

**CODE OF ETHICS POLICY
FOR
REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT**

A. DEFINITIONS

1.01. Board. “Board” means the Board of Directors of the District.

1.02. Business Organization. “Business Organization” means a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, trust or any other entity recognized by law through which business is conducted.

1.03. Director. “Director” means a person elected or appointed to serve on the Board of Directors of the District.

1.04. District. “District” means Reunion Ranch Water Control and Improvement District.

1.05. Employee. “Employee” means a person or Business Organization employed by the District and shall include persons or Business Organizations that are independent contractors hired by the District and persons working for or acting as agents for such persons or Business Organizations who take actions on behalf of the District.

1.06. Officer. “Officer” means an elected or appointed officer of the District.

B. SUBJECT MATTER

This Code of Ethics for Reunion Ranch Water Control and Improvement District (this “Policy” or “Code of Ethics”) is adopted pursuant to Section 49.199 of the Texas Water Code. The subject matter of this Policy is addressed by other statutes of the State of Texas, including those governing public meetings, public records, audits, disqualifications of board members, conflicts of interest, self-dealing and illegal and corrupt practices. This Policy is not intended to supersede other provisions of applicable law.

C. STATEMENT OF POLICY; PURPOSE OF CODE

It is the policy of the District that all District Directors, Officers, and Employees conduct themselves, both inside and outside District service, so as to give no occasion for mistrust of their integrity, impartially or devotion to the best interests of the District in the public trust which it holds. This Code of Ethics has been adopted to establish guidelines for high ethical standards in official conduct by District Directors, and to provide guidance to District Directors in order to install a high level of public confidence in the Board’s professionalism, integrity and commitment to the public interest.

D. STANDARDS OF CONDUCT

All Directors will conduct themselves with decorum, both at public meetings and in other settings in which he or she may be viewed by the public as acting in an official capacity. All District Directors and Employees will treat each other, and any member of the public appearing at any meeting of the Board, with proper courtesy and respect.

No Director, Officer or Employee may disclose any confidential information, including information gained during any executive session of the Board.

No Director may engage in any conduct prejudicial to the District or that reflects discredit upon the Board.

All Directors must use care in taking any public position on any issue pertaining to the business of the District to distinguish between their individual opinions and the official position of the Board.

E. SUBSTANTIAL INTEREST

A person has a substantial interest in a Business Organization if either of the following is the case:

1. The person owns at least:
 - a. 10 percent (10%) of the voting stock or shares of the Business Organization, or
 - b. Either 10 percent (10%) or \$15,000 of the fair market value of the Business Organization.
2. Funds received by the person from the Business Organization exceed 10 percent (10%) of the person's gross income for the previous year.

A person has a substantial interest in real property if the interest is equitable or legal ownership with a fair market value of \$2,500 or more.

If a person related in the first degree by either affinity (marriage) or consanguinity (ancestry) to the Director, has a substantial interest, as defined above, the Director is considered to have a substantial interest.

F. CONFLICTS OF INTEREST

A Director is prohibited from participating, directly or indirectly, in a vote or decision on any matter involving a Business Organization in which the Director has a substantial interest if any action on the matter would confer an economic or any other benefit on the Business Organization.

In cases of conflicts of interest, Directors shall disclose such conflicts and state the nature and extent of the conflict of interest. Thereafter, that Director shall abstain from participation in the matter as provided by law.

Directors shall not disclose, without written legal authorization, confidential information to advance the financial or other private interests of such Director or others regarding any contract or transaction which is or may be the subject of an official action of the District.

The District may not contract for the purchase of services or personal property directly with a Director or with a Business Organization in which a Director has a substantial interest except as permitted by law and in accordance with the requirements set forth below.

Contracts Permitted

The Board may contract with a Business Organization in which a Director has a substantial interest if the Director follows the disclosure and abstention procedure set out below.

Affidavit & Abstention

If a Director or a person related to a member in the first degree by either affinity (marriage) or consanguinity (ancestry) has a substantial interest in a Business Organization or in real property, the Director before a vote or decision on any matter involving the Business Organization or the real property, shall file an affidavit with the Secretary of the Board, stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a Business Organization the action on the matter will have a special economic effect on the Business Organization that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

Majority Conflict

If a Director is required to file and does file an affidavit, the Director shall not be required to abstain from further participation in the matter if a majority of the Board is required to also file affidavits of similar interests.

Separate Vote

The Board shall take a separate vote on any budget item specifically dedicated to a contract with a Business Organization in which a Director has a substantial interest. The affected Director shall not participate in that separate vote but may vote on a final budget if he or she filed an affidavit and the matter in which he or she is concerned has been resolved.

Prohibited Acts

Except as provided above, a Director shall not knowingly:

1. Participate in a vote or decision on a matter involving a Business Organization or real property in which such Director has a substantial interest if it is reasonably foreseeable that an action on the matter would have a special economic effect on the Business Organization that is distinguishable from the effect on the public or will have a special

economic effect on the value of the property, distinguishable from its effect on the public.

2. Act as surety for a Business Organization that has a contract, work, or business with the District.
3. Act as surety on any official bond required of a Director or an Officer of the District.

G. NEPOTISM

The Board shall not confirm the appointment to any position, nor award a contract, to a person related to a member of the Board within the second degree by affinity (marriage) or within the third degree by consanguinity (ancestry) when the salary or other compensation of such appointee is paid, directly or indirectly, from District funds, except as provided by law.

H. ACCEPTANCE OF GIFTS

1. A Director shall not solicit or accept any benefit of value from a person or Business Organization the Director knows is interested in any contract, purchase, payment, claim, or other transaction involving the exercise of his or her discretion as a public servant, or any matter before the Board, or likely to come before the Board for any decision, opinion, recommendation, or vote.
2. The prohibition against benefits above shall not apply to:
 - a. an occasional non-pecuniary gift, valued at less than \$25; or
 - b. an award publicly presented in recognition of public service.

I. BRIBERY

A Director shall not intentionally or knowingly offer, confer, agree to confer on another, solicit, accept, or agree to accept a benefit:

1. As consideration for a decision, opinion, recommendation, vote, or another exercise of discretion as a Board member;
2. As consideration for a violation of a duty imposed on the Director by law; or
3. That is a political contribution as defined by Title 15 of the Texas Election Code or an expenditure made and reported as a lobbying expense in accordance with Texas Government. Code, Ch. 305, if the benefit was offered for agreement to take or withhold a specific exercise of official discretion.

“Benefit” means anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the member has a direct and substantial interest.

J. ABUSE OF OFFICE

A Director shall not, with intent to obtain a benefit or with intent to harm or defraud another, intentionally or knowingly violate a law relating to the office or misuse District property, services, personnel, or any other thing of value, belonging to the District that has come into his or her custody by virtue of his or her office.

K. BANK RELATIONS

A Director who is a stockholder, officer, board member, or employee of a bank that has bid to become a depository for the District shall not vote on the awarding of a depository contract to said bank.

If a Director has a substantial interest in a bank with which the District is considering entering into a loan or other transaction besides a depository contract, then the Director must comply with the affidavit and abstention requirements set forth above.

L. DUAL OFFICE HOLDING LIMITATIONS AND INCOMPATIBILITY OF OFFICE

Except as permitted by Article XVI, Section 40 of the Texas Constitution, no Director may hold or exercise at the same time more than one civil office of emolument. No Director may hold another public office in violation of the common law doctrine of incompatibility that applies to holding two incompatible positions and prohibits a person from holding certain public offices at the same time because of practical conflicts of interest that might arise, including service as a director of two governmental authorities with overlapping taxing jurisdictions. A Director should consult the District's Attorney if he or she intends to hold an additional office either by election or appointment.

M. DISCLOSURE OF INTEREST IN PROPERTY

If a Director or candidate has a legal or equitable interest in any property acquired with public funds and has actual notice of the acquisition or intended acquisition of the property, he or she shall file an affidavit as follows:

1. The affidavit shall be filed with the county clerk(s) of the county in which the property is located and of the county in which the Director or candidate resides within ten (10) days before the date on which the property is to be acquired by purchase or condemnation.
2. The affidavit must:
 - a. State the name of the Director or candidate and the public office held or sought.
 - b. Fully describe the property.

- c. Fully describe the nature, type, and amount of interest in the property, including the percentage of ownership interest and the date the interest was acquired.
- d. Include verification of the truth of the information in the affidavit.
- e. Include an acknowledgment of the same type required for recording a deed in the deed records of a county.

N. USE OF DISTRICT PROPERTY

No Director, Officer, or Employee shall permit any personal or unauthorized use of District-owned or District-controlled, equipment, materials, supplies, or property.

O. USE OF DISTRICT LETTERHEAD

No Director, Officer or Employee may use the District letterhead for personal reasons. District letterhead shall be reserved for use in the transaction of the official District business. Directors may utilize District letterhead in their official capacities as members of the Board of Directors. Any correspondence on District letterhead which purports to represent the opinions or recommendations of the Board of Directors is authorized only if a quorum of the Board of Directors approves such use at a regular or special meeting conducted in compliance with the Texas Open Meetings Act.

P. ATTENDANCE AT MEETINGS OF THE BOARD

All Directors and Officers must consistently attend all meetings of the Board, including all regularly scheduled work sessions. As provided in Section 49.052 of the Water Code, any Director who misses one-half or more of the regular meetings of the Board scheduled within a 12-month period may be removed by the unanimous vote of the other Directors.

Q. DISQUALIFICATIONS OF DIRECTORS

Disqualification of Directors.

As provided in Section 49.052, Texas Water Code, a Director is disqualified from serving as a member of the Board if he or she:


1. Is related within the third degree of affinity (marriage) or consanguinity (ancestry) to a Developer, any other Director, or the manager, engineer, attorney, or other person providing professional services to the District;
2. Is an employee of a Developer or any Director, manager, engineer, attorney, or other person providing professional services to the District or a Developer in connection with the District or property located in the District;
3. Is a Developer;
4. Is serving as an attorney, consultant, engineer, manager, architect, or in some other professional capacity for the District or a Developer in connection with the District or property in the District;
5. Is a party to a contract with or along with the District, except for the purchase of public services furnished by the District to the public generally;

6. Is a party to a contract with or along with a Developer relating to the District or to property within the District, other than a contract limited solely for the purpose of purchasing or conveying real property in the District for the purpose of either establishing a permanent residence, establishing a commercial business within the District, or qualifying as a Director; or
7. During his or her term of office, fails to maintain the qualifications required by law to serve as a Director.


Directors should consult with the District's attorney to determine if any of the foregoing disqualifications may be applicable.

ADOPTED this 21st day of May, 2024.

REUNION RANCH WATER CONTROL AND
IMPROVEMENT DISTRICT

By: 
Dennis B. Daniel, President
Board of Directors

ATTEST:

By: 
Mark D. Olson, Secretary
Board of Directors

[SEAL]