effect on such Director's real or personal property or business entity that is distinguishable from the effect of the action on the public in general.
7. It is a ground for removal of a member of the Board of Directors if the member:
 - a. violates a provision of this policy;
 - b. does not execute the affidavit required by Subsection 6 of this policy;
 - c. is not eligible for appointment to the Board of Directors at the time of appointment;
or
 - d. does not maintain during service on the Board of Directors the qualifications required by the Corporation Bylaws.

**MILITARY HIGHWAY WATER SUPPLY CORPORATION
CONFLICTS DISCLOSURE STATEMENT**

1. Name of Director: _____

2. Description of Property or Business Entity:

3. Description of the nature and extent of Conflict of Interest:

I swear under penalty of perjury that the above statement is true and correct.

Director

Sworn to and subscribed before me, by the said _____,
this the _____ day of _____, 20____, to certify which, witness my hand
and seal of office.

NOTARY PUBLIC, STATE OF TEXAS