

**Port of Houston Authority**  
**MISCONDUCT REPORTING POLICY**  
**February, 2025**



A. Objectives. The Port of Houston Authority of Harris County, Texas (“Port Authority”) is committed to lawful, ethical, and nondiscriminatory behavior in all its activities and requires Port Commissioners and employees to act in accordance with all applicable laws, regulations, and policies and observe high standards of ethics in the conduct of their duties and responsibilities.

The objectives of this Port of Houston Authority Misconduct Reporting Policy (the “Whistleblower Policy”), are to establish policies, procedures, and protections for Whistleblowers, in order to:

1. Prevent or detect and correct improper activities.
2. Ensure compliance with the Whistleblower Act and all other state, local, and federal laws, administrative procedures, or other applicable governmental regulations regarding the reporting of wrongdoing.
3. Encourage Port Commissioners, employees, and any other individuals to report what they in good faith believe to be a violation of law or policy or any other Misconduct by the Port Authority.
4. Ensure the receipt, documentation, retention of records, and resolution of reports received under this Whistleblower Policy.
5. Protect Whistleblowers from retaliatory action.

B. Definitions. For the purposes of this Whistleblower Policy, capitalized terms used herein shall have the following meanings:

1. “Accounting Misconduct” means questionable accounting, internal accounting controls, or auditing matters, including without limitation:
  - a. Deficiencies in, or noncompliance with, the Port Authority’s internal accounting controls or accounting policies;
  - b. The circumvention or attempted circumvention of internal accounting controls;
  - c. Fraud or deliberate error in the preparation, evaluation, review, or audit of Port Authority financial statements or in the recording and maintaining of Port Authority financial records;

- d. Misrepresentation, false statements, or withholding material information regarding a matter contained in the Port Authority's financial statements, financial reports (including discussions in the Port Authority's periodic reports, audit reports, or any other failure to provide a full or fair reporting of the Port Authority's financial condition); or
  - e. Any other matter that would otherwise constitute a violation of the Port Authority's accounting policies.
- 2. "Audit Committee" means the Audit Committee of the Port Commission.
  - 3. "Audit Committee Chair" means the chairperson of the Audit Committee.
  - 4. "Chief Audit Executive" means the senior-most staff member of the department responsible for the internal audit function of the Port Authority.
  - 5. "Chief Executive Officer" means the senior-most staff executive of the Port Authority.
  - 6. "Chief Legal Officer" means the senior-most staff attorney of the Port Authority.
  - 7. "Investigator" means the Chief Legal Officer, Chief Audit Executive, or any other person, as appointed by the Chief Executive Officer, Chief Audit Executive, and/or Chief Legal Officer, Audit Committee, Audit Committee Chair, or Port Commission, as applicable, to undertake investigation of a report of Misconduct.
  - 8. "Investigator's Report" means the written report prepared by the Investigator upon conclusion of his or her investigation of alleged Misconduct.
  - 9. "Misconduct" means a violation of law or Port Authority policy by a Port Commissioner, employee, or third-party acting in connection with the Port Authority. Misconduct that should be reported includes, for purposes of illustration and without being limited to, the following:
    - a. Accounting Misconduct.
    - b. Providing false or misleading information on the Port Authority's public documents.
    - c. Providing false information to or withholding material information from the Port Commission or the Port Authority's representatives responsible for ensuring the Port Authority's compliance with legal responsibilities.

- d. Fraud or bribery.
  - e. Embezzlement, theft, or misappropriation of Port Authority funds or assets.
  - f. Use of the Port Authority funds or assets for private benefit.
  - g. Violation of Port Authority policy, including among others, the Port Authority's Code of Ethics, Standards for Employee Interaction with Interested Parties, and this Whistleblower Policy.
  - h. Violation of any applicable laws or regulations.
  - i. Unlawful harassment or retaliation, including retaliation based upon an individual's reporting of Misconduct in good faith or participating in an investigation of Misconduct in good faith.
  - j. Discrimination based on race, religion, gender, age, national origin, disability, or other impermissible grounds, including and without being limited to any violations of Title VI of the Civil Rights Act of 1964, 49 CFR, part 21, and all related regulations and directives, including Section 504 of the Rehabilitation Act of 1973; Title IX of the Education Amendments Act of 1972; Section 13 of the Federal Water Pollution Control Act Amendments of 1972; Age Discrimination Act of 1975; U.S. Department of Homeland Security regulation 6 C.F.R. Part 19; and any other non-discrimination laws implemented by 40 C.F.R. Parts 5 and 7.
  - k. Assisting or concealing any of the above or similar actions.
10. "Port Authority" means the Port of Houston Authority of Harris County, Texas.
11. "Port Commission" means the Port Commission of the Port of Houston Authority of Harris County, Texas.
12. "Reporting Service" means the Port Authority third-party managed toll free and online "hotline," that may be used to report incidents and matters of all kinds.
13. "Senior Staff Member" means any of the following Port Authority employees as designated by title or responsibilities:
- Chief Executive Officer,
  - Chief Operating Officer,
  - Chief Legal Officer,
  - Any other Chief Division Officer, or

Chief Audit Executive.

14. “Substantial Evidence” means evidence sufficient for a reasonable person to conclude that Misconduct has occurred.
15. “Whistleblower” means the Port Commissioner, employee, or any other person reporting that Misconduct has occurred, is occurring, or is likely to occur, including customers, contractors, vendors, community members, and other third parties.
16. “Whistleblower Act” means Chapter 554 of the Texas Government Code. A copy of Chapter 554 that is current as of the latest revision to this Whistleblower Policy is attached as Exhibit A.
17. “Whistleblower Act Retaliation Complaint” means a complaint under the Whistleblower Act.

C. Reporting of Misconduct.

1. Responsibility to Report. A Port Commissioner or Port Authority employee who believes in good faith that Misconduct has occurred, is occurring, or is likely to occur should report the facts or circumstances giving rise to this belief as provided in this Whistleblower Policy. Any customers, contractors, vendors, community members, and any other third parties are likewise encouraged to report Misconduct.
2. Method of Reporting. Anyone, including any Port Authority employee, may submit a report of Misconduct to the Reporting Service using one of the options set forth in Exhibit B.
  - a. Such reports can also be made to direct management either confidentially by contacting a Senior Staff Member in writing, including e-mail, or in person.
  - b. An individual may also report violation of law to a law enforcement authority that is a part of a state or local governmental entity or of the federal government that the individual in good faith believes is authorized to:
    - i. regulate under or enforce the law alleged to be violated in the report;  
or
    - ii. investigate or prosecute a violation of criminal law.
  - c. The Port Authority Employee Handbook provides additional guidance to

employees who wish to report Misconduct.

2. Timing of Report. A report of Misconduct should be made to the Reporting Service as promptly as possible, but no later than ninety (90) days after the Whistleblower becomes aware of facts or circumstances that appear to constitute Misconduct.
3. Content of Report. A report should provide sufficient information to facilitate investigation of the Misconduct, including:
  - a. A description of the Misconduct;
  - b. The date(s) and location(s) of the Misconduct;
  - c. Names of individuals involved and witnesses; and
  - d. Any evidence supporting the allegation.

In making a report, individuals should exercise reasonable care to ensure the accuracy of the information provided.

4. Reporting in Good Faith. If any facts or circumstances contained in a Whistleblower's report of Misconduct are later determined to be false or misleading, the Whistleblower shall be deemed to have committed no wrong and breached no rule under this Whistleblower Policy, provided that the report was made in good faith. However, a Port Commissioner or Port Authority employee who makes allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, with gross negligence, or with the knowledge that the allegations are false, violates this Whistleblower Policy and commits Misconduct.

D. Receipt and Investigation of Allegations.

1. Alternative Measures to Achieve Policy Objectives. In the event that any action required under this Whistleblower Policy would likely create a conflict of interest or other situation that would undermine the objectives of this Whistleblower Policy, appropriate Senior Staff Member(s), Audit Committee member(s), and/or the Port Commissioner(s) may make good faith efforts to take alternative measures to achieve the objectives of this Whistleblower Policy.
2. Summary of Whistleblower Reports. The Chief Audit Executive shall periodically provide the Audit Committee with a verbal or written report summarizing all Reporting Service activity and other Whistleblower reports since the Chief Audit Executive's previous report.

3. Initial Relaying of Report of Misconduct.

- a. Written Reports. Upon receiving a written report of Misconduct, the Reporting Service or any Port Commissioner or Port Authority employee who receives such a report shall promptly deliver such report to the Chief Audit Executive, with a copy to the Chief Legal Officer.
- b. Verbal Report Made to Commissioner. If a Port Commissioner receives a verbal report of Misconduct, they shall relay such report to the Chief Audit Executive or Chief Legal Officer.
- c. Verbal Report Made to Employee. If a Port Authority employee receives a verbal report of Misconduct, they shall promptly relay such report to their supervisor or manager, a Port Authority attorney, any member of Port Authority management, the Chief Audit Executive, or the Port Authority Human Resources Department.
- d. No Relaying to Individual Involved in Misconduct. If an individual to whom a report of Misconduct would normally be relayed is alleged to have participated in or been aware of the Misconduct, then the Port Commissioner or Port Authority employee who receives the report should relay it to a Port Authority attorney, the Chief Executive Officer, the Chief Audit Executive, or a member of the Audit Committee who is not alleged to have participated in or been aware of the Misconduct.

4. Recusal. In the event a report of Misconduct alleges that any person who may participate in the investigation or decision-making process provided by this Whistleblower Policy is alleged to have participated in or been aware of the Misconduct, such person shall recuse himself or herself from the procedures set out herein.

5. Confidentiality.

- a. Reasonable Steps. The Port Authority will take reasonable steps to maintain the anonymity and confidentiality of the Whistleblower and the information provided. However, anonymity and confidentiality cannot be guaranteed, as disclosure may be required to conduct a thorough investigation or otherwise required by applicable law, including the Texas Public Information Act, Chapter 554 of the Texas Government Code.
- b. Voluntary Disclosure of Identity. Notwithstanding the foregoing, if the Whistleblower voluntarily discloses his or her identity to any Port Commissioner or employee of the Port Authority during or after the filing

of a report of Misconduct, the Port Authority has no responsibility to limit further dissemination or disclosure of the Whistleblower's identity, in connection with the investigation of the Whistleblower's report.

6. Determination of Further Action.

- a. Initial Discussion. Upon receiving any report of Misconduct, the Chief Audit Executive shall confer with the Chief Legal Officer regarding what actions to take in response to the report of Misconduct, provided that in the event either of them recuses themselves, the Chief Executive Officer shall appoint a replacement to carry out the duties of that person under the procedures set out herein.
- b. Determination Regarding Allegations and Next Steps. Following such consideration and discussion, if the Chief Audit Executive and Chief Legal Officer determine that:
  - i. The report does not describe Misconduct, then no further action shall be taken.
  - ii. The report describes Misconduct, but describes a violation subject to the Port Authority's employee grievance procedures or a routine workplace grievance, then:
    - a) If the employee grievance procedures relating to the allegations have not concluded, the Chief Audit Executive and Chief Legal Officer shall provide the report to the Director of Human Resources for further handling.
    - b) If the employee grievance procedures relating to the allegations have concluded, the Chief Legal Officer and any appropriate Senior Staff Member(s) shall determine if any further investigation is warranted pursuant to this Whistleblower Policy or otherwise.
  - iii. The report describes Misconduct other than that described in Section D(6)(b)(ii) above, then the Chief Audit Executive and Chief Legal Officer shall determine the appropriate individual(s) to serve as the initial Investigator(s) of the allegations.
- c. Summary of Determination. The Chief Audit Executive and Chief Legal Officer shall inform the Audit Committee Chair and/or Audit Committee of their determination and the designation of any Investigator(s).

- d. Hiring of Outside Investigators. Before hiring any outside party to serve as an Investigator, Port Authority staff shall obtain the approval of the Audit Committee Chair, Audit Committee, and/or Port Commission.
  - e. Changing Investigators. The Audit Committee Chair, Audit Committee, or Port Commission may, at any time before, during, or after an investigation, direct the Chief Executive Officer, Chief Audit Executive, and/or Chief Legal Officer to appoint additional Investigator(s) to assist with the investigation and/or replace any designated Investigator(s).
7. Conduct of Investigation.
- a. Chief Audit Officer and Chief Legal Officer Discretion. Unless otherwise instructed by the Audit Committee Chair, Audit Committee, or Port Commission, the Chief Audit Officer and Chief Legal Officer shall, subject to the other provisions of this Whistleblower Policy, retain discretion to establish and/or modify scope, sequence, and timing of the investigation and the designation of the Investigator(s).
  - b. Substantial Evidence. The Investigator shall promptly investigate the report of Misconduct, to determine whether the report is supported by Substantial Evidence. Substantial Evidence need not be admissible in a court of law.
  - c. Notice of Interviews. An Investigator shall provide notice to the Chief Legal Officer and the Chief Audit Executive prior to conducting an interview of any individual. In addition, an Investigator shall provide notice to the Audit Committee Chair and/or Audit Committee prior to conducting an interview of any Port Commissioner or Senior Staff Member.
  - d. Authorized Participants. Provided doing so serves the objectives of this Whistleblower Policy, the Investigator may authorize a member of the Audit Committee, the Chief Audit Executive, Chief Legal Officer, or any of their designees:
    - i. To participate in the investigation; or
    - ii. To inform any other Port Authority employee, including the Whistleblower, regarding the pendency of the investigation.
  - e. Regular Updates. Members of the Audit Committee and, unless otherwise instructed by the Audit Committee Chair, Audit Committee, or Port Commission, the Chief Executive Officer, Chief Legal Officer, or their



designees may request and receive regular updates and reports concerning the progress of the investigation and the information obtained by the Investigator.

- f. Cooperation with Investigation. Port Authority employees and Port Commissioners shall cooperate fully with any investigation hereunder and provide truthful information, written statements, documents, and related materials upon the request of any Investigator. Any Port Commissioner or employee who fails to cooperate fully with any investigation hereunder violates this Whistleblower Policy and commits Misconduct.
  - g. Nondisclosure. Unless authorized by an Investigator, or as otherwise provided by this Whistleblower Policy or law, no Port Commissioner or employee may disclose to any person other than an Investigator the substance of any communication (whether verbal, electronic, or in writing) to or from any Investigator relating to the investigation.
- 8. Interference by Employees or Port Commissioners.
  - a. Except as provided in Section D(7)(d) above, no Port Commissioner or Port Authority employee (other than an Investigator) may request and/or obtain verbal or written statements or reports pertaining to the subject matter of any Misconduct investigation from any person alleged to be involved with the investigation as a Whistleblower, respondent, or witness, until such investigation is disposed of as provided herein.
  - b. No Interference. No Port Commissioner or employee shall interfere with any investigation of alleged Misconduct.
- 9. Disposition of Criminal Matters.
  - a. Substantial Evidence of Criminal Violation. Upon the Investigator's conclusion that Substantial Evidence supports an allegation of Misconduct that would violate state, local, or federal criminal law, the Investigator shall discontinue his or her investigation and deliver a copy of such Investigator's Report of such Misconduct, together with any related documents, to the Audit Committee Chair, with copies to the Chief Executive Officer, the Chief Legal Officer, and the Chief Audit Executive.
  - b. Referral of Evidence. If the Audit Committee Chair, Chief Executive Officer, Chief Legal Officer, or the Chief Audit Executive does not concur with the assessments contained in the Investigator's Report, the non-concurring party shall immediately notify the others. Unless such notice is received within twenty-four (24) hours of any such referral, the

Chief Legal Officer shall thereupon deliver such materials provided by the Investigator, in an envelope or other sealed container prominently marked “Privileged and Confidential Attorney-Client Communication – Attorney Work Product,” to the appropriate criminal law authorities.

- c. Immediate Referral. Notwithstanding the foregoing procedures, if the Audit Committee Chair, Chief Executive Officer, Chief Legal Officer, or the Chief Audit Executive concludes that a report alleging criminal Misconduct is of such a nature that immediate referral is warranted, such person may refer such matter to criminal law authorities prior to a determination of whether Substantial Evidence supports it. If any such party refers the matter to criminal law authorities, within twenty-four (24) hours thereafter, such party shall notify the others listed above of such referral.
10. Investigator’s Report on Allegations of Non-Criminal Misconduct. If the Investigator determines that substantial evidence supports an allegation of Misconduct but that the Misconduct does not violate a state, local, or federal criminal law (or that the violation is of such a *de minimis* nature that it is not reasonably likely to lead to criminal prosecution), the Investigator shall inform the Audit Committee Chair, with copies to the Chief Executive Officer, the Chief Legal Officer, and the Chief Audit Executive. The Investigator may prepare a verbal or written Investigator’s Report on the allegation of Misconduct.
    - a. Marking Confidential. If a written report is prepared, each page of the Investigator’s Report shall be marked “Privileged and Confidential Attorney-Client Communication” and “Attorney Work Product,” as applicable.
    - b. Delivery of Investigator’s Report. The Investigator shall deliver the Investigator’s Report to the Audit Committee, the Chief Executive Officer, the Chief Legal Officer, and the Chief Audit Executive.
11. Disposition of Non-Criminal Matters.
    - a. Upon receipt of the Investigator’s Report, further action, whether disciplinary, remedial, or otherwise, regarding Misconduct by an employee of the Port Authority shall be taken at the sole discretion and direction of the Chief Executive Officer.
    - b. If the Investigator’s Report contains evidence of Misconduct by the Chief Executive Officer or any person who is not an employee of the Port Authority, all further action shall be taken at the sole discretion of the Port

Commission.

- c. The Chief Executive Officer or the Port Commission, as applicable, shall send notice of the disposition of a report of Misconduct, describing the nature of any actions taken in response to the Investigator's Report, to the Audit Committee, the Chief Executive Officer, the Chief Legal Officer, and the Chief Audit Executive, as applicable. Provided doing so serves the objectives of this Whistleblower Policy, the Chief Executive Officer, the Chief Legal Officer, or the Chief Audit Executive may inform any other Port Authority employee regarding the disposition of the report.

12. Disposition of Whistleblower Act Retaliation Complaints.

- a. In addition to the steps set forth above, the Chief Executive Officer or Port Commission, as applicable, may provide any remedy provided for in the Whistleblower Act to an employee whose employment is suspended or terminated or who has been subject to an adverse personnel action in violation of the Whistleblower Act.
- b. The Chief Executive Officer or the Port Commission, as applicable, shall send notice of the disposition of a Whistleblower Act Retaliation Complaint, describing the nature of the actions, if any, taken in response to the Investigator's Report, to the Audit Committee, the Chief Legal Officer, and the Chief Audit Executive, as applicable.

E. No Retaliation. The Port Authority strictly prohibits retaliation based upon any individual's reporting of Misconduct in good faith or participating in an investigation of Misconduct in good faith. Retaliation includes any adverse action taken against the individual, such as demotion, termination, harassment, discrimination, termination of agreements, or denial of opportunities.

F. Penalties for Violation of Policy. In addition to civil and criminal penalties provided under applicable law, violation of this Whistleblower Policy may subject a Port Authority employee to disciplinary action up to and including termination of employment and a Port Commissioner to reprimand or removal from office.

G. Conflict with Laws. This Whistleblower Policy does not relieve any Port Commissioner or employee of any duty to comply with state, local, and federal laws, administrative procedures, or other applicable governmental regulations regarding the reporting of legal misconduct

This Misconduct Reporting Policy was originally adopted by the Port Commission on January 24, 2012, as evidenced by Minute No. 2012-0124-07; amended by its action dated June 24, 2014, Minute No. 2014-0624-09; and amended by its action dated February 19, 2025, Minute No. 2025-0219-07.

Policy Owner:	Legal
Policy Version:	Second Amendment

Exhibit "A"  
Whistleblower Act

**TEXAS GOVERNMENT CODE**  
**TITLE 5. OPEN GOVERNMENT; ETHICS**  
**SUBTITLE A. OPEN GOVERNMENT**  
**CHAPTER 554. PROTECTION FOR REPORTING VIOLATIONS OF LAW**

Sec. 554.001. DEFINITIONS. In this chapter:

- (1) "Law" means:
  - (A) a state or federal statute;
  - (B) an ordinance of a local governmental entity; or
  - (C) a rule adopted under a statute or ordinance.
- (2) "Local governmental entity" means a political subdivision of the state, including a:
  - (A) county;
  - (B) municipality;
  - (C) public school district; or
  - (D) special-purpose district or authority.
- (3) "Personnel action" means an action that affects a public employee's compensation, promotion, demotion, transfer, work assignment, or performance evaluation.
- (4) "Public employee" means an employee or appointed officer other than an independent contractor who is paid to perform services for a state or local governmental entity.
- (5) "State governmental entity" means:
  - (A) a board, commission, department, office, or other agency in the executive branch of state government, created under the constitution or a statute of the state, including an institution of higher education, as defined by Section 61.003, Education Code;
  - (B) the legislature or a legislative agency; or
  - (C) the Texas Supreme Court, the Texas Court of Criminal Appeals, a court of appeals, a state judicial agency, or the State Bar of Texas.

Sec. 554.002. RETALIATION PROHIBITED FOR REPORTING VIOLATION OF LAW. (a) A state or local governmental entity may not suspend or terminate the employment of, or take other adverse personnel action against, a public employee who in good faith reports a violation of law by the employing governmental entity or another public employee to an appropriate law enforcement authority.

(b) In this section, a report is made to an appropriate law enforcement authority if the authority is a part of a state or local governmental entity or of the federal government that the employee in good faith believes is authorized to:

- (1) regulate under or enforce the law alleged to be violated in the report; or
- (2) investigate or prosecute a violation of criminal law.

Sec. 554.003. RELIEF AVAILABLE TO PUBLIC EMPLOYEE. (a) A public employee whose employment is suspended or terminated or who is subjected to an adverse personnel action in violation of Section 554.002 is entitled to sue for:

- (1) injunctive relief;
- (2) actual damages;
- (3) court costs; and
- (4) reasonable attorney fees.

(b) In addition to relief under Subsection (a), a public employee whose employment is suspended or terminated in violation of this chapter is entitled to:

- (1) reinstatement to the employee's former position or an equivalent position;
- (2) compensation for wages lost during the period of suspension or termination; and
- (3) reinstatement of fringe benefits and seniority rights lost because of the suspension or termination.

(c) In a suit under this chapter against an employing state or local governmental entity, a public employee may not recover compensatory damages for future pecuniary losses, emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life, and other nonpecuniary losses in an amount that exceeds:

(1) \$50,000, if the employing state or local governmental entity has fewer than 101 employees in each of 20 or more calendar weeks in the calendar year in which the suit is filed or in the preceding year;

(2) \$100,000, if the employing state or local governmental entity has more than 100 and fewer than 201 employees in each of 20 or more calendar weeks in the calendar year in which the suit is filed or in the preceding year;

(3) \$200,000, if the employing state or local governmental entity has more than 200 and fewer than 501 employees in each of 20 or more calendar weeks in the calendar year in which the suit is filed or in the preceding year; and

(4) \$250,000, if the employing state or local governmental entity has more than 500 employees in each of 20 or more calendar weeks in the calendar year in which the suit is filed or in the preceding year.

(d) If more than one subdivision of Subsection (c) applies to an employing state or local governmental entity, the amount of monetary damages that may be recovered from the entity in a suit brought under this chapter is governed by the applicable provision that provides the highest damage award.

Sec. 554.0035. WAIVER OF IMMUNITY. A public employee who alleges a violation of this chapter may sue the employing state or local governmental entity for the relief provided by this chapter. Sovereign immunity is waived and abolished to the extent of liability for the relief allowed under this chapter for a violation of this chapter.

Sec. 554.004. BURDEN OF PROOF; PRESUMPTION; AFFIRMATIVE DEFENSE. (a) A public employee who sues under this chapter has the burden of proof, except that if the suspension or termination of, or adverse personnel action against, a public employee occurs not later than the 90th day after the date on which the employee reports a violation of law, the suspension, termination, or adverse personnel action is presumed, subject to rebuttal, to be because the employee made the report.

(b) It is an affirmative defense to a suit under this chapter that the employing state or local governmental entity would have taken the action against the employee that forms the basis of the suit based solely on information, observation, or evidence that is not related to the fact that the employee made a report protected under this chapter of a violation of law.

Sec. 554.005. LIMITATION PERIOD. Except as provided by Section 554.006, a public employee who seeks relief under this chapter must sue not later than the 90th day after the date on which the alleged violation of this chapter:

(1) occurred; or

(2) was discovered by the employee through reasonable diligence.

Sec. 554.006. USE OF GRIEVANCE OR APPEAL PROCEDURES. (a) A public employee must initiate action under the grievance or appeal procedures of the employing state or local governmental entity relating to suspension or termination of employment or adverse personnel action before suing under this chapter.

(b) The employee must invoke the applicable grievance or appeal procedures not later than the 90th day after the date on which the alleged violation of this chapter:

(1) occurred; or

(2) was discovered by the employee through reasonable diligence.

(c) Time used by the employee in acting under the grievance or appeal procedures is excluded, except as provided by Subsection (d), from the period established by Section 554.005.

(d) If a final decision is not rendered before the 61st day after the date procedures are initiated under Subsection (a), the employee may elect to:

(1) exhaust the applicable procedures under Subsection (a), in which event the employee must sue not later than the 30th day after the date those procedures are exhausted to obtain relief under this chapter; or

(2) terminate procedures under Subsection (a), in which event the employee must sue within the time remaining under Section 554.005 to obtain relief under this chapter.

Sec. 554.007. WHERE SUIT BROUGHT. (a) A public employee of a state governmental entity may sue under this chapter in a district court of the county in which the cause of action arises or in a district court of Travis County.

(b) A public employee of a local governmental entity may sue under this chapter in a district court of the county in which the cause of action arises or in a district court of any county in the same geographic area that has established with the county in which the cause of action arises a council of governments or other regional commission under Chapter 391, Local Government Code.

Sec. 554.008. CIVIL PENALTY. (a) A supervisor who in violation of this chapter suspends or terminates the employment of a public employee or takes an adverse personnel action against the employee is liable for a civil penalty not to exceed \$15,000.

(b) The attorney general or appropriate prosecuting attorney may sue to collect a civil penalty under this section.

(c) A civil penalty collected under this section shall be deposited in the state treasury.

(d) A civil penalty assessed under this section shall be paid by the supervisor and may not be paid by the employing governmental entity.

(e) The personal liability of a supervisor or other individual under this chapter is limited to the civil penalty that may be assessed under this section.

Sec. 554.009. NOTICE TO EMPLOYEES. (a) A state or local governmental entity shall inform its employees of their rights under this chapter by posting a sign in a prominent location in the workplace.

(b) The attorney general shall prescribe the design and content of the sign required by this section.

Sec. 554.010. AUDIT OF STATE GOVERNMENTAL ENTITY AFTER SUIT. (a) At the conclusion of a suit that is brought under this chapter against a state governmental entity subject to audit under Section 321.013 and in which the entity is required to pay \$10,000 or more under the terms of a settlement agreement or final judgment, the attorney general shall provide to the state auditor's office a brief memorandum describing the facts and disposition of the suit.

(b) Not later than the 90th day after the date on which the state auditor's office receives the memorandum required by Subsection (a), the auditor may audit or investigate the state governmental entity to determine any changes necessary to correct the problems that gave rise to the whistleblower suit and shall recommend such changes to the Legislative Audit Committee, the Legislative Budget Board, and the governing board or chief executive officer of the entity involved. In conducting the audit or investigation, the auditor shall have access to all records pertaining to the suit.

Exhibit “B”  
Reporting Options

- Report online:  
*<https://secure.ethicspoint.com/domain/media/en/gui/65635/index.html>*
- Dial toll-free, within the United States, Guam, Puerto Rico and Canada:  
**1-800-892-2871**