

# **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

## **I. Purpose**

The Trustees of the Fort Worth Employees' Retirement Fund ("FWERF" or the "Fund") have adopted this Ethics Policy (this "policy") for individual Trustees and Fund employees in order to comply with applicable city ordinances and state laws and to make sure that the highest ethical standards in the public retirement industry are followed. This policy is based upon the duty of loyalty that all Trustees, as fiduciaries, owe to the members and retirees of the Fund. It also demonstrates the Board's commitment to fairness, openness, and transparency in the governance of the Fund. It is important to the Board that it preserves the confidence of the membership, the city, local and state government officials, and the general public.

In adopting this policy, the Board recognizes that compliance with any ethics policy may, at times, be confusing because ethical matters can be complex. The Board also recognizes that not all situations involving ethical dilemmas can be specifically addressed in this policy. Because of this, Trustees and Fund staff are strongly encouraged to seek the advice of the Fund's General Counsel whenever there is uncertainty about compliance with this policy.

This policy will be thoroughly discussed with new Trustees during orientation and with Fund employees upon hire. It will be reviewed annually during a regular meeting of the Board and will be updated and revised periodically if and as needed.

## **II. Definitions**

As used in this policy, unless the context otherwise requires:

- A. "Business" means a corporation, partnership, sole proprietorship, trust or foundation, or any other individual or organization carrying on a business, whether or not operated for profit.
- B. "Compensation" means any money, item of value, or other economic benefit conferred on or received by any person in return for services rendered or to be rendered by himself/herself or another.
- C. "Confidential information" means any information that (1) is treated as confidential under federal, state or local law, ordinance, rule or regulation or under a rule or policy of the Fund or (2) is designated as confidential when provided to the Trustee or Fund employee. Notwithstanding the above, information that has been designated as confidential when provided to the Trustee or Fund employee, but is not treated as confidential under law, ordinance, rule or regulation or under a contractual obligation of the Fund,

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

will not be confidential information under this Policy if such information (1) is or becomes generally available or known to the public through no fault of the Trustee or Fund Employee; (2) was already known by or available to the receiving party prior to the disclosure by the Trustee or Fund Employee, (iii) is subsequently disclosed to the receiving party by a third party who is not under any obligation of confidentiality to the party who disclosed the information; or (iv) has already been or is hereafter independently acquired or developed by the receiving party without violating any confidentiality agreement with or other obligation to the party who disclosed the information.

- D. "Family member" means (1) the spouse, children, parents, siblings, and children of siblings of a given individual, and (2) the children, parents, siblings, and children of siblings of a spouse of a given individual.
- E. "Financial interest" means a substantial interest held by an individual which is:
1. An ownership interest in a business;
  2. A creditor interest in an insolvent business;
  3. An employment or independent contractor relationship with a business, or prospective employment or independent contractor relationship with a business for which negotiations have begun;
  4. An ownership interest in real or personal property;
  5. A loan or other debtor interest; or,
  6. A director or officer position in a business.
- F. "Gift" means anything of tangible value given without consideration and includes any payment of cash, receipt of goods or services, or other benefit. A gift includes, without limitation, a loan at a rate of interest substantially lower than the commercial rate then currently prevalent for similar loans and compensation received for private services rendered at a rate substantially exceeding the fair market value of such services.
- G. "Official act" or "official action" means a vote, decision, recommendation, approval, disapproval, or other action, including inaction, which involves the use of discretionary authority.
- H. "Permissible gift" means a gift that is one of the following:

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

1. An occasional gift that is not cash or money and does not exceed \$25 in value;
  2. An award that is not cash or money that is publicly presented by a nonprofit organization in recognition of public service;
  3. Payment of or reimbursement for actual and necessary expenditures for food, lodging, and transportation by a third-party for attendance at a conference, convention or other meeting at which the Trustee or Fund employee is scheduled to attend or participate in the course of performing his/her duties for the Fund that has been approved for attendance in accordance with the policies of the Board, including educational conferences sponsored by independent educational organizations and business meetings conducted by Fund investment managers (each, an "approved conference/event"), provided that (a) a representative of the third-party providing payment or reimbursement is in attendance at such convention or meeting and (b) such payment or reimbursement is made directly by the third-party and not through an intermediary;
  4. Attendance at a social function or recreational activity which is offered to the Trustee or Fund employee during attendance at an approved conference/event, provided that a sponsor of the social function or recreational activity (or their representative) is present at such function or activity; and
  5. Food, transportation, and entertainment accepted as a guest with the donor present.
- I. "Vendor" means an independent contractor that is a business which performs services for the Fund for direct or indirect compensation, including, but not limited to banks, custodians, software and technology providers, investment managers and consultants, and professional services (attorneys, accountants, actuaries, etc.).

### **III. Rules of Conduct**

A Trustee or Fund employee shall not:

- A. Disclose confidential information acquired in the course of his/her official duties, unless required by law, regulation or legal process or otherwise

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

intentionally use such confidential information in order to further his/her personal financial interests or the financial interests of a family member; or

- B. Accept a gift, whether or not such gift is a permissible gift, which he/she knows, or which a reasonable person in his/her position should know under the circumstances, is primarily for the purpose of intentionally influencing a person in his/her position to depart from the faithful and impartial discharge of his/her public duties or rewarding him/her for official action he/she has taken; or
- C. Engage in a substantial financial transaction for his/her private business purposes with a person whom he/she inspects or supervises (i.e. supervisor/subordinate relationship) in the course of his/her official duties; or
- D. Assist any person or business for a fee or other compensation in obtaining a contract, claim, license, or other economic benefit from the Fund; or
- E. Assist any person for a contingent fee in obtaining a contract, claim, license, or other economic benefit from any city agency or department; or
- F. Perform an official act which may have a direct economic benefit on a business or other undertaking in which the Trustee or Fund employee, or his/her family member, has a financial interest; or
- G. Speak or act, or purport to speak or act, on behalf of the Fund, unless previously approved by the Board. (This provision should not be interpreted to forbid a Trustee from expressing his/her personal views on Fund matters, provided (1) the Trustee clearly states that his or her statements are personal in nature and do not reflect the views of the Fund or the Board and (2) such statements are not intended to actively thwart or undermine an official act of the Board.)

### **IV. Policy for No-Contact Period**

- A. Other than as set forth herein, Trustees and Fund employees shall not initiate or have contact with any current or prospective vendor once the Board has formally initiated a search process by commencing the request for proposal process or other search process otherwise authorized by the Board for services provided by such current or prospective vendor until the search process has concluded and a contract has been awarded (the “no-

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

contact period”), unless such contact is with (1) a current vendor and in the ordinary course of business with respect to the on-going operations of the Fund or (2) a current or prospective vendor and in the ordinary course of business with respect to the on-going professional or personal business activities of a Trustee. A current or prospective vendor includes any person or business who performs services related to the search process being performed, even if such vendor did not submit a proposal or is otherwise not participating in the search process.

- B. During this no-contact period, Trustees and Fund employees who are contacted by these entities for anything other than in the ordinary course of business with respect to the on-going operations of the Fund should inform them reasonably promptly of this policy, and that any further contact could disqualify them from further consideration. All requests for proposal materials issued by the Fund during a search process should specifically reference this no-contact period policy.
- C. During a no-contact period, Trustees should not accept any gift, whether or not such gift is a permissible gift, from a current vendor or prospective vendor that the subject of a current search. It shall not be a violation of this policy if (1) a Trustee has a relationship with a current or prospective vendor that is the subject of a current search that was established in the ordinary course of the Trustee’s business or profession and in that regard accepts a gift from the same and (2) discloses such gift to appropriate Fund personnel if required under Section 171 or 176 of the Texas Local Government Code. . In such instance the Trustee shall inform the current or prospective vendor of Section V(c) of this policy if applicable.

### **V. Gifts**

- A. A Trustee or Fund employee shall not solicit any gift, whether or not such gift is a permissible gift, from any current vendor or prospective vendor seeking to do business with the Fund.
- B. A Trustee or Fund employee may accept a permissible gift from a current vendor as long as such gift is not in violation of the no-contact period policy.
- C. If a prospective vendor directly solicits Fund business in conjunction with providing a gift, the Trustee or Fund employee should inform the vendor that all hiring of all vendors is performed through a Board-initiated search process and direct such prospective vendor to the Executive Director.

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

- D. Under no circumstances may a Trustee or a Fund employee accept a gift if the source is not identified or if the Trustee or Fund employee knows that such gift is being offered through an intermediary.
- E. Certain gifts, even if permissible gifts, may be subject to disclosure under Texas law, including Chapter 176 of the Texas Local Government Code.

### **VI. Conflicts and Disclosure Requirements**

- A. Trustees and Fund employees must promptly disclose any conflict of interest or potential conflict of interest with respect to their fiduciary responsibility to the Fund. A “conflict of interest” exists if a Trustee has a personal relationship, financial interest, or other relationship that could reasonably be expected to diminish the Trustee’s independence of judgment in the performance of his/her responsibilities to the Fund.
- B. Trustees must also refrain from deliberating on, voting on, or attempting to influence the vote on any official act involving a conflict of interest.
- C. A conflict of interest will be deemed to exist if (1) a Trustee or his/her family member has a financial interest in a business who is subject to an official act or (2) a Trustee or family member of a Trustee is the subject of an official act, other than an act that has general application.
- D. The Executive Director, Deputy Directors, and General Counsel (“Executive Team”) and each Trustee shall annually file with the Fund a Conflict of Interest Disclosure in a form prescribed by the Fund. The form shall require disclosure of any conflict of interest or any other relationships or situation which may impinge on the member’s fiduciary duty, if any, and the public trust.
- E. Disclosure requirements also exist under Texas state law as related to conflicts of interest involving a business interest, including Chapter 171 and 176 of the Texas Local Government Code.

### **VII. Additional Ethical Principles**

- A. A Trustee or Fund employee should not acquire or hold a financial interest in any business or undertaking which he/she has reason to believe may be directly and substantially affected to its economic benefit by official action

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

to be taken by the Fund. If a Trustee or Fund employee holds, or the Trustee or Fund employee actually knows that his/her family member holds, such a financial interest, it should be disclosed in accordance with the Conflicts and Disclosure Requirements of this policy.

- B. A current or former Trustee or Fund employee may not (1) represent any person or Business before the Fund regarding a specific matter in which the current or former Trustee or Fund employee was personally involved and participated in during the period of his/her service or employment with the Fund or (2) receive compensation from any person or Business which he/she knows, or which a reasonable person in his/her position should know under the circumstances, is primarily for the purpose of rewarding the same for his/her departure from the faithful and impartial discharge of his/her public duties or rewarding him/her for official action he/she has taken regarding a specific matter in which the current or former Trustee or Fund employee was personally involved and participated in during the period of his/her service or employment with the Fund.
- C. A Trustee or Fund employee should not perform an official act with the primary goal or intent of directly and substantially affecting a business or other undertaking to its economic detriment when he/she has, or the Trustee actually knows that his/her family member has, a financial interest in a competing business or undertaking. Such circumstances should be disclosed in accordance with the Conflicts and Disclosure Requirements of this policy.
- D. No direct or indirect family member of a Trustee or Fund employee may be employed by the Fund.

### **VIII. Special Rules Governing Contracts and Claims**

- A. Trustees or Fund employees shall not be vendors or have an interest in any contract made by the Trustee or Fund employee in their official capacity or by the Fund or approved by them through an official act. Such an interest may include a financial interest in a business or undertaking that contracts as a vendor of the Fund or direct or personal compensation that results from entering into such a contract.
- B. A former Trustee or Fund employee may not, within six (6) months following the termination of his/her service on the Board or employment, as applicable, contract with or be employed by a vendor involving matters with

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

which he/she was directly involved during his/her Board service or employment. Such described contract or employment may, at the Board's discretion, result in the contract being declared void or cancelled and/or the vendor relationship terminated.

### **IX. Enforcement**

The Board will enforce this policy in accordance with the following:

- A. A complaint or allegation of a Trustee or Fund employee's potential violation of this policy must be in writing and submitted to the Executive Director, or, if the violation involves the Executive Director, directly to the Chair of the Board (the "Chair"). The Executive Director will promptly notify the Chair of the alleged violation. If the potential violation involves the Chair, the Executive Director will notify the Vice-Chair of the Board (the "Vice-Chair"). No retaliatory action will be taken against the reporting person for any such report involving another person made in good faith.
  
- B. The Chair (or Vice-Chair, as applicable) shall present the violation to the Executive Committee of the Board, which is established under a separate policy. If a member of the Executive Committee is the subject of the violation, the Chair (or Vice-Chair, as applicable) may appoint another Trustee to the Executive Committee for the purpose of reviewing the violation. The Executive Committee may engage the Fund's General Counsel and outside counsel to assist with the review of the complaint. If there is a reasonable belief by the Executive Committee that a violation has occurred, the accused individual shall first be notified and have the opportunity to address the matter with the Executive Committee prior to the complaint being forwarded to the full Board for action in accordance with this policy. The Board has final decision-making authority with respect to violations of the policy, and such decision shall be binding on the Trustee or Fund employee in violation of the policy. A Trustee who is a subject of the alleged violation may not deliberate or vote on such Board action.
  
- C. The Board is responsible for the enforcement of this policy with respect to violations by individual Trustees and the Board may:
  - 1. Require a Trustee to receive specialized ethics training, prohibit a Trustee from chairing or serving on various committees of the Board, reprimand, censure, and/or other appropriate parliamentary measures, including requests for resignation from a Trustee; and

**FORT WORTH EMPLOYEES' RETIREMENT FUND  
ETHICS POLICY**

2. Take appropriate personnel action against a Fund employee, up to and including termination.
- D. Prior to any such action involving a Trustee, the Trustee shall be provided an opportunity to address the Board if desired.

This Policy was revised and adopted by the Board of Trustees on October 24, 2018.

## **FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY**

### **POTENTIAL CONFLICT OF INTEREST DISCLOSURE**

#### **I. Purpose**

It shall be the goal of every Trustee and the Fund staff to demonstrate the highest level of professional and ethical behavior in dealings with retirees, employee members, employer representatives, and the public.

In pursuit of this goal, each Trustee and each Executive Team member and investment department staff member is asked to annually disclose business connections or relationships, which could be construed as conflicts of interest.

Any business connection or relationship that constitutes a "financial interest" under the Ethics Policy should be disclosed. A "financial interest" means a substantial interest held by an individual, which is:

- A. An ownership interest in a business;
- B. A creditor interest in an insolvent business;
- C. An employment or independent contractor relationship with a business, or prospective employment or independent contractor relationship with a business for which negotiations have begun;
- D. An ownership interest in real or personal property;
- E. A loan or other debtor interest; or,
- F. A director or officer position in a business.

Solely for purposes of this Disclosure, an interest will be deemed substantial if the individual (1) owns 10 percent or more of the voting power (through stock, shares, or other interests) of the business; (2) owns either 10 percent or more, or \$15,000 or more, of the fair market value of the business, including any creditor or debtor interest; (3) funds received by the individual from the business entity from an employment or other services relationship equal or exceed the lesser of \$2,500 or 10 percent of the person's gross income for the previous year, or (4) with respect to real property, has an equitable or legal ownership interest with a fair market value of \$2,500 or more.<sup>1</sup>

---

<sup>1</sup> See Chapters 171 and 176 of the Texas Local Government Code.

## FORT WORTH EMPLOYEES' RETIREMENT FUND ETHICS POLICY

### II. Disclosure

Each disclosing person is asked to identify the following:

- A. **Business connections with vendors doing business with the Fund.**  
This would include working as an employee of a vendor and the amount of compensation received or working directly for a vendor as a supplier of goods and/or services and the volume of goods or services supplied. This category would also include a statement of ownership in a vendor or the holding of an officer or Board position in a vendor.
- B. **Business connections directly with the Fund.**  
This category would include working as a vendor supplying goods and/or services directly to the Fund. The nature of the relationship and the volume of business should be disclosed.
- C. **Direct or indirect family relations.**  
The disclosing person should state, to their actual knowledge, any direct family member or in-law who works for the Fund or for any vendor of the Fund or has a financial interest in any vendor of the Fund.
- D. **Shared ownership in a non-publicly traded enterprise.**  
The disclosing person should state the enterprise and his/her interest if that ownership is shared by another Trustee, a Fund staff member, or a vendor organization.

Each person stated within the PURPOSE of this statement should disclose annually any business association in any of the categories specifically enumerated above. Such disclosure shall be made on a form provided by the Fund. The completed disclosure form will be sent to the Chair of the Board or the Executive Director and acknowledged at the next scheduled Board meeting. Disclosing persons should understand the intent of this disclosure and should, in addition, disclose any relationship they feel is not specifically stated in this policy, but is of a nature that is intended to be disclosed by this policy.

In addition to annual disclosure, at the time the Fund is entertaining the establishment of a business relationship which will commence a disclosable relationship, the disclosing party should notify the Board Chair or Executive Director.

**FORT WORTH EMPLOYEES' RETIREMENT FUND  
ETHICS POLICY**

**III. Definitions**

DIRECT FAMILY MEMBER includes spouse, children, parents, siblings, and children of siblings.

INDIRECT FAMILY MEMBER includes the direct family members of the disclosing member's spouse.

**FORT WORTH EMPLOYEES' RETIREMENT FUND  
ETHICS POLICY**

**Conflict of Interest Disclosure Form**

Please provide the following information, as required by the Fund Policy on Potential Conflict of Interest Disclosure. Updated information should be provided on a continuing basis. Please return the form to the Fund's Executive Director. Attach additional sheets, if necessary.

1. Describe your business connections with vendors doing business with the Fund.

---

---

---

2. Describe business connections you have directly with the Fund.

---

---

---

3. Identify direct or indirect family members who work for the Fund or for any Fund vendor.

---

---

---

4. Describe ownership in non-publicly traded enterprises which you share with any other Trustee, Fund staff member, or vendor organization.

---

---

---

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**FORT WORTH EMPLOYEES' RETIREMENT FUND  
ETHICS POLICY**

**Ethics Policy Compliance Statement**

I, the undersigned Trustee of the Board of Directors of the Fort Worth Employees' Retirement Fund (the "Fund"), do hereby certify that I have received a copy of and read the Ethics Policy; and that I will comply with all of the provisions of the Ethics Policy; and that I will not participate in concealing a violation of the Ethics Policy, or knowingly or negligently permit such a violation to occur.

\_\_\_\_\_  
(Signature of Trustee)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Print Name)

## LOCAL GOVERNMENT CODE

## TITLE 5. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES

SUBTITLE C. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES OF MORE  
THAN ONE TYPE OF LOCAL GOVERNMENTCHAPTER 176. DISCLOSURE OF CERTAIN RELATIONSHIPS WITH LOCAL  
GOVERNMENT OFFICERS; PROVIDING PUBLIC ACCESS TO CERTAIN INFORMATION

Sec. 176.001. DEFINITIONS. In this chapter:

(1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.

(1-a) "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

(A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;

(B) a transaction conducted at a price and subject to terms available to the public; or

(C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

(1-b) "Charter school" means an open-enrollment charter school operating under Subchapter D, Chapter 12, Education Code.

(1-c) "Commission" means the Texas Ethics Commission.

(1-d) "Contract" means a written agreement for the sale or purchase of real property, goods, or services.

(2) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter 573, Government Code.

(2-a) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

(2-b) "Gift" means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient.

(2-c) "Goods" means personal property.

(2-d) "Investment income" means dividends, capital gains, or interest income generated from:

(A) a personal or business:

(i) checking or savings account;

(ii) share draft or share account; or

(iii) other similar account;

(B) a personal or business investment; or

(C) a personal or business loan.

(3) "Local governmental entity" means a county, municipality, school district, charter school, junior college district, water district created under Subchapter B, Chapter 49, Water Code, or other political subdivision of this state or a local government corporation, board, commission, district, or authority to which a member is appointed by the commissioners court of a county, the mayor of a municipality, or the governing body of a municipality. The term does not include an association, corporation, or organization of governmental entities organized to provide to its members education, assistance, products, or services or to represent its members before the legislative, administrative, or judicial branches of the state or federal government.

(4) "Local government officer" means:

(A) a member of the governing body of a local governmental entity;

(B) a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or

(C) an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.

(5) "Records administrator" means the director, county clerk, municipal secretary, superintendent, or other person responsible for maintaining the records of the local governmental

entity or another person designated by the local governmental entity to maintain statements and questionnaires filed under this chapter and perform related functions.

(6) "Services" means skilled or unskilled labor or professional services, as defined by Section 2254.002, Government Code.

(7) "Vendor" means a person who enters or seeks to enter into a contract with a local governmental entity. The term includes an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 1, eff. May 25, 2007.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 1, eff. September 1, 2015.

Sec. 176.002. APPLICABILITY TO VENDORS AND OTHER PERSONS. (a)

This chapter applies to a person who is:

- (1) a vendor; or
- (2) a local government officer of a local governmental entity.

(b) A person is not subject to the disclosure requirements of this chapter if the person is:

- (1) a state, a political subdivision of a state, the federal government, or a foreign government; or
- (2) an employee or agent of an entity described by Subdivision (1), acting in the employee's or agent's official capacity.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 2, eff. May 25, 2007.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 2, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 3, eff. September 1, 2015.

Sec. 176.003. CONFLICTS DISCLOSURE STATEMENT REQUIRED. (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(1) the vendor enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor; and

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor; or

(C) has a family relationship with the local government officer.

(a-1) A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is:

(1) a political contribution as defined by Title 15, Election Code; or

(2) food accepted as a guest.

(a-2) A local government officer is not required to file a conflicts disclosure statement under Subsection (a) if the local governmental entity or vendor described by that subsection is an administrative agency created under Section 791.013, Government Code.

(b) A local government officer shall file the conflicts disclosure statement with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement under Subsection (a).

(c) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9 (1), eff. September 1, 2015.

(d) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9 (1), eff. September 1, 2015.

(e) The commission shall adopt the conflicts disclosure statement for local government officers for use under this section. The conflicts disclosure statement must include:

(1) a requirement that each local government officer disclose:

(A) an employment or other business relationship described by Subsection (a) (2) (A), including the nature and extent of the relationship; and

(B) gifts accepted by the local government officer and any family member of the officer from a vendor during the 12-month period described by Subsection (a) (2) (B) if the aggregate value of the gifts accepted by the officer or a family member from that vendor exceeds \$100;

(2) an acknowledgment from the local government officer that:

(A) the disclosure applies to each family member of the officer; and

(B) the statement covers the 12-month period described by Subsection (a) (2) (B); and

(3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 3, eff. May 25, 2007.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 4, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 5, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 9(1), eff. September 1, 2015.

Sec. 176.006. DISCLOSURE REQUIREMENTS FOR VENDORS AND OTHER PERSONS; QUESTIONNAIRE. (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.

(b) The commission shall adopt a conflict of interest questionnaire for use under this section that requires disclosure of a vendor's business and family relationships with a local governmental entity.

(c) The questionnaire adopted under Subsection (b) must require, for the local governmental entity with respect to which the questionnaire is filed, that the vendor filing the questionnaire:

(1) describe each employment or business and family relationship the vendor has with each local government officer of the local governmental entity;

(2) identify each employment or business relationship described by Subdivision (1) with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor;

(3) identify each employment or business relationship described by Subdivision (1) with respect to which the vendor receives, or is likely to receive, taxable income, other than investment income, that:

(A) is received from, or at the direction of, a local government officer of the local governmental entity; and

(B) is not received from the local governmental entity;

and

(4) describe each employment or business relationship with a corporation or other business entity with respect to which a local government officer of the local governmental entity:

(A) serves as an officer or director; or

(B) holds an ownership interest of one percent or more.

(d) A vendor shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in the questionnaire incomplete or inaccurate.

(e) A person who is both a local government officer and a vendor of a local governmental entity is required to file the questionnaire required by Subsection (a) (1) only if the person:

(1) enters or seeks to enter into a contract with the local governmental entity; or

(2) is an agent of a person who enters or seeks to enter into a contract with the local governmental entity.

(f) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9 (3), eff. September 1, 2015.

(g) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9 (3), eff. September 1, 2015.

(h) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9 (3), eff. September 1, 2015.

(i) The validity of a contract between a vendor and a local governmental entity is not affected solely because the vendor fails to comply with this section.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. [914](#)), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. [1491](#)), Sec. 6, eff. May 25, 2007.

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. [1491](#)), Sec. 9, eff. May 25, 2007.

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](#)), Sec. 15.005, eff. September 1, 2009.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. [23](#)), Sec. 6, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. [23](#)), Sec. 9(3), eff. September 1, 2015.

Sec. 176.0065. MAINTENANCE OF RECORDS. A records administrator shall:

(1) maintain a list of local government officers of the local governmental entity and shall make that list available to the public and any vendor who may be required to file a conflict of interest questionnaire under Section [176.006](#); and

(2) maintain the statements and questionnaires that are required to be filed under this chapter in accordance with the local governmental entity's records retention schedule.

Added by Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 8, eff. May 25, 2007.

Redesignated and amended from Local Government Code, Section 176.011 by Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 7, eff. September 1, 2015.

Sec. 176.008. ELECTRONIC FILING. The requirements of this chapter, including signature requirements, may be satisfied by electronic filing in a form approved by the commission.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Sec. 176.009. POSTING ON INTERNET. (a) A local governmental entity that maintains an Internet website shall provide access to the statements and to questionnaires required to be filed under this chapter on that website. This subsection does not require a local governmental entity to maintain an Internet website.

(b) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 847, Sec. 3(b), eff. January 1, 2014.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 7, eff. May 25, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. 2702), Sec. 76, eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 847 (H.B. 195), Sec. 3(b), eff. January 1, 2014.

Sec. 176.010. REQUIREMENTS CUMULATIVE. The requirements of this chapter are in addition to any other disclosure required by law.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Sec. 176.012. APPLICATION OF PUBLIC INFORMATION LAW. This chapter does not require a local governmental entity to disclose any information that is excepted from disclosure by Chapter 552, Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 8, eff. May 25, 2007.

Sec. 176.013. ENFORCEMENT. (a) A local government officer commits an offense under this chapter if the officer:

(1) is required to file a conflicts disclosure statement under Section 176.003; and

(2) knowingly fails to file the required conflicts disclosure statement with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

(b) A vendor commits an offense under this chapter if the vendor:

(1) is required to file a conflict of interest questionnaire under Section 176.006; and

(2) either:

(A) knowingly fails to file the required questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of the facts that require the filing of the questionnaire; or

(B) knowingly fails to file an updated questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in a questionnaire previously filed by the vendor incomplete or inaccurate.

(c) An offense under this chapter is:

(1) a Class C misdemeanor if the contract amount is less than \$1 million or if there is no contract amount for the contract;

(2) a Class B misdemeanor if the contract amount is at least \$1 million but less than \$5 million; or

(3) a Class A misdemeanor if the contract amount is at least \$5 million.

(d) A local governmental entity may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a requirement adopted under this chapter.

(e) The governing body of a local governmental entity may, at its discretion, declare a contract void if the governing body determines that a vendor failed to file a conflict of interest questionnaire required by Section [176.006](#).

(f) It is an exception to the application of Subsection (a) that the local government officer filed the required conflicts disclosure statement not later than the seventh business day after the date the officer received notice from the local governmental entity of the alleged violation.

(g) It is an exception to the application of Subsection (b) that the vendor filed the required questionnaire not later than the seventh business day after the date the vendor received notice from the local governmental entity of the alleged violation.

Added by Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. [23](#)), Sec. 8, eff. September 1, 2015.