

## CODE OF ETHICS

It is the policy of the Village of The Hills (the City) to uphold, promote, and demand the highest standards of ethical behavior from its Mayor, members of the City Council, employees, and individuals appointed to serve on the city's boards, commissions, committees, task forces, and other appointed advisory groups. Honesty, integrity, fairness, and transparency of action are the hallmarks of public service in The Hills. To further these ideals, the following code of ethics (the Code) shall govern all elected officials and employees, including citizen advisory boards and commissions.

### Definitions

The terms used in this Article shall have the following meanings:

*Business Entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.

*Candidate*. This term has the meaning assigned by section 251.001, Election Code.

*City Official* means the Mayor, every member of the City Council, the City Manager, the City Secretary, the City Attorney, and all members of any commission, committee, or board appointed by the City Council or the Mayor.

*Confidential Information* means any information that a City Official would be privy to because of the official's position but otherwise is not available to the public under the provisions of the Texas Public Information Act (Tex. Gov't Code Ch. 552).

*Conflict Disclosure Statement* means the Texas Ethics Commission disclosure statement form required by Chapter 176 of the Local Government Code.

*Conflict of Interest Questionnaire* means the Texas Ethics Commission conflicts of interest form required by Chapter 176 of the Local Government Code.

*Economic Benefit* means any taxable income or any money, real or personal property, contract rights, sale, lease, option, credit, loan, discount, service, or other tangible or intangible thing of value, whether similar or dissimilar to those enumerated.

Economic Interest means a legal or equitable interest in real or personal property or a fiduciary obligation to such property or contractual right in such property that is more than Two Thousand Five Hundred Dollars (\$2500.00). Service by a City Official as an officer, director, advisor, or otherwise active participant in an educational, religious, charitable, fraternal, or civic organization does not create an Economic Interest in the property of that organization. Ownership of an interest in a mutual or common investment fund that holds securities or other assets is not an Economic Interest in the securities or other assets unless the City Official participates in the management of the fund. A City Official does not have an Economic Interest in a matter if the economic impact on the City Official is indistinguishable from the impact on the public or on the particular group affected by the matter.

Family Member means the spouse, parent or child, and the parents of a spouse, City Official, or appointee.

Income means economic benefit received.

Indirect Ownership means an equity interest in a business entity where the interest is held through a series of business entities, some of which own interests in others.

Property means real estate, personal items, equipment, goods, crops, livestock, or an equitable right to income from real estate, personal items equipment, goods, crops, or livestock.

Second Degree of Consanguinity or Affinity is defined through a chart in Section IV.

Source of Income means any business entity, employment, investment, or activity which earned or produced income, including interest, dividends, royalties or rents, which has been paid to or for the credit of a City Official, candidate, or family member or which would be taxable to said City Official, candidate, or family member under the United States Internal Revenue Code, as amended, even though not actually paid or credited.

Substantial Interest means the interest that a City Official and/or a family member has in a business or business entity or in real property as described below.

- (a) The City Official or family member owns ten percent or more of voting stock or shares of the business entity;
- (b) The City Official or family member owns ten percent or more or \$15,000.00 or more of the fair market value of the business entity; or
- (c) The funds received by the City Official or family member from the business entity

exceed ten percent or more of the person's gross income for the previous year.

(d) The City Official has a Substantial Interest in real property if he, his parent, or child or, if married, his spouse or his spouse's parent, controls or has an interest in the real property and the interest has a market value of \$2,500.00 or more.

Third Degree of Consanguinity is defined through a chart in Section IV.

## **I. General Provisions**

- A. No City Official may disclose any Confidential Information gained through the official's position concerning property, operations, policies, or affairs of the City, for gain or advantage in an Economic Interest of the City Official or the persons identified in Section IV.
- B. No City Official may use the official's position for gain in an Economic Interest of the City Official, for a political campaign of the Official, or for any of the persons identified in Section IV. A discount or award given for travel, such as frequent flyer miles, rental car or hotel discounts, or food coupons, are not things of value belonging to the City for purposes of this section due to the administrative difficulty and cost involved in recapturing the discount or award for the City.
- C. No City Official may act as surety for any person or business entity that has a contract with the City, or as a surety on any bond required by the City for a City Official.

## **II. Conflict of Interest.**

A. **Substantial Interest.** No City Official may vote on or participate in any decision-making process on a matter concerning property or a business entity if the official has a Substantial Interest in the property or business entity.

### **B. Economic Interest**

- a. No City Official may vote on or participate in any decision-making process on a matter requiring filing of a Conflicts Disclosure Statement if the official has an Economic Interest in the outcome of the matter under consideration.
- b. To avoid the appearance and risk of impropriety, a City Official may not take any official action that the official knows is likely to affect the Economic Interests of:

- i. The City Official's parent, child, step-child, spouse, or other family member within the second degree of consanguinity or affinity or a client of the City Official;
- ii. An employer of the City Official, the official's parent, child, step-child, or spouse;
- iii. A business entity for which the City Official serves as an officer or director or serves in any policy-making position.

**III. Conflicts Disclosure Statement and Recusal**

- A. A City Official having a Substantial Interest in the outcome of a matter under consideration shall disclose that the official has a Substantial Interest and recuse himself/herself immediately from voting and from the discussion of the matter. The City Official shall also promptly file an affidavit with the City Secretary disclosing the nature and extent of the conflict, and the affidavit shall be included in the official minutes of the body.
- B. The City Secretary shall accept and file any and all City Official Conflict Disclosure Statements and any Vendor Conflict of Interest Questionnaires.
- C. The City Secretary shall maintain a list of City Officials and shall make that list available to the public and any person who may be required to file a Conflicts of Interest Questionnaire. The City Secretary shall maintain copies of the Conflict Disclosure Statements and Conflict Questionnaires on the City's internet website.

**IV. Consanguinity and Affinity**

**Affinity Kinship (Marriage)  
Relationships**

1st Degree	2nd Degree
Father-in-Law	Spouse's Grandfather
Mother-in-Law	Spouse's Grandmother
Son-in-Law	Spouse's Brother (Brother-in-Law)
Daughter-in-Law	Spouse's Sister (Sister-in-Law)
Spouse	Spouse's Grandson
	Spouse's Granddaughter
	Brother's Spouse (Sister-in-Law)
	Sister's Spouse (Brother-in-Law)

**Consanguinity (Blood)  
Relationships**

1st Degree	2nd Degree	3rd Degree
Father	Grandfather	Great-Grandfather
Mother	Grandmother	Great-Grandmother
Son	Brother	Nephew
Daughter	Sister	Niece
	Grandson	Great-Grandson
	Granddaughter	Great-Granddaughter
		Uncle
		Aunt

**V. Honorariums**

- A. Prohibition. A City Official is prohibited from soliciting, accepting, or agreeing to accept an honorarium in consideration for services that the City Official would not have been requested to provide but for the City Official's official position or duties.
- B. Exception. This section does not prohibit a City Official from accepting (1) transportation expenses, (2) lodging expenses or (3) meals in connection with a conference or similar event in which the City Official renders services, such as addressing an audience or engaging in a seminar to the extent that those services are more than merely perfunctory.

**VI. Misuse of Official Information**

**A. Prohibition**

- a. A City Employee or City Official shall not misuse information to which he or she has access by virtue of his or her office or employment and that has not been made public, and shall not:
  - b. acquire, attempt to acquire or aid another to acquire or attempt to acquire a pecuniary interest in any property, transaction, or enterprise that may be affected by the information;
  - c. speculate or aid another to speculate on the basis of the information; or
  - d. as a City Official or City Employee coerce another into suppressing or failing to report that information to a lawenforcement agency.

B. A City Employee or City Official shall not with intent to obtain a benefit or with intent to harm or defraud another, disclose or use information for a nongovernmental purpose that:

- a. the City Official or City Employee has access to by means of his office or employment; and
- b. has not been made public.

In this section, "information that has not been made public" means any information to which the public does not generally have access, and/or that is prohibited from disclosure under Chapter 552, Government Code.

## **VII. Discrimination and Harassment**

Public decision-making must be fair and impartial and shall not be discriminatory on the basis of those protected classes, such as racial and religious groups, outlined in federal, state, and city laws and ordinances. It is the policy of the City that its City Officials conduct business and operate in a manner that is free from illegal discrimination on the basis of age, sex, color, race, disability, national origin, or religious persuasion, both internally and in the relationships of the elected officials and advisory board members with their constituencies. In addition, it is the policy of the City to create an operating environment that is productive and free from intimidation, hostility, or other adversity. Harassment of any sort – verbal, physical, visual – including intentional and unwarranted actions that would constitute sexual harassment were they to occur in an employment relationship, by any elected official, board member, or staff is prohibited and is considered a violation of the Code of Ethics.