



CODE OF CONDUCT ¹ RELATED TO BUSINESS TRANSACTIONS

Amended February 2013

¹ Use of the terms "Code of Conduct", "Code of Ethics", "Code" and "Policy" are used interchangeably throughout this document and refer to this document unless the context clearly indicates otherwise.

VIA METROPOLITAN TRANSIT CODE OF ETHICS

PURPOSE: Individuals volunteering for or employed in public service at VIA Metropolitan Transit (VIA) must accept responsibility to do what is best for fulfilling the interests of those they serve - the patrons, the community, and the taxpayers. Individuals, including Board of Trustee members and employees, must maintain high standards of conduct in order to efficiently and effectively discharge this responsibility. As a result, the Board of Trustees for VIA adopts this **Code of Ethics**.

APPLICABILITY: This **Code of Ethics** applies to all individuals associated directly with VIA either as employees or as non-employees providing community service, including Board members and members of citizen advisory committees. By voluntarily serving VIA, individuals assume an obligation of self-discipline equal to and above the requirement of laws and regulations.

The standards of conduct set forth in this **Code of Ethics** provide and formalize basic principles designed to instill a sense of standards and protocol in both VIA's internal and external matters. Individuals must understand the following:

- They assume responsibility for adhering to these principles,
- These principles cannot provide guidance for every possible activity;
- Applying these principles require judgment exercised in good faith,
- Actions that violate these principles shall be subject to disciplinary action.

In addition to the terms and conditions set out herein, Board members may also be subject to Ethics provisions and codes imposed by their appointing body.

STANDARDS OF CONDUCT: Individuals shall uphold the mission of VIA by doing the following while performing their duties and responsibilities:

- I. Ensure that VIA complies with all laws and regulations.
- II. Adhere to applicable VIA policies and procedures.
- III. Effectively, efficiently, and economically transact VIA business (including making good faith efforts to safeguard VIA's assets from waste, abuse, theft, or other physical loss).
- IV. Exhibit a desire to serve the public by being service oriented and displaying a helpful, kind, patient, and tolerant demeanor.
- V. Practice fair and nondiscriminatory treatment toward each other and to those who are being served. Board members and employees will at all times treat each other with respect and dignity.
- VI. Reveal all material facts known to them when reporting on the results of their work, which if not revealed, could either conceal unlawful or improper practices or prevent informed decisions from being made (due to distorted reports of matters under review).
- VII. Exercise objectivity and diligence in their service and strive continually for improvement in their proficiency and in the effectiveness and quality of their service.

VIII. Exercise honesty, integrity, and discretion in all matters pertaining to the activities of VIA:

- A. They shall not knowingly participate in acts or activities that are illegal or improper, that are discreditable to themselves or VIA, that are detrimental to the welfare of VIA, or that are for personal gain rather than for the benefit of VIA.
- B. They shall abide (as applicable) by the **Code of Conduct Related to Business Transactions** by avoiding or disclosing any activity that may be or is in conflict with the interests of VIA or that could prejudice their ability to carry out objectively their service.

CODE OF CONDUCT RELATED TO BUSINESS TRANSACTIONS

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**VIA METROPOLITAN TRANSIT
CODE OF CONDUCT RELATED TO BUSINESS TRANSACTIONS
(Rev. February 2013)**

Section I. Declaration of Policy

To serve the public interest, it is essential to the proper administration and effective operation of VIA Metropolitan Transit ("VIA") that 1) its Board members and employees be and, to the greatest extent practicable, give the appearance of being independent and impartial; 2) service to VIA not be used for private benefit; and 3) there be confidence in VIA's integrity as a public agency. The public interest therefore requires that VIA protect against conflicts of interest by establishing standards with respect to the conduct of its Board members and employees related to business transactions.

It is also essential that qualified persons be encouraged to serve VIA. Accordingly, the standards established by the Policy should be interpreted and understood so as not unreasonably to frustrate or impede the recruitment and retention by VIA of those persons best qualified to serve it. To that end, VIA's employees and particularly its Board members, who are essentially uncompensated volunteers, should not be denied the opportunity available to all other citizens to acquire and maintain private economic interests except in circumstances in which a conflict of interest would reasonably result. The purpose of this Policy, therefore, is to establish standards of conduct related to business transactions that are applicable to VIA's Board members and employees in the discharge of their official duties. The Policy prescribes only such essential restrictions against conflict of interest as will not impose unreasonable restrictions on VIA's Board members and employees.

Comments and examples, which do not have the force and effect of the sections of the Policy that follows, are provided to serve as aids in interpreting the Policy. Also, sections of the Policy have been drawn to effectuate applicable statutes of the State of Texas. State laws that pertain to sections of the Policy are cited. Should any statute be hereafter adopted or amended, which would require changes in the Policy, the Policy shall be deemed to have been altered, amended, or repealed accordingly.

Comment: A conflict of interest exists whenever a Board member or employee is in a position in which any official act or action taken by that person is influenced by considerations of personal gain rather than the general public interest. The fundamental principle underlying conflict of interest rules is that a public servant occupies a position of public trust and confidence and that he should therefore conscientiously avoid conflicts of interest that breach the public trust.

No Board member or employee can disassociate himself so completely from the private sector as to preclude the possibility of a conflict of interest arising. Accordingly, this Policy considers the

intention and motives in addition to the external actions of the person concerned. Although exterior appearances and actions often are an accurate manifestation of interior motivation, intent and motive become particularly relevant whenever the acts themselves fall into a gray area.

The principal responsibility for adherence to the provisions of this Policy rests with the persons to whom the Policy applies. Whenever a question arises with respect to the applicability of the code to a particular course of conduct, the persons concerned should consult with their own counsel(s) or make application to VIA's General Counsel for an advisory opinion.

Section II. Definitions

As used in this Policy:

- A. "Board Member" means a member of the Board of Trustees of VIA.
- B. "Benefit" means anything reasonably regarded as economic gain or economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include a contribution or expenditure made and reported in accordance with law. A benefit would include money, property, service, or other items of value obtained by way of gift, favor, loan, accommodations, or transportation.
Source: ²Tex. Penal Code Ann. § 36.01 (3)
Comment: A non-monetary award publicly presented in recognition of public service, such as a plaque or a framed certificate, is not, under ordinary circumstances, a benefit.
- C. "Business" means any entity operated for economic gain, including a corporation, partnership, proprietorship or any other entity carrying on an enterprise for profit.
- D. "Confidential Information" means any information concerning VIA (i) that is not a matter of public knowledge or available to the public on request, or (ii) that VIA is legally required to keep confidential.
- E. "Contract" means any lease, claim, account or demand against or agreement with any person, whether express or implied, executed or executory, verbal or in writing.
- F. "Contractor" or "vendor" shall mean any person or entity performing or seeking to perform services or providing or seeking to provide goods or property to VIA for remuneration, and shall extend to and include any person or entity, whether affiliated or not, acting on the other party's behalf. This term shall not include employees of

² Reference to a statutory source in the Policy is intended as a general reference only and is not intended to imply incorporation into the Policy of the referenced statute. There may be applicable statutory prohibitions contained in these laws that are not included in the Policy. For example, criminal penalties or civil remedies provided by such statutes are independent of the Policy. Further, procedural processes required by such statutes, including evidentiary standards, are not incorporated into the Policy. The source reference is intended only to advise the persons to whom the Policy is applicable of substantially similar statutes which provide other penalties and remedies in the event of violation.

VIA treated as such by the Internal Revenue Service for tax withholding purposes.

- G. "Employee" means any person employed by VIA.
- H. "Employment" means any rendering of services for pay.
- I. "VIA" means VIA Metropolitan Transit.
- J. "Participate" means to take part in official acts or actions or proceedings as a Board member or employee through approval, disapproval, decision, recommendation, investigation, the rendering of advice or the failure to act or perform a duty.
- K. "Person" means an individual, business, labor organization, representative, fiduciary, trust or association.
- L. "Public Official" means any elected official of the State of Texas; the County of Bexar; any of the cities or towns included within VIA; or the federal government.
- M. "Remote interest" means any interest not defined as a "substantial interest" under the terms of this Policy.
- N. "Substantial interest" means any economic interest of a Board member or employee if:
 - 1. the Board member or employee 1) who owns a business as a sole proprietor or 2) owns 10 percent or more of the voting stock or shares or of the fair market value of a business (corporation or partnership) which holds, or seeks to acquire, a contract with VIA, or owns \$15,000 or more of the fair market value of such business;
 - 2. the Board member or employee has an equitable or legal ownership interest in real property with a fair market value of \$2,500 or more, which is sought to be acquired by VIA or which would be benefitted by action by VIA;
 - 3. the Board member or employee is entitled to a commission or fee arising out of a contractual relationship relating to real property or to a contract which would benefit by action by VIA;
 - 4. a person related in the first degree (re: SECTION III.C.1 for definition) to the Board member or employee has a substantial interest in a business, contract or real property as defined in numbers 1 - 4, above;
 - 5. a Board member's or employee's partner has a substantial interest in a business, contract or real property as defined in numbers 1 - 4, above; or
 - 6. an organization which employs, or is about to employ a Board member or employee, a person related in the first degree (re: SECTION III.C.1 for definition) to a Board member or employee, or the business partner of a Board member or employee has a substantial interest in a business, contract or real

property as defined in numbers 1 - 4, above.

Source: Tex. Loc. Gov't. Code Ann. §171.002

Comment: Although the language of this provision tracks the statute from which it is derived, it has been broadened where appropriate to further the purposes of this Policy. Subsection M(2) has been modified to apply only to property sought to be acquired by VIA or benefitted by VIA's actions. Subsections M(3), M(5), and M(6) are not derived from the statutes, but compliance with these provisions is expected of those acting under the Policy.

Section III. Standards of Conduct

A. Prohibitions

No Board member or employee shall:

1. Participate in a matter involving a business, contract or real property in which the Board member or employee has a substantial interest if it is reasonably foreseeable that an action on the matter would confer a benefit on the business, contract or property involved.

Source: Tex. Loc. Gov't. Code Ann. § 171.003. This is the general state statute which establishes standards of conduct for local government officials.

Comment: If a situation arises whereby a majority of Board members or employees have a substantial interest in the matter under consideration, the individual members of that group shall not be required to refrain from voting as long as the proper disclosure statement, as provided by Section III B below, has been filed. This statutory exception insures that VIA will always be able to take action on a matter, even if a majority of the decision-makers have a conflict. Tex. Loc. Gov't. Code Ann. § 171.004

2. Solicit, accept or agree to accept any benefit as consideration for the Board member's or employee's decision, opinion, recommendation, vote or other exercise of discretion as a public servant.

Source: Texas Penal Code Ann. § 36.02(a)(1). An offense under this section is a second degree felony. It is no defense to prosecution under this section that the benefit is not offered or conferred, solicited or accepted until after the exercise of discretion has occurred or the Board member or employee has ceased to hold that position of authority. Tex. Penal Code Ann. § 36.02(c).

3. Solicit, accept or agree to accept any benefit as consideration for a violation of a duty imposed by law on the Board member or employee.

Source: Texas Penal Code Ann. § 36.02(a)(3). An offense under this section is a second degree felony. It is no defense to prosecution under this section that the benefit is not offered or conferred, solicited or

accepted until after the exercise of discretion has occurred or the Board member or employee has ceased to hold that position of authority. Tex. Penal Code Ann. § 36.02(c) .

4. Solicit, accept or agree to accept any benefit from a person the Board member or employee knows is interested in or likely to become interested in any VIA contract or transaction.

Source: Tex. Penal Code Ann. § 36.08(d) . An offense under this section is a Class A misdemeanor.

Comment: The purpose of this section, and the preceding three sections, is to prohibit the solicitation or acceptance of anything of benefit, whether in the form of money, services, loans or promises, under circumstances in which it reasonably could be inferred that the benefit solicited or accepted was intended to influence the recipient, or reasonably could be expected to influence him/her, in the performance of his/her official duties. These provisions should not, however, be construed to preclude the payment of lawful compensation and reimbursement for necessary expenses incurred by a Board member or employee in the course of performing the duties of his/her office. Further, this section should be considered in connection with the provisions of Section III.H., which exclude the acceptance of certain benefits from the application of this section.

- Examples:**
- a) W, a Board member, requests X, president of a company that is seeking to secure a contract with VIA, to find employment for W's brother-in-law in X's company. W's request constitutes a violation of this section.
 - b) Z, an officer of an engineering firm seeking to secure a contract with VIA, promises to purchase certain materials from a company owned by B, an employee, if the firm is successful in securing the contract with VIA. In reliance upon Z's promise, B attempts to secure the award of the contract for the engineering firm. B's support of Z constitutes a violation of this section.

5. Gift: No Board member or employee may receive or accept a gift or anything of value over \$50.00 from a supplier or potential supplier of property or services to VIA. However, Board members or employees may accept occasional customary and reasonable invitations to meals or social events.
6. Act as surety for a business that has work, business, or a contract with VIA, or act as surety on any official bond required of an officer of VIA.
7. Disclose confidential information; use confidential information for the purpose of securing a benefit for the Board member or employee; accept employment or engage in professional activity which would require, or which the Board member or employee should reasonably expect would require, the Board member or employee to disclose confidential information.

Comment: This provision is based on the principle that a Board

member or employee should not use "inside" information to which he has access solely because of his association with VIA, and which is not available to the public, for his or another person's financial gain. The unauthorized divulgence or premature release of confidential information to a relative, friend, or business associate tends to undermine public confidence in VIA. Though the statute cited herein technically applies only to state employees, its policies are relevant to VIA as well.

Example: Y, an employee, becomes aware of confidential information regarding a contract to be awarded and advises his brother to invest in the securities of the company which is about to be awarded the highly profitable contract with VIA. Y's advice constitutes a violation of this section.

8. Use his or her official position or employment, or VIA's facilities, equipment or supplies, to obtain or attempt to obtain private gain or advantage.
9. Use VIA's resources, including employees, facilities, equipment, and supplies in political campaign activities.
10. Make personal investments, engage in any transaction or professional activity, or incur any obligation of any nature which would create, or which the Board member or employee should reasonably foresee would create, a substantial interest in a business, contract or real property that would result in significant and continuing conflict of interest.

Comment: The purpose of this section is to prevent Board members and employees from making investments or engaging in transactions or professional activities which would create conflicts with their official duties. Neither this subsection nor any other section of the Policy proscribes the retention of an otherwise prohibited interest acquired prior to the interest-holder's appointment or employment as a Board member or employee, provided that the existence of such interest is properly disclosed. This section does not, however, permit the renewal of such an interest if renewal would foreseeably create a substantial interest in an entity with significant and continuing conflicts for the Board member or employee. The statute cited herein technically applies to state employees only, but its policies have been adopted insofar as they advance the goals of VIA in creating this Policy.

Example: X, a Board member, acquires stock in a company from which VIA has recently made a cash purchase of several expensive pieces of equipment. Because the purchase is a closed transaction and unlikely to be affected by the official acts or actions of either the Board member or VIA, X's acquisition of the stock does not constitute a violation of this subsection.

11. Fail to disclose his or her discussion of future employment with any business which has, or the Board member or employee should reasonably foresee is

likely to have, any interest in any transaction upon which the Board member or employee may or must act or make a recommendation subsequent to such discussion.

12. Represent, for compensation, any person in any action or proceeding involving the interest of VIA.
13. Engage in any activity or transaction that is prohibited by any law, now existing or hereafter enacted, which is applicable to the Board member or employee by virtue of his or her association with VIA. VIA Board members and employees shall also not use their powers of authority to unfairly influence other Board members or employees to perform illegal, immoral, or discreditable acts or to do anything that would be in violation of the VIA Policy.

Comment: This subsection is intended to make clear that it is the individual responsibility of VIA Board members and employees to acquaint themselves and comply with all laws made applicable to them because of their official positions.

14. Participate in a VIA decision or a VIA matter when such participation could reasonably create the impression that any person or group can improperly influence a Board member or employee or unduly enjoy his or her favor in the performance of official acts or actions, or that he or she is affected unduly by the kinship, rank, position or association with any person or group.

Comment: This subsection is intended to underscore the importance of maintaining public appearance of the impartiality and independence of VIA Board members and employees and is based on the proposition that persons covered by this Policy are charged with the responsibility of advancing the general public interest. Where any question arises as to the propriety under this section of a particular course of conduct or contemplated action, resort may be had to advisory opinions of the General Counsel.

Example: Y, a Board member and practicing attorney, has an ongoing professional relationship with a local civic organization which requests that VIA provide free transportation to a community-wide event sponsored by the organization. Y does not represent the organization in connection with the request. Y should abstain from participating in the matter to avoid creating an impression that his/her contact with the group improperly influenced the Board's decision.

15. Communicate or allow any communication regarding details of any VIA procurement or other contract opportunity, with any potential contractor or vendor when the Board member or employee knows or should know that the potential contractor or vendor has or will have submitted any bid, proposal, or response to a request for qualifications (RFQ) relating to a procurement or

other contract opportunity (including those for professional services) when it is known or should be known the procurement is to be issued and thereafter while the procurement is in the solicitation, evaluation, negotiation, or award phase; or communicate or allow any communication regarding details of extension of or changes to an existing contract or any VIA procurement or other contract opportunity, with any existing contractor or vendor. Faced with any attempted communications of this nature, the Board member or employee must refer all inquiries to the Procurement Department, in a polite and tactful manner. If subsequent attempts at communication are initiated by the same party, the Board member or employee must continue to refuse discussion and must report the action to the President/CEO. The President/CEO shall then refer the matter to the Vice President of Fiscal Management/CFO for further action consistent with this and any other applicable policy. This provision shall not apply to employees authorized by the President/CEO or Board policy to engage in communications otherwise prohibited under this policy; however, the communications must not violate any other VIA policy, or Texas or federal law or regulation.

Comment: This subsection is intended to underscore the importance of maintaining public appearance of impartiality by prohibiting the circumvention of VIA's Purchasing Policies and Procedures during the procurement process.

Example: X, an executive employee of VIA, knows that a contract has been solicited for engineering services on a specific project. X informs Y, an engineer, that VIA is accepting proposals on the project. Y asks X what he should do to have his proposal viewed favorably. X should respond by referring Y to the Procurement Department for response to specific inquiries and should refrain from further comment on the matter. NOTE: It is not a violation of this policy to notify persons or entities of procurement or other contract opportunities; in fact, it is encouraged. Any details which may appear to give any person or entity an unfair advantage and generally, the disclosure of anything beyond the mere notification of the opportunity, must be avoided.

Example: X, a Board member, is contacted by Y, whom X knows to have submitted a bid for a construction project. Y tells X she can do a better job for less money than the other bidders and proceeds to explain why. X should politely interrupt Y and remind Y that, as a bidder, she acknowledged that she would comply with VIA's policies, including the Ethics Policy and Code of Conduct Related to Business Transactions. Y should be tactfully reminded that she should contact the Procurement Department with her concerns but that continuing communications with X regarding this project may jeopardize Y's contract(s) with VIA. If Y continues the prohibited communications at any point prior to award of that contract, X must

report the incident(s) to the President/CEO. If X does not, X may be subject to penalty under the Policy.

B. Disclosure Requirements

1. If a Board member or employee has a substantial interest in a business, contract or real property on which a benefit would be conferred by a vote or decision by such Board member or such employee, the Board member or employee may not participate in the consideration of the matter subject to the vote or decision. In addition, the Board member or employee shall, before a vote or decision occurs, file with the Secretary of the VIA Board an affidavit citing the nature and extent of his or her interest.

Source: Tex. Loc. Gov't. Code Ann. § 171.004.

Comment: A disclosure requirement is a fundamental step in the process of monitoring potential conflicts of interest that may arise and is a means of maintaining public confidence in the good faith and impartiality of official acts or actions taken by VIA. It is to be noted, however, that the burden of making such disclosures rests on the individuals concerned, who accordingly should be held to a high standard of care and good faith to insure that no conflicts of interest they may have go undisclosed. Any Board member or employee may request VIA's General Counsel to render an advisory opinion as to whether a particular personal or financial relationship warrants public disclosure under this section.

Examples:

- a) V, an employee is a creditor of an insolvent company that is being considered for construction work by VIA. V should disclose his interest.
- b) W, a Board member, owns an insurance company that writes policies for contractors likely to do business with VIA. W should disclose his interest.
- c) Y, a Board member, is also an officer of a company that frequently is engaged as surety on performance bonds executed by a construction firm being considered for work by VIA. Y should disclose his interest.

2. If a Board member or employee has a discussion relating in any way to future employment of the Board member or employee with any business which has, or the Board member or employee reasonably foresee is likely to have, any interest in any transaction upon which the Board member or employee may or must act, the Board member or employee shall, immediately after the commencement of such a discussion, disclose the name of the prospective employer and the date of the commencement of the discussion to the Secretary of the VIA Board, who shall keep an official written record thereof.

C. Nepotism

No Board member or employee of VIA with the authority to appoint, elect or hire VIA personnel, whether such authority is granted by statute or delegated by the Board or by the President/CEO, shall exercise that authority in favor of persons who are related to any VIA Board member or to the employee exercising such authority within the first degree, within the second degree by affinity, or within the third degree by consanguinity, as defined below. This provision shall not prevent the retention or advancement of any person who has been continuously employed in his or her position for at least 30 days prior to the appointment of the Board member or employee related to such person; provided, however, that the Board member or employee related to that person shall not participate in any deliberation, voting or appointment process relating to that person.

Source: Tex. Gov't Code Ann. Section 573.041. An offense under this provision is a misdemeanor involving official misconduct and may result in a significant fine.

Example: X, an executive employee for VIA, hires a Board member's niece to work in the Real Estate department. X has violated this provision.

1. "First degree" relation means the Board member's or employee's spouse, parents and children, as well as the spouse of each of these relatives.
2. "Second degree by affinity" relation means the Board member's or employee's spouse, parents, children, grandparents, grandchildren and siblings, as well as the spouse of each of those relatives.
3. "Third degree by consanguinity" relation means the Board member's or employee's parents, grandparents, great grandparents, children, grandchildren, great grandchildren, siblings, uncles, aunts, nieces and nephews, but does not include the spouse of each of these.

D. Outside Employment

An employee shall not engage in any outside employment without first securing approval, in writing, from the employee's Vice President. Should the employee's Vice President deny approval, the employee may appeal that decision to the President/CEO. A Vice President or above shall obtain written approval of the President/CEO or his designee before engaging in any outside employment. The President/CEO shall not engage in any outside employment without first securing approval, in writing, of the VIA Board.

E. Contracts with Former Employees or Former Board Members

VIA may not enter into any contract (other than a contract subject to competitive

bids) with any business employing or represented by a person who has been within the preceding 12-month period an employee or Board member of VIA. This section applies to Board members and to employees at the Vice President and above level. If the contract relates to a matter for which employees below the Vice President level had responsibility while representing VIA, this section also applies to those employees.

Comment: This section is intended primarily to prevent an improper use of knowledge and influence acquired from service on the Board or from employment in subsequent dealings with VIA.

Example: X, an employee, resigns from his position and immediately takes up employment in a company which eleven months later attempts to negotiate a consulting contract with VIA. VIA will discontinue negotiations with the company.

F. Contracts with Public Officials

VIA may not enter into any contract (other than a contract subject to competitive bids) with a Public Official or with a business in which a Public Official has a substantial interest.

G. Other Policies

Other VIA policies relating to the Code of Ethics will be followed by all Board members and employees. These policies include, but are not limited to, the VIA Policy Against Sexual Harassment, the VIA Theft Policy, and the VIA Equal Employment Opportunity Program. Copies of these and other applicable policies, guidelines, and rulebooks may be obtained from the VIA Administrative offices.

H. Exceptions

Section III A4 does not apply to the following benefits, which may be accepted by a Board member or employee:

1. a fee prescribed by law to be received by the Board member or employee or any other benefit to which the Board member or employee is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as a Board member or employee;
2. a gift or other benefit conferred on account of kinship or on account of a personal, professional or business relationship independent of the Board member's or employee's relationship with VIA;
3. an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:
 - a. not more than one honorarium is received from the same person in a calendar year,

- b. not more than one honorarium is received for the same service,
 - c. the Board member or employee files an affidavit with the Secretary of the Board stating the purpose and amount of the honorarium and the date on which it was received;
4. a benefit consisting of: (I) the value of an occasional meal accepted as a guest; or (ii) the value of occasional entertainment, in the form of tickets to sporting, cultural and similar events, which is accepted as a guest; or (iii) in addition to the benefits specified in items (I) and (ii), any other benefit consisting of the value of food, lodging, transportation or entertainment accepted as a guest while in the company of the offeror, provided that the acceptance of such benefit is approved in advance in writing. For an employee, such approval shall be given by the employee's Vice President; as to Vice Presidents and other Executives of VIA, approval shall be given by the President/CEO; as to the President/CEO, approval shall be given by the Chairman of the VIA Board. A Board member who proposes to accept a benefit under subsection (iii) shall file a written statement with the Secretary of the VIA Board prior to acceptance of such benefit disclosing the nature of the benefit and the identity of the offeror.

Source: Texas Penal Code Ann. § 36.10. Though Subsection 3(c) above is not included in the language of the statute, it has been adopted by VIA insofar as it furthers the purposes of this Policy.

Example: X, an executive employee of VIA, is invited on a hunting trip by Y, the representative of an engineering firm which X knows is interested or is likely to become interested in VIA matters. Y or Y's firm owns the lease to the hunting site. X may not accept the invitation under such circumstances because the opportunity to hunt free of charge on land that is being leased to another at some charge is not an exception to the general prohibition under this provision.

I. Ethics Advisory Opinions

Board members or employees desiring further interpretation of the Policy as it applies to particular factual situations may seek advisory opinions from the General Counsel for VIA. The General Counsel's opinion shall be advisory only, but a Board member or employee who acts in reliance on such opinion shall be deemed to be in compliance with the Policy.

Section IV. Penalties for Violation of Standards of Conduct

A. Board Members

An Ethics Committee shall be established by the Board, as provided in its ByLaws, comprised of three to five board members. Unless a conflict exists, there shall be a Board member from each of the appointing bodies. The Director of Audit shall serve as staff liaison. There shall be no retaliation or intimidation toward Committee members for decisions made while serving on the Committee or toward Board members or employees for bringing matters to the attention of the Ethics Committee.

The Ethics Committee shall cause to be investigated charges brought by any person who believes that there has been a violation of this Code of Conduct. The person who believes that there has been a violation shall file a complaint prior to the Ethics Committee causing an investigation to be conducted. Complaints may be submitted to any VIA Board member; the Ethics Committee Chair; the President/CEO; or the Director of Audit. A complaint filed under this section must be in writing, and must set forth in simple, concise, and direct statements; the name of the complainant, contact information to contact the complainant, the name of each VIA employee, board member or contractor complained about, the nature of the alleged violation, and a statement of the facts constituting the alleged violation and the dates on which or period of time in which the alleged violation occurred. Upon completion of its investigation, the Ethics Committee shall issue an advisory opinion to the Board for its consideration. The Board shall review the alleged violation and the Committee's findings. A Board decision must be made within sixty days after the advisory opinion is submitted, unless the Board votes to extend that time period.

If a Board member is found by the Board to have violated this Policy, the Board member is subject to official reprimand by vote of a majority of a quorum of the Board. In the event the Board determines that the violation constitutes inefficiency, neglect of duty, or malfeasance in office, the Board member may be removed from office by an affirmative vote of six members of the Board, provided that the procedural requirements found in Tex. Transportation Code, Section 451.511, have been met.

B. Employees

If an employee is found by the President/CEO to have violated this Code of Conduct, the President/CEO or other authorized VIA official may impose such sanctions and penalties as may be appropriate up to and including dismissal from employment. If the President/CEO or Director of Audit is found to have violated this Code of

Conduct, the VIA Board of Trustees may impose such sanctions and penalties as may be appropriate up to and including dismissal from employment.

C. Contractors

Any individual or business entity contracting or attempting to contract with VIA which offers, confers or agrees to confer any benefit as consideration for a Board member's or employee's decision, opinion, recommendation, vote or other exercise of discretion as a public servant or in exchange for the Board member's or employee's having exercised his official powers or performed his official duties, or which attempts to communicate with a Board member or VIA employee regarding details of a procurement or other contract opportunity; or extension or change to an existing contract, in violation of Section III. A. 15, as amended, or which participates in the violation of any provision of this Policy may have its existing VIA contracts terminated and may be excluded from future business with VIA for a period of time as determined appropriate by the VIA Board. These determinations shall be made by the Board of Trustees of VIA or its designee.

D. Knowingly Filing a False Complaint

VIA takes complaints filed under this Ethics Code very seriously. A person who knowingly makes a false statement in a complaint, during an investigation or in proceedings before the Ethics Committee are themselves in violation of this Ethics Policy and subject to its terms and penalties. Furthermore, to the extent applicable and the fullest extent allowed by law, any and all legal and equitable remedies may be pursued against the person who made the false statement.

Section V. Construction, Application, Authorization, and Severability

- A. This Policy shall be construed liberally to effectuate its purposes and policies and to supplement such existing laws as may relate to the conduct of Board members and employees.
- B. The propriety of any official act or action taken by or transaction involving any Board member or employee prior to the effective date of this Policy shall not be affected by the enactment of this Policy.
- C. Within sixty (60) days of the effective date for the adoption of this Code each Board member and employee of VIA will sign a statement acknowledging that they have read, understand and will comply with VIA's Code of Ethics and Conduct Related to Business Transactions. New Board members and new employees are required to sign this statement when they begin office or at the time of initial employment.

Additionally, all Board members and employees at the manager level and above would annually sign an agreement reaffirming their commitment to comply with VIA's Code of Ethics.

- D. This Code of Ethics is supplemental to and subject to applicable state and federal laws and regulations. Compliance with the provisions of this code shall not excuse or relieve any person from any and all obligations imposed by state or federal law regarding ethics, or any other issue addressed herein.
- E. If any provision of this code is found by a court of competent jurisdiction to be invalid or unconstitutional, or if the application of this code to any person or circumstances is found to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions or applications of this code which can be given effect without the invalid or unconstitutional provision or application.