

**LAKEWAY MUNICIPAL UTILITY DISTRICT
BOARD OF DIRECTORS AND COMMITTEE MEMBERS
CODE OF ETHICS POLICY**

**ARTICLE I
DEFINITIONS**

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

1.02 Business Entity. “Business Entity” 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 Committee Member. “Committee Member” means a person appointed to serve on any Committee of the District.

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

1.05 District. “District” means Lakeway Municipal Utility District.

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

1.07 Water Code. “Water Code” means the Texas Water Code, as amended from time to time.

**ARTICLE II
CODE OF ETHICS**

2.01 Subject Matter. This Code of Ethics, (this “Policy” or “Code of Ethics”) is adopted under Section 49.199 of the 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, financial management, disqualifications of board members, conflicts of interest, self-dealing and illegal and corrupt practices. This Policy is not intended to supersede or summarize other provisions of applicable law.

2.02 Statement of Policy; Purpose of Code.

A. It is the policy of the District that all District Directors, Officers, and Committee Members conduct themselves, both inside and outside District service, so as to give no occasion for mistrust of their integrity, impartiality or devotion to the best interests of the District in the public trust which it holds.

B. This Code of Ethics has been adopted to establish guidelines for high ethical standards in official conduct by District Directors and Committee Members, and to provide guidance to District Directors and Committee Members in order to install a high level of public confidence in the Board's and Committee's professionalism, integrity and commitment to the public interest. Further, this Code of Ethics will serve as a basis for disciplining those who refuse to abide by the terms of this Policy.

2.03 Standards of Conduct

A. All Directors and Committee Members 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 Committee Members will treat each other, and any member of the public appearing at any meeting of the Board, with proper courtesy and respect.

B. No Director, Officer, or Committee Member may disclose any confidential information, including information gained during any executive session of the Board, without the consent of the Board.

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

D. All Directors and Committee Members 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.

2.04 Conflicts of Interest

A. No Director, Officer, or Committee Member may transact any business in his or her official capacity with any person or Business Entity with whom or in which he or she has any interest, whether direct or indirect. The District may not transact any business with any Business Entity in which a District Director or Committee Member has any interest, whether direct or indirect.

B. No Director, Officer, or Committee Member may represent, directly or indirectly himself or any private person, Business Entity, group or interest other than the District before the Board, except in matters of purely public concern relative to the District and when doing so without compensation or remuneration.

C. If any Director or Committee Member has a personal pecuniary interest, direct or indirect, in any decision pending before the Board, that Director or Committee Member may not discuss or otherwise participate in the consideration of the matter, or vote on the matter, but must disclose the nature and extent of his or her interest in writing prior to any determination of the matter, and abstain from any vote thereon. This paragraph does not apply to any decision made by the Board affecting the District's tax rate, or other fees, charges and rates of the District.

2.05 Attendance. 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.

2.06 A Director, Officer or Committee Member abuses their office if they misuse information that they have received ahead of the public because of their official capacity. Misuse includes reliance on that information to speculate or acquire an economic advantage for themselves or another.

ARTICLE III
COMPLAINTS AND PROCEDURES FOR VIOLATIONS

3.01 Complaints. All complaints or allegations of violations of the Code of Ethics must be made in writing, sworn to before a notary public and filed with the District's attorney. A complaint must describe in detail the act that is complained of, and the specific sections of this Code alleged to have been violated. A general complaint, lacking detail, will not be sufficient to invoke the procedures in this section, and, anonymous complaints will not be considered.

3.02. Initial Determination. Within thirty (30) calendar days of receipt of a complaint, the District's attorney will determine if the facts of the complaint, if true, would constitute a violation of this Code. If the District's attorney determines that the complaint does not contain facts that constitute a violation, the District's attorney will so advise the Board at its next regular meeting.

3.03 Report to the Board. If the District's attorney determines that the complaint contains facts that, if true, would constitute a violation, the District's attorney will present a report to the Board. A majority of the members of the Board not implicated by the complaint will determine whether the complaint should be considered or rejected.

3.04 Consideration by the Board. To consider a complaint, the Board may convene in executive session as permitted by the Texas Open Meetings Act. The Board member implicated by the complaint will have the right to a full and complete hearing with their attorney present, with the right to present evidence. Any final action, decision or vote will be made in open meeting.

3.05 Reprimand. The failure of a director to comply with the provisions of the Code will constitute grounds for disciplinary action, which may include but not necessarily be limited to reprimand, and if allowed by Texas Water Code 49.052 removal, as deemed appropriate by the other members of the Board.

ADOPTED this 9th day of November, 2011.

ATTEST.

Secretary, Board of Directors


President, Board of Directors