

## **Texas Silver-Haired Legislature Foundation Code of Ethics**

This Code of Ethics is the policy of the Texas Silver-Haired Legislature Foundation (TSHLF) and expresses fundamental values. It guides the conduct of all contract employees, directors, and other representatives of the TSHLF, and is intended to foster an environment that promotes ethical conduct in carrying out their responsibilities.

In view of the purpose of the TSHLF and the nature of its activities it appears that members of the Board of Directors or Executive Committee will seldom, if ever, find themselves in a situation where an outside business, investment, or personal interest conflicts with their fiduciary duty to TSHLF. In the hope of avoiding even theoretical conflicts of interest and to set an example for TSHLF members with respect to the conduct of their own affairs, the Foundation has adopted the following guidelines with respect to participation by members of the Board of Directors or Executive Committee in matters coming before them in which they may have a potential conflict of interest.

### **CONFLICTS OF INTEREST**

Each member of the Board of Directors, its officers, and any contract staff (each of whom shall be referred to herein as a "Fiduciary") shall scrupulously avoid conflicts of interest concerning TSHLF. A Fiduciary having a conflict of interest shall promptly give notice to the Board of Directors and shall thereafter refrain from voting or otherwise attempting to affect the decision of any committee or the Board of Directors with respect to the matter that is the subject of the conflict of interest.

### **DUTIES OF DIRECTORS**

Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. In acting in their official capacity as Directors of TSHLF, Directors shall act in good faith and take actions they reasonably believe to be lawful and in the best interests of TSHLF. A Director shall not be liable if, in the exercise of ordinary care, the Director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by TSHLF.

### **AFFILIATED TRANSACTIONS AND CONFLICTS OF INTEREST**

No contract or transaction between TSHLF and one or more of its Directors or Officers, or between TSHLF and any other corporation, partnership, or association or other organization in which one or more of its Directors or Officers are Directors or Officers, or have a financial interest, shall be void or voidable solely for this reason, if:

- (a) The material facts concerning the financial interests are disclosed to the Board of Directors or committee and the Board of Directors or committee authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors or committee members.
- (b) The contract or transaction is fair to TSHLF at the time of the approval. Nothing herein shall prevent retroactive approval of a transaction.
- (c) The interested director or committee member that is present may be counted towards a quorum for purposes of voting on the contract or transaction. The interested director or committee member may participate in the discussion of the matter but may not vote.

## **PROHIBITED ACT**

As long as TSHLF is in existence, and except with the prior approval of the Board of Directors, no Director, Officer, or committee member of TSHLF shall:

- (a) Do any act in violation of the Bylaws or a binding obligation of TSHLF.
- (b) Do any act with the intention of harming TSHLF or any of its operations.
- (c) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of TSHLF.
- (d) Receive an improper personal benefit from the operation of TSHLF.
- (e) Use the assets of TSHLF, directly or indirectly, for any purpose other than carrying on the business of TSHLF.
- (f) Wrongfully transfer or dispose of TSHLF property, including intangible property such as good will.
- (g) Use the name of TSHLF (or any substantially similar name) or any trademark or trade name adopted by TSHLF, except on behalf of TSHLF in the ordinary course of TSHLF's business.
- (h) Disclose any of TSHLF's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

## **CONTRACTS, CHECKS, DEPOSITS AND FUNDS**

### *Contracts*

The Board of Directors may authorize any Officer or Officers, agent, or agents of TSHLF, in addition to the Officers so authorized by these Bylaws, to enter into any contract, to execute and deliver any instrument in the name of and on behalf of TSHLF, and such authority may be general or confined to specific instances.

### *Checks, Drafts, etc.*

All checks, drafts, or order for payment of money, notes, or other evidence of indebtedness issued in the name of TSHLF shall be signed by such Officer or Officers, agent, or agents of TSHLF in such a manner as shall from time to time be determined by resolution of the Board of Directors. Such instruments shall be signed by two (2) of the following: Treasurer, Assistant Treasurer, Chair of the Board, President, and such other staff or volunteer as approved by the Board of Directors.

### *Deposits*

All funds of TSHLF shall be deposited from time to time to the credit of TSHLF in such banks, trust companies, or other depositories as the Board of Directors may select.

### *Gifts*

The Board of Directors may accept or decline on behalf of TSHLF any contribution, gift, bequest, or device for the general purposes or for any special purpose of TSHLF.

## **BOOKS AND RECORDS**

TSHLF shall keep correct and complete books and records of account; in compliance with the laws

of the State of Texas, including but not limited to Texas Nonprofit Corporations Act; shall keep minutes of the proceedings of its members, Board of Directors, and Executive Committee, and any other committee; and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote, the Directors, and Officers. All books and records of TSHLF may be inspected by any Director or any member's authorized representative, or their agent or attorney, for any proper purpose at any reasonable time.

## **INDEMNIFICATION**

### *Sec. 1. When Indemnification is Required, Permitted, and Prohibited*

- (a) TSHLF shall indemnify a Director, Officer, committee member, employee, or agent of TSHLF who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions with the scope of his or her official capacity in TSHLF to the maximum extent allowed by the Texas Non-Profit Corporation Act and other applicable law. For the purposes of this article, an agent includes one who is or was serving at the request of TSHLF as a Director, Officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, TSHLF shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in TSHLF's best interests. In a case of a criminal proceeding, the person may be indemnified only if the person had no reasonable cause to believe that the conduct was unlawful. TSHLF shall not indemnify a person who is found liable to TSHLF or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been adjudged liable by a court of competent jurisdiction after all appeals have been exhausted.
- (b) The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by TSHLF.
- (c) TSHLF shall pay or reimburse expenses incurred by a Director, Officer, committee member, employee, or agent of TSHLF in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting TSHLF when the person is not a named defendant or respondent in the proceeding.
- (d) In addition to the situations otherwise described in this paragraph, TSHLF may indemnify a Director, Officer, committee member, employee, or agent of TSHLF to the extent permitted by law. However, TSHLF shall not indemnify any person in any situation in which indemnification is prohibited by the terms of Sec. 1(a) above.
- (e) Before the final disposition of a proceeding TSHLF may pay indemnification expenses permitted by the Bylaws and authorized by TSHLF. However, TSHLF shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is named defendant or respondent in a proceeding brought by TSHLF; or the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.
- (f) If TSHLF may indemnify a person under the Bylaws, the person may be indemnified against judgment, penalties, excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred by the person in connection with the proceeding. However, if the person is found liable to TSHLF or is found liable on the basis

that personal benefit was improperly received by the person, the indemnification (1) is limited to reasonable expenses actually incurred by the person in connection with the proceeding, and (2) shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his duty to TSHLF.

*Sec. 2. Procedures Relating to Indemnification Payments*

- (a) Before TSHLF may pay any indemnification expenses (including attorney's fees), TSHLF shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in Sec. 2(c) below. A determination that indemnification is permissible shall be made in accordance with the following procedures:
- (i) Majority vote of a quorum consisting of Directors who, at the time of the vote, are not named defendants or respondents in the proceeding.
  - (ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all Directors, consisting solely of two or more Directors who at the time of the vote are not named defendants or respondents in the proceeding.
  - (iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in Sec. 2 (a)(i) or Sec. 2(a)(ii), or if such a quorum cannot be obtained and such committee cannot be established, by a majority vote of all Directors.
- (b) TSHLF shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by Sec. 2(a)(iii), above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the Bylaws, or a resolution of members or the Board of Directors that requires the indemnification permitted by Sec. 1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.
- (c) TSHLF shall pay indemnification expenses before final disposition of a proceeding only after TSHLF determines that the facts then known would not preclude indemnification and TSHLF receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as the determination that indemnification is permissible under Sec. 2(a), above. The person's written affirmation shall be that he or she has met the standard of conduct necessary for indemnification under the Bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by TSHLF. If it is ultimately determined that the person has not met the requirements for indemnification, the undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

**COMMITMENT**

I, \_\_\_\_\_, have read and understand the Code of Ethics of the Texas Silver-Haired Legislature Foundation and I subscribe to the policies contained therein.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name