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AGENDA ITEM MEMO

BOARD MEETING DATE: July 24, 2025

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel

FROM: Joe Reynolds, Assistant General Counsel

SUBJECT: Revised Ethics Policy

ACTION REQUESTED

Consider adopting the revised Texas Water Development Board Ethics Policy.

BACKGROUND

Texas Government Code § 572.051(c) requires Texas state agencies to adopt an ethics policy that is consistent with the standards of conduct and conflict of interest provisions enumerated in § 572.051(a).

On November 19, 2024, Governor Greg Abbott issued Executive Order No. GA-48 relating to the hardening of state government, which included certain prohibitions and requirements related to certain foreign adversaries for state agencies controlled by gubernatorially appointed heads.

KEY ISSUES

Executive Order No. GA-48 states that “no personnel of a state agency controlled by gubernatorially appointed heads... shall accept any gift, regardless of value, from an entity associated with or travel to, for professional purposes, a country on the U.S. Department of Commerce’s foreign adversaries list under 15 C.F.R. § 791.4.” The Executive Order goes on to state that these state agencies must update their applicable policies in accordance with this prohibition.

The Executive Administrator recommends changes to the TWDB Ethics Policy to comply with Executive Order No. GA-48. Additional non-substantive changes are also recommended for grammatical and clarity purposes.

Our Mission

Leading the state’s efforts
in ensuring a secure
water future for Texas

Board Members

L’Oreal Stepney, P.E., Chairwoman | Tonya R. Miller, Board Member
Bryan McMath, Executive Administrator

RECOMMENDATION

The Executive Administrator recommends adopting the revised TWDB Ethics Policy to comply with Executive Order No. GA-48.

Attachments:

1. Updated Ethics Policy
2. GA-EO-42

TEXAS WATER DEVELOPMENT BOARD
ETHICS POLICY
Adopted July 24, 2025

1. OVERVIEW.

1.1 Pursuant to Section 572.051(c) of the Texas Government Code, the Texas Water Development Board (hereinafter referred to as “TWDB”) promulgates the following ethics policy. This ethics policy prescribes standards of conduct for all TWDB employees. The term “employees” includes Board Members. This ethics policy does not supersede any applicable federal or Texas law or administrative rule.

1.2 All TWDB employees must familiarize themselves with this ethics policy and [Texas Government Code, Chapter 572, Subchapter C](#). The Executive Administrator shall require all employees to undergo agency ethics training no less than once per year.

1.3 All TWDB employees must abide by all applicable federal and Texas laws, administrative rules, and TWDB policies governing employee conduct, including this ethics policy. A TWDB employee who violates any provision of the TWDB’s conduct policies is subject to discipline up to and including termination of the employee’s state employment. A TWDB employee who violates any applicable federal or Texas law or rule may be subject to civil or criminal penalties in addition to any employment-related sanction.

2. ANTI-FRAUD POLICY AND REPORTING OF WRONGFUL OR FRAUDULENT CONDUCT.

2.1 Anti-Fraud Statement. The TWDB does not tolerate any type of fraud, waste, or abuse. The TWDB is committed to ensuring that our organization maintains the highest standards of ethical conduct and integrity throughout all aspects of its operations. As public servants, TWDB employees are guardians of the resources entrusted to them and have a responsibility to the citizens of Texas to ensure those resources are used efficiently and for their intended purposes. The TWDB does not tolerate any form of retaliation against individuals who provide information concerning suspected fraud, material waste, abuse, or other unethical behavior.

2.2 Employee Responsibility. If an employee has reasonable cause to believe TWDB financial or inventoried resources may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred, he or she shall promptly report the reason or basis for the belief to the Director of Internal Audit or to the State Auditor’s Office.

3. TWDB EXPENSES AND ALLOWANCES.

3.1 Transportation, Meals, and Lodging. Employees of the TWDB are entitled to receive the following when traveling to conduct official business:

- (1) Actual costs of lodging and meals for in-state travel, except that such reimbursements may not exceed the current maximum established by law;
- (2) For out-of-state travel, employees may receive actual costs for lodging and a per diem for meals not to exceed the locality-based allowance provided by the Federal Travel Regulations for lodging and meals unless the State Comptroller determines in advance of the travel that local conditions warrant a change in the lodging rate for a particular location.

3.2 Purpose of Travel. To qualify for travel reimbursements, the purpose of a trip must be "state business" or "official business" of the TWDB. State or official business is the accomplishment of a governmental function directly entrusted to the TWDB, including the reasonably necessary means and methods to accomplish that function. For purposes of TWDB travel reimbursement funding, "reasonably necessary means and methods" for accomplishing the purpose for travel includes obtaining the lowest overall cost for travel services whenever practicable.

3.3 Improper Travel Reimbursement. When an employee engages in travel for which compensation is to be received from any source other than TWDB funds, he or she shall not submit a claim for travel reimbursement to the TWDB. An employee who receives an overpayment for a travel expense shall reimburse the TWDB for the overpayment. Reimbursement of travel expenses by parties outside of the TWDB must be reviewed and approved in advance of acceptance of the offer made by the third party, by the TWDB's Office of General Counsel in order to ensure that no conflict exists.

3.4 Travel Bonus (Frequent Flyer) Awards. TWDB employees who earn credit with airlines, hotels, or car rental companies for official travel are not required to account for such credit or to use such for official travel only.

4. CONFLICTS OF INTEREST.

4.1 Ethics Commission Financial Disclosure Statements. Where applicable, employees of the TWDB shall file an annual financial statement in accordance with the requirements of the Texas Ethics Commission.

4.2 Outside Employment and Volunteer Positions. Board Members are prohibited from being employed by or participating in the management of a business entity or other

organization receiving funds from the board unless otherwise directed by statute. For purposes of this policy, this prohibition includes serving on the board of an entity in an ex-officio capacity.

4.3 Contracts Involving Pecuniary Interests. Employees of the TWDB who, either directly or indirectly, hold a pecuniary interest in any business entity seeking to enter into a contract with the TWDB should immediately disclose such pecuniary interest to the employee's immediate supervisor as well as the TWDB's Office of General Counsel.

4.4 Potential Conflict of Interest of Employee. As soon as possible after becoming aware of any potential conflict of interest, an employee shall disclose such fact and any other relevant information to his/her immediate supervisor, as well as the TWDB's Office of General Counsel.

4.5 Disclosure of Interest in Property to be Acquired. TWDB employees are required to disclose any legal or equitable interest in property that is to be acquired with public funds. Such disclosure must be made at least 10 days before the date the property is to be acquired.

5. CODE OF ETHICS.

5.1 Prohibited Actions. An Employee of the TWDB shall not:

(1) Accept or solicit any gift, favor, or service that might reasonably tend to influence the employee in the discharge of official duties or that the employee knows or should know is being offered with the intent to influence official conduct;

(2) Accept employment or engage in a business or professional activity the employee might reasonably expect would require or induce him or her to disclose confidential information acquired by reason of his or her official position;

(3) Accept other appointments or any employment or compensation that could reasonably be expected to impair the employee's independence of judgment in the performance of official duties;

(4) Accept any gift, regardless of value, from any entity associated with or travel to, for professional purposes, a country on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R. § 791.4;

(5) Make personal investments that could reasonably be expected to create a substantial conflict between the employee's private interest and the public interest;

(6) Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed official duties in favor of another;

(7) Commit acts of fraud, dishonesty, or illegality in office, including (by way of example and not limitation) assisting others to obtain personal or financial benefits to which they are not entitled by law or policy; forging or altering checks, bank drafts, or other documents, financial or otherwise; or knowingly authorizing improper transactions or expenditures of public funds; or

(8) Receive any compensation for services as a state employee from any source other than the State of Texas, except as otherwise permitted by law.

6. BENEFITS, GIFTS AND HONORARIA.

6.1 A "benefit" is anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare an employee has a direct and substantial interest.

6.2 Bribery. An employee shall not solicit, offer, or accept any benefit in exchange for his or her decision, opinion, recommendation, vote, or other exercise of official power or discretion.

6.3 Prohibited Benefits. An employee shall not solicit, accept, or agree to accept any benefit from any person the employee knows is interested in or is likely to become interested in any contract, purchase, payment, claim, or transaction involving the employee's discretion. This prohibition does not apply to (1) gifts or other benefits conferred on account of kinship or a personal, professional, or business relationship independent of an employee's status as an employee; (2) a fee prescribed by law to be received by an employee or any other benefit to which he or she is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as an employee of the TWDB; (3) a gift, award, or memento that is received from a lobbyist who is required to make reports under Government Code, Chapter 305; and (4) items having a value of less than \$50, not including cash or negotiable instruments.

6.4 Food, Lodging, Transportation, and Entertainment Received as a Guest. An employee may accept food, lodging, transportation, or entertainment from persons or entities he or she knows or reasonably should know are interested in or likely to become interested in a contract, purchase, payment, claim, decision, or transaction involving the exercise of the TWDB's discretion if the employee is a "guest" as defined by Texas law. An employee is a "guest" if the person or a representative of the entity providing the food, lodging, transportation, or entertainment is present at the time the food, lodging, transportation, or entertainment is received or enjoyed by the employee.

6.5 Gifts or Benefits From Friends, Relatives, and Associates. Employees may accept gifts or benefits from personal friends, relatives, or business associates with whom they have a relationship independent of their official status, so long as the benefit is not offered in exchange for official action or decision.

6.6 Awards. Employees may accept plaques and similar recognition awards.

6.7 Honoraria. Employees may not solicit, accept, or agree to accept an honorarium in consideration for services they would not have been asked to provide but for their official position or duties. This prohibition includes a request for or acceptance of a payment made to a third party if made in exchange for such services. However, they may accept the direct provision of or reimbursement for expenses for transportation and lodging incurred in connection with a speaking engagement at a conference or similar event, provided the Employee's participation is more than merely perfunctory. Meals provided as a part of the event or reimbursement for actual expenses for meals may also be accepted.

6.8 Acceptance of Gifts by the TWDB. Employees should exercise caution prior to accepting any gift from any outside party on behalf of the agency. Please note that gifts may take the form of virtually any tangible item or service, including but not limited to travel, lodging and meals. To the extent that a gift made to the TWDB has a value in excess of \$500, the TWDB's governing Board must acknowledge the acceptance of the gift during an open meeting held not later than the 90th day after the date the gift is accepted. Regardless of the value of a proposed gift to be made to the TWDB, employees are strongly encouraged to seek review, in advance, from the TWDB's Office of General Counsel in order to ensure that no conflict exists.

7. POLITICAL ACTIVITIES.

7.1 Use of TWDB Funds, Personnel or Property. No Employee shall expend or devote TWDB funds, personnel or property for the purpose of influencing the outcome of any election or the passage or defeat of any legislative measure. Use of property includes the use of TWDB supplies, electronic mail, telephones, fax machines or any other tangible item purchased with public funds for official use by the TWDB.

7.2 Use of Official Authority Prohibited. No TWDB employee may use his or her official authority or influence, or permit the use of a program administered by the TWDB to interfere with or affect the result of an election or nomination of a candidate or to achieve any other political purpose. No TWDB employee may engage in any act or attempt to interfere with anyone who seeks to pay, lend, or contribute private funds or private property to a person or political organization for political purposes. Any employee who violates either of these provisions is subject to immediate termination of employment in accordance with the Government Code. Employees as Candidates and Officeholders. TWDB employees may run for election and serve as members of the

governing bodies of school districts, cities, towns, or other local governmental districts. No campaign activities may be conducted during official business hours unless the employee has requested and received permission to use accrued leave time for such purpose. Any employee elected to such a position may not receive any salary for serving as a member of such governing bodies.

7.3 Political Contributions from Employees. TWDB employees may make personal contributions to candidates for office and political organizations, with the exception that no state employee may contribute personal services, money, or goods of value to a candidate campaigning for speaker of the Texas House of Representatives.

8. USE OF AUTHORITY.

8.1 Misapplication of Property. An employee shall not intentionally or knowingly misapply, with the intent to obtain a benefit or to harm another, anything of value belonging to the government that comes into the employee's custody or possession by virtue of his or her employment with the TWDB.

8.2 Nepotism. Employees must adhere to the requirements set forth in the TWDB Employee Handbook with regard to employment of relatives.

8.3 Misuse of Official Information. An Employee shall not, in reliance on information to which he or she has access in his or her official capacity and which has not been made public: (1) acquire or aid another in acquiring a pecuniary interest in any property, transaction, or enterprise that may be affected by the information; or (2) speculate or aid another in speculating on the basis of such information.

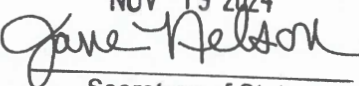


GOVERNOR GREG ABBOTT

November 19, 2024

The Honorable Jane Nelson
Secretary of State
State Capitol, Room 1E.8
Austin, Texas 78701

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
9:00am O'CLOCK

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Secretary of State

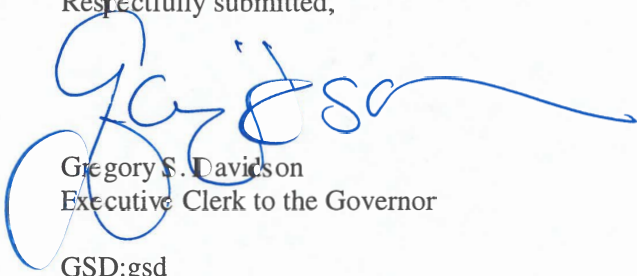
Dear Secretary Nelson:

Pursuant to his powers as Governor of the State of Texas, Greg Abbott has issued the following:

Executive Order No. GA-48 relating to the hardening of state government.

The original executive order is attached to this letter of transmittal.

Respectfully submitted,


Gregory S. Davidson
Executive Clerk to the Governor

GSD:gsd

Attachment

Executive Order

BY THE
GOVERNOR OF THE STATE OF TEXAS

Executive Department
Austin, Texas
November 19, 2024

EXECUTIVE ORDER
GA 48

Relating to the hardening of state government.

WHEREAS, the United States Department of Commerce has identified as “foreign adversaries” the People’s Republic of China (PRC), the Democratic People’s Republic of North Korea (North Korea), the Islamic Republic of Iran (Iran), the Republic of Cuba (Cuba), the Russian Federation (Russia), and Venezuelan politician Nicolás Maduro because they “have engaged in a long-term pattern or serious instances of conduct significantly adverse to the national security of the United States or security and safety of United States persons,” 86 Fed. Reg. 4909, 4914 (2021); and

WHEREAS, while all of the above foreign adversaries pose a risk to the United States, Federal Bureau of Investigation (FBI) Director Christopher Wray has stated that the government of the PRC and the Chinese Communist Party (CCP) are the greatest long-term threat to the United States’ economy and national security; and

WHEREAS, the threat from the PRC is from the government of the PRC and the CCP itself, and not from Chinese-Americans or the Chinese people, who are often the primary victims of the PRC and the CCP; and

WHEREAS, the U.S. House Oversight Committee recently conducted an investigation into the CCP’s engagement in the United States and concluded, in a statement issued on September 24, 2024, that “the Biden–Harris Administration has no government-wide strategy to combat CCP warfare” in the American homeland; and

WHEREAS, the Director of National Intelligence’s National Counterintelligence and Security Center published a series of memos between 2022 and 2024 outlining threats to state and local governments by PRC intelligence operations, which include engaging in cultural exchanges, providing gifts, and offering other incentives to Americans in exchange for advocating for policies that advance PRC interests; and

WHEREAS, the risk of foreign-adversary infiltration of state governments was recently highlighted when the U.S. Department of Justice charged Linda Sun, a former senior aide to former New York Governor Andrew Cuomo and current New York Governor Kathy Hochul, for acting as an undisclosed foreign agent of the PRC while working for both governors, accepting gifts and travel from the PRC, and providing the PRC with private state-government communications; and

WHEREAS, the infiltration of New York state government is not an isolated occurrence, for in California, suspected Chinese intelligence operative Christine Fang (also known as Fang Fang) developed deep connections with local and national politicians, including multiple mayors, a state legislator, and a U.S. congressman; and

WHEREAS, according to the FBI, the PRC courts local and state officials as part of its

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strategy to use “the local to surround the center,” and thus to manipulate local political leaders “to turn Americans against their own government’s interests and their society’s interests”; and

WHEREAS, foreign adversaries seek to sabotage and corrupt key information software and systems and to steal intellectual property, information on critical infrastructure, and personal information at every level of government; and

WHEREAS, the State of Texas is a national leader in protecting critical infrastructure by prohibiting companies from procuring certain key components of critical infrastructure from companies located in or controlled by the PRC, Iran, Russia, and North Korea; and

WHEREAS, protecting critical infrastructure is not just about ensuring the components of that infrastructure are not sourced by foreign adversaries but also ensuring the people who have access to that infrastructure will not compromise it; and

WHEREAS, the PRC’s National Security Law requires all organizations and citizens of the PRC to “support, assist, and cooperate with the state intelligence work”; and

WHEREAS, the risk the PRC poses to the State of Texas is why I directed state agencies to prohibit Tik Tok, which the FBI has said is controlled by the PRC and is a national security threat, on state governmental devices and personal devices used in the workplace; and

WHEREAS, there remains more work to be done pursuant to the fundamental power of state government to protect the health, safety, and welfare of its residents, including by protecting critical infrastructure and information from being accessed by foreign adversaries that attempt to infiltrate state governments;

NOW, THEREFORE, I, Greg Abbott, Governor of Texas, by virtue of the power and authority vested in me by the Constitution and laws of the State of Texas, do hereby order the following:

1. All state agencies controlled by gubernatorially appointed heads, and all public institutions of higher education, shall require any company that submits a bid or proposal with respect to a contract for goods or services to the agency or institution of higher education to certify that the company, and, if applicable, any of its holding companies or subsidiaries, is not:
 - a. Listed in Section 889 of the 2019 National Defense Authorization Act (NDAA); or
 - b. Listed in Section 1260H of the 2021 NDAA; or
 - c. Owned by the government of a country on the U.S. Department of Commerce’s foreign adversaries list under 15 C.F.R. § 791.4; or
 - d. Controlled by any governing or regulatory body located in a country on the U.S. Department of Commerce’s foreign adversaries list under 15 C.F.R. § 791.4.

A covered agency or public institution of higher education cannot enter into a new contract, contract extension, or contract renewal for a good or service with any company that meets any of the above-listed criteria. However, if the agency or public institution of higher education can sufficiently demonstrate that (a) the good or service is necessary for the covered agency or institution of higher education to fulfill a core function that directly benefits Texans and (b) the good

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or service can only be provided by an entity that meets one of the above-listed criteria, then the covered agency or public institution of higher education may enter into a new contract, contract renewal, or contract extension with such an entity for no more than one year from the date of the issuance of this order, and never thereafter.

2. No personnel of a state agency controlled by gubernatorially appointed heads, or of public institutions of higher education, shall accept any gift, regardless of value, from an entity associated with or travel to, for professional purposes, a country on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R. § 791.4. All agencies and public institutions of public higher education affected by this order shall include this prohibition in their ethics policies and create a mechanism by which their employees can report being approached by groups representing these countries, that offer gifts or travel, or alleged violations of this ethics policy.
3. The Texas Workforce Commission shall amend the state application to include an attestation by applicants that they are not employed by and do not have any connection or continuous connections to any governmental entity or political apparatus of a country listed in 15 C.F.R. § 791.4.
4. The Office of the Governor, Texas Department of Public Safety, Texas Military Department, Public Utility Commission of Texas, Department of Information Resources, Texas Commission on Environmental Quality, Texas Division of Emergency Management, Office of Public Utility Counsel, Texas Department of Transportation, Texas Health and Human Services Commission, Texas Department of State Health Services, and public institutions of higher education must create processes by which their employees will notify the agency of any personal travel to a foreign-adversary nation prior to their travel and submit a post-travel brief outlining details of the trip, including the dates and purpose of travel, to their employer.
5. Agencies controlled by gubernatorially appointed heads, and public institutions of higher education, must include in the minimum qualifications of the job descriptions of all positions that research, work on, or have access to critical infrastructure as defined in Section 113.001(2), Business and Commerce Code, that a requirement to be hired for and to continue to be employed in that position is the ability to maintain the security or integrity of the infrastructure.

Further, all the above-described personnel, and similarly situated state contractors, must be routinely reviewed to determine whether or not things such as criminal history or continuous connections to the government or political apparatus of a foreign adversary that might prevent the applicant, employee, or contractor from being able to maintain the security or integrity of the infrastructure.

To facilitate these reviews, DPS shall contract with a cyber intelligence company or other similar third-party that can conduct these reviews for agencies and public institutions of higher education. Alternatively, if an agency or public institution of higher education would like to directly contract for these review services, the agency or institution shall consult with DPS before procuring services.

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SECRETARY OF STATE
9:00AM O'CLOCK

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6. All public institutions of higher education that are required to submit reporting on foreign-gift and contract disclosures to the U.S. Department of Education under Section 117 of the Higher Education Act of 1965, must submit the same reporting to the Texas Higher Education Coordinating Board (THECB). THECB shall submit a report outlining the data it receives from public institutions of higher education to the Governor, Lieutenant Governor, and Speaker by December 1st each year.
7. All public institutions of higher education shall include in their employment manuals a prohibition on their faculty and employees from taking part in any foreign recruitment program by a foreign-adversary nation, such as the PRC's Thousand Talents Program.

All affected agencies and public institutions of higher education shall certify with, and submit documentation supporting their certification to, the Office of the Governor that they have effectuated the requirements of this order by the 60th day after the adjournment of the 89th Regular Session of the Texas Legislature.

This executive order supersedes all previous orders in conflict or inconsistent with its terms and shall remain in effect and in full force until modified, amended, rescinded, or superseded by the Governor.

Given under my hand this the
19th day of November, 2024.



GREG ABBOTT
Governor

ATTESTED BY:



JANE NELSON
Secretary of State

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SECRETARY OF STATE
9:00 AM O'CLOCK
NOV 19 2024