

Red River Groundwater Conservation District Bylaws

Amended and Effective January 18, 2012

SECTION 1. DISTRICT CREATION AND PURPOSE; DEFINITIONS

1.1 Creation and Purpose

The Red River Groundwater Conservation District (the “District”) was created by the 81st Texas Legislature under the authority of Section 59, Article XVI, of the Texas Constitution, and in accordance with Chapter 36 of the Texas Water Code (“Water Code”), by the Act of May 25, 2009, 81st Leg., R.S., ch. 884, 2009 Tex. Gen. Laws 2313, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8859 (“the District Act”).

The District is a governmental agency and a body politic and corporate. The District was created to serve a public use and benefit, and is essential to accomplish the objectives set forth in Section 59, Article XVI, of the Texas Constitution. The District’s boundaries are coextensive with the boundaries of Fannin and Grayson Counties, Texas, and all lands and other property within these boundaries will benefit from the works and projects that will be accomplished by the District.

1.2 Definitions

- (a) “Water services district” means a district created under the authority of Section 59, Article XVI, or Section 52, Article III, Texas Constitution, with the authority to provide retail water service in the District.
- (b) “Water supply corporation” means a water supply corporation operating under Chapter 67, Water Code.

SECTION 2. BOARD OF DIRECTORS

2.1 Composition and Appointment; Terms of Office

- (a) The District is governed by a Board of Directors, which is comprised of seven appointed Directors, three from Fannin County and four from Grayson County. Directors shall serve staggered four-year terms, with the terms of three or four directors from each appointing county expiring on August 31 of each odd-numbered year. In accordance with the District Act, the Directors shall be appointed as follows:

- (1) one Director shall be appointed by the Fannin County Commissioners Court at the discretion of the Commissioners Court;
 - (2) one Director shall be appointed by the Fannin County Commissioners Court from a list of nominees submitted to the Commissioners Court by the governing bodies of the municipalities in Fannin County;
 - (3) one Director shall be appointed by the Fannin County Commissioners Court from a list of nominees submitted to the Commissioners Court by the water services districts and water supply corporations that provide retail water service to customers in Fannin County, subject to the limitation provided by Subsection (b);
 - (4) two Directors shall be appointed by the governing body of the municipality in Grayson County with the largest annual production of groundwater by volume for the four years preceding the appointment;
 - (5) one Director shall be jointly appointed by the governing bodies of the municipalities in Grayson County other than the municipality described by Subsection (a)(4) of this section; and
 - (6) one Director shall be jointly appointed by the governing boards of all water services districts and water supply corporations that provide retail water service to customers in Grayson County, subject to the limitation provided by Subsection (b).
- (b) A water services district or water supply corporation in Grayson and Fannin Counties may not participate in the appointment of a Director unless that district or corporation used groundwater produced from wells located within the district to provide retail water service in the district during the calendar year of the appointment or the calendar year preceding the appointment. The Board or General Manager may require evidence of eligibility to participate. A person or entity submitting a nomination under this subsection certifies under penalty of perjury through the submission of a nomination that it is qualified under this subsection. The General Manager shall provide notice to each entity thought to have used groundwater produced from wells located within the district to provide retail water service in the district during the calendar year of the appointment or the calendar year preceding the appointment, and such notice shall apprise each entity that by submitting a nomination, the entity certifies that it is qualified.
- (c) To be eligible to serve as a Director, a person must be a registered voter in the appointing county and must qualify to serve as a Director in the manner provided by Section 36.055 of the Texas Water Code. A Director may serve multiple consecutive terms.
- (d) Directors must be appointed not later than the second Monday in August of each odd-numbered year. Not later than the 60th day before the second Monday in August of each odd-numbered year, the District shall mail written notice to each entity authorized to make an appointment, along with the applicable appointment form or ballot.

2.1.1 Procedural Overview: Appointment by Form and by Ballot

- (a) The General Manager shall create official appointment forms that shall be provided by mail to each of the appointing bodies designated in Subsections (a)(1) through (4) of Section 2.1. By convention, these appointing bodies shall make their appointments “by form.”
- (b) The General Manager shall create official appointment ballots that will be provided to governing bodies or boards of directors responsible for jointly appointing a Director as an appointing body designated in Subsections (a)(5) and (6) of Section 2.1. By convention, these appointing bodies make their appointments “by ballot.” The official ballot created by the General Manager shall be in the form of a write-in ballot, which shall not identify individual candidates or otherwise constrain the ability of a governing body or board of directors to freely designate any person as their choice for appointed Director.

2.1.2 Appointment by Form

- (a) Not later than 120 days before appointments are due, the General Manager shall by mail deliver a written notice to each entity that is authorized under Section 2.1 (a)(2) or (3) to nominate persons for Director. Such notice shall serve as a reminder to each entity that a list of nominees must be submitted to the commissioners court not later than the 30th day before the second Monday in August of each odd-numbered year (“the appointment deadline”). It shall be the responsibility of the individual entities authorized to nominate persons to compile a list of nominees and submit it to the commissioners court, or to individually submit such nominations. If the commissioners court does not receive a list of nominees by the 30th day before the appointment deadline, the commissioners court may appoint a Director to the position for which the list was not received at the discretion of the commissioners court. The commissioners court shall make its selection for Director in accordance with Subsection (b) of this section.
- (b) Not later than 60 days before appointments are due, the General Manager shall by mail deliver an official appointment form to each appointing body, as designated in Subsection (a) of Section 2.1.1, that is entitled to make an appointment by form in that particular year. Each appointing body shall make its choice for its appointed Director according to its own procedures, and shall submit the name of its chosen appointment by completing the official form provided by the General Manager and returning the official appointment form to the General Manager by the established due date.
- (c) As soon as practicable after appointment forms are due, the General Manager shall certify in writing to the Board that the appointments by form were submitted in accordance with Subsection (b) of this section, and shall make a reasonable effort to verify that the appointed Directors are qualified to serve on the Board. Following certification and verification, the General Manager shall present the

names of the newly appointed Directors to the Board for instatement. The General Manager is responsible for ensuring that the newly appointed Directors follow the requirements for the instatement of new Directors.

2.1.3 Appointment by Ballot

- (a) Not later than 60 days before appointments are due, the General Manager shall by mail deliver official appointment ballots to the following governing bodies or boards of directors entitled to jointly appoint a Director in that particular year, as designated in Subsection (b) of Section 2.1.1:
 - (1) The governing body of each municipality in Grayson County other than the municipality in Grayson County with the largest annual production of groundwater by volume for the four years preceding the appointment. In accordance with its own procedures, each governing body shall complete the official appointment ballot with the name of their desired appointment for Director and return the completed ballot to the General Manager on or before the established due date for appointments.
 - (2) The governing board of each water services district and each water supply corporation that provides retail water service to customers in Grayson County, subject to the limitation in Subsection 2.1 (b). In accordance with its own procedures, each board shall complete the official appointment ballot with the name of their desired appointment for Director and return the completed ballot to the General Manager on or before the established due date for appointments.
- (b) As soon as practicable after appointment ballots are due, the General Manager shall:
 - (1) Determine the individual with the greatest number of ballots in his or her favor submitted according to Subsection (a)(1) of this section. This individual is the appointed Director selected by the appointing body designated in Subsection (a)(5) of Section 2.1.
 - (2) Determine the individual with the greatest number of ballots in his or her favor submitted according to Subsection (a)(2) of this section. This individual is the appointed Director selected by the appointing body designated in Subsection (a)(6) of Section 2.1.
- (c) The General Manager shall certify his or her identification of the Directors appointed according to this section, and that the appointed Directors are qualified to serve on the Board. Following certification and verification, the General Manager shall present the names of these newly appointed Directors to the Board for instatement. The General Manager is responsible for ensuring that the newly appointed Directors follow the requirements for the instatement of new Directors.

- (d) In the event that the ballots for an appointment produce a tie, the General Manager shall resubmit appointment ballots to the appropriate appointing bodies within 10 days of the determination by the General Manager that a tie has occurred. In order to break a tie, however, these appointment ballots shall set forth the candidates tied for the appointment and direct the governing bodies or boards of directors comprising the appointing body to select only from the listed candidates. The tie-breaking appointment ballots must be received by the General Manager by 5 p.m. on the 30th day after the date such ballots were mailed to the appointing bodies by the General Manager.

2.1.4 Miscellaneous Appointment Provisions

- (a) All appointment forms or ballots due to the General Manager must be received by 5 p.m. on the date those appointment forms or ballots are due; appointment forms or ballots received after this time are invalid. All appointment forms or ballots timely received by the General Manager in accordance with the procedures set forth in this section cannot be retracted, altered, or otherwise amended after 5 p.m. of the date those appointment forms or ballots are due.
- (b) A Director appointed in accordance with the procedures set forth in this section may only be removed in accordance with the laws of the State. The body responsible for a Director's appointment has no power to remove that Director during his or her term, except as provided under the laws of this State related to the removal of public officers generally. This does not affect the power of the appointing body to fill a vacancy in accordance with these Bylaws.
- (c) If any appointee does not fulfill the qualifications for a Director, then the vacancy procedures set forth in Section 2.2 of these Bylaws shall be followed to select another appointee. The vacancy procedures set forth in the District's Bylaws shall likewise be followed in the event that an appointing body fails or refuses to follow the procedures set forth in this section. Vacancy procedures will not be followed and the General Manager shall not refuse to certify an appointment by ballot, however, simply because any governing body or board entitled to jointly appoint a Director under Subsection (a) of Section 2.1.3 of these Bylaws fails or refuses to follow the procedures set forth herein; the appointment ballot of such a governing body or board is invalid.
- (d) Only appointments designated on completed, official forms or ballots provided by the General Manager will be honored.
- (e) The General Manager shall preserve ballots and related documents for not less than four years after the date of appointment. Thereafter, the General Manager may destroy such ballots and related documents in accordance with the District's adopted records retention schedule. Upon written request to the Board President by any Director of the Board of Directors as comprised prior to appointments or upon the Board President's own initiative, the Board as comprised prior to

appointments shall review the appointments submitted and the certification of the General Manager at the next available Board meeting and may ratify or overrule such certification. A request under this subsection must occur prior to the instatement of newly appointed Directors pursuant to the General Manager's certification.

2.2 Director Vacancies; Notification

Should a vacancy occur on the Board for any reason, the entity(ies) that appointed the Director who vacated the office shall appoint a person to fill the vacancy for the unexpired term in a manner that meets the representational requirements of the District Act and these Bylaws. Within thirty (30) days after any appointment of a Director, the District shall notify the Executive Director of the Texas Commission on Environmental Quality in accordance with Section 35.054(e), Water Code. A Director shall serve until the Director's successor has been qualified.

2.3 Sworn Statement; Bond; Oath of Office

As soon as practicable after a Director is appointed, the Director shall make the sworn statement prescribed by the Texas Constitution, take the oath of office, and execute a bond, as required by Section 36.055, Water Code. The District shall file the sworn statement, oath, and bond as prescribed in Section 36.055(d).

2.4 Officers

Each odd-numbered year at its regular August meeting, or at its next regular meeting if there is no August meeting, the Board shall meet and elect three Directors to serve as officers, whose titles shall be President, Vice-President, and Secretary/Treasurer. Officers shall be elected for terms of one year. Officers may serve multiple consecutive terms.

The President shall serve as the Board Chair, preside at all Board meetings, execute all documents on behalf of the District, and perform other duties prescribed by the Board.

The Vice-President shall act as the President in case of the absence or disability of the President, and perform other duties prescribed by the Board.

The Secretary/Treasurer shall be responsible for seeing that all records and books of the District are properly kept, according to the requirements of Sections 36.054(c) and 36.065, Water Code, shall attest the President's signature on all documents, and shall perform other duties prescribed by the Board.

The Board may appoint other Directors, the General Manager, or any employee as an Assistant Secretary to assist the Secretary/Treasurer, and any such person shall be entitled to certify as to the authenticity of any record of the District, including but not limited to all proceedings relating to bonds, contracts, or indebtedness of the District.

The Board shall fill vacant officer positions as needed to serve the remainder of the unexpired term of such vacant officer. A vacancy in the position of President/Board Chair must be filled by a Director from the same county. If the Board selects a Director who holds another office at the time of the vacancy to fill the unexpired term, the Board shall select another Director to serve the remainder of the unexpired term of such second officer.

2.5 Indemnification of Directors and Employees

The District may purchase and maintain insurance or bonding on behalf of any person who is a Director or employee of the District in any capacity or arising out of his status as such.

Each Director and employee is indemnified by the District against any liability imposed upon him and for any expense reasonably incurred by him in connection with any claim made against him, or any action, suit or proceeding to which he may be a party by reason of his being, or having been, a Director or employee, and against such sums as counsel selected by the Board shall deem reasonable payment made in settlement of any such claim, action, suit, or proceeding; provided, however, that no Director or employee shall be indemnified with respect to actual damages arising out of a cause of action for a willful act or omission, an act or omission constituting gross negligence or official misconduct, or with respect to matters for which such indemnification would be unlawful or against public policy. Any right of indemnification granted by this section is in addition to and not in lieu of any other such right for which any Director or employee of the District may at any time be entitled under the laws of the State of Texas; and if any indemnification that would otherwise be granted by this section is disallowed by any competent court or administrative body as illegal or against public policy, then any Director or employee with respect to whom such adjudication was made, and any other Director or employee, shall be indemnified to the fullest extent permitted by law or public policy, it being the express intent of the District to indemnify its Directors and employees to the fullest extent possible in conformity with these Bylaws, all applicable laws and public policy. The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of each Director and employee of the District.

2.6 Conflicts of Interest

A person who qualifies as a Director may participate in all votes relating to the business of the District, regardless of any common law doctrine or statutory prohibition related to conflicts of interest or incompatibility. Section 36.058, Texas Water Code, relating to conflicts of interest, does not apply to this District.

2.7 Open Meetings and Public Information Training

Directors shall comply with the requirements for open meetings and public information training as provided by Sections 551.005 and 552.012, Government Code.

2.8 Fees of Office and Reimbursement of Expenses

Directors may not receive fees of office or other compensation for performing the duties of Director. However, subject to prior approval of the Board or upon request of the President or General Manager, a Director is entitled to reimbursement of actual expenses reasonably and necessarily incurred while engaging in activities on behalf of the District. A position on the board shall not be considered a civil office of emolument for any purpose.

2.9 Decennial Review of District Representation

Not later than January 1, 2019, and every 10 years following that date, the Board shall complete a review of the adequacy of representation of water users on the Board based on groundwater production and use within the District. Not later than the 20th day following the date the review is complete, the Board shall submit the review and any recommendation the Board may have relating to the reapportionment of Directors or the representational structure of the Board to each member of the house of representatives and each member of the senate whose state legislative district includes territory in the district.

SECTION 3. BOARD MEETINGS

3.1 Regular and Special Meetings of the Board

The Board shall schedule regular meetings at least quarterly as the Board may establish from time to time. At the request of the President or presiding officer, or by written request of at least three Directors, the Board shall hold special meetings. All Board meetings shall be held in accordance with the Open Meetings Act, Chapter 551, Texas Government Code. The Board President shall prepare and accept items for inclusion on the official agenda of all Board meetings subject to policies and rules adopted by the Board.

The Board may provide members of the public an opportunity to speak and may place reasonable limitations on such public comment, including time limitations, prohibiting unduly repetitious comments or improper conduct, and requiring persons wishing to provide comment to complete an information card. A registration form may be provided for this purpose. At the discretion of the President or presiding officer, the Board may seek public comment or ask questions of any person in attendance. Public comment at permit application hearings and rulemaking hearings shall be as provided in the District Rules.

To the extent necessary for orderly conduct of meetings at the discretion of the President, the guidelines of "Roberts Rules of Order Newly Revised," New Edition, by Henry M. Robert III, 10th Edition, 2000, or as amended, or other guidelines as preferred may be followed, insofar as such procedures do not conflict with the District Rules, orders or resolutions of the District, or state law.

3.2 Work Sessions

From time to time, a regular or special Board meeting, or portion thereof, may be designated as a Work Session for the Board and its employees to discuss and evaluate issues that may require lengthy presentations not generally possible during a regular Board meeting. Work Sessions are primarily for the benefit of the Board and employees, although they will be open to the public. During work sessions of the Board, no public comment will be heard, unless specifically requested by a Director and recognized by the President.

3.3 Quorum

- (a) A quorum of the Board must be present to conduct District business. A quorum exists when four or more Directors are present. Unless otherwise expressly provided herein, a concurrence of a majority of the entire Board is required for transacting any business of the District. When the quorum is four Directors, all four Directors must vote in agreement for a motion to prevail.
- (b) A concurrence of not fewer than six Directors is required for transacting the following District business:
 - (1) establishing or amending a groundwater production fee assessed by the District based on the amount of groundwater authorized by permit to be withdrawn from a well or on the amount of water actually withdrawn from a well;
 - (2) adopting the annual budget of the District; and
 - (3) granting or denying a permit or permit amendment for a well that is intended to produce water within the District which will be transported in any amount for use outside the boundaries of the District, except as provided by Subsection (c) of this section.
- (c) A concurrence of a majority of the Board is sufficient to grant or deny a permit or permit amendment submitted by a retail public utility that provides retail water service in the district and intends to:
 - (1) produce water from a well located within the District and inside the boundaries or a certificated service area of a retail public utility; and
 - (2) transport the water outside the District, so long as the water is used within the same certificated service area or boundary of the retail public utility.

SECTION 4. COMMITTEES

4.1 Committees

The President may establish and appoint Directors and/or other persons for advisory committees for formulation of recommendations to the Board or for such other purposes as the President may designate. The President shall establish an audit or finance committee comprised only of Directors. The President shall select a person to serve as Chair of each committee. Each member of a committee shall have a single vote on any issue before the committee. Written proxy votes shall not be allowed. A meeting of a committee where less than a quorum of the Board is present is not subject to the provisions of the Open Meetings Act.

Committee members serve at the pleasure of the President. Committee membership is voluntary and without compensation or reimbursement, except for reimbursement of expenses of Directors as set forth under Section 2.8.

SECTION 5. EMPLOYEES

5.1 General Manager and Employees

The Board may employ or contract with a person to perform such services as General Manager for the District and set the General Manager's salary. A Director may not be employed as General Manager of the District. At least annually, the Board shall review the actions and performance of the General Manager to determine how the General Manager has fulfilled his responsibilities and whether additional responsibilities should be delegated to him.

5.2 Delegation of Authority

The General Manager shall be the chief administrative officer of the District and shall have full authority to manage and operate the affairs of the District, subject only to the direction given by the Board through policies, resolutions, and orders adopted by it. The General Manager, with the approval of the Board, may employ all persons necessary for the proper handling of the business and operations of the District and determine the compensation to be paid all employees other than the General Manager, subject to the constraints of the annual budget approved by the Board. The General Manager may delegate his administrative duties as may be necessary to effectively and expeditiously accomplish his duties, provided however, that no such delegation shall ever relieve him of responsibilities which are ultimately his under the District Act, District Rules, District Bylaws, or Board orders. In the absence of a General Manager, the President shall exercise all of the duties delegated to the General Manager.

SECTION 6. DISTRICT ADMINISTRATION

6.1 District Address:

The District's mailing and physical address is 5100 Airport Drive, Denison, Texas 75020. Such addresses may be changed by resolution of the Board.

6.2 Minutes and Records of the District

All documents, reports, records, taped recordings, and minutes of the District shall be available for public inspection in accordance with the Texas Public Information Act, Chapter 552, Texas Government Code. The preservation, storage, destruction, or other disposition of the District's records is subject to Chapter 201, Texas Government Code.

6.3 Office Hours

After an office has been established, the regular office hours of the District shall be determined by the Board. From time to time, circumstances may require the General Manager to modify these hours on a temporary basis. Operating hours, both regular and temporary, shall be posted on or near the front door to the District office. Permanent changes in the District's regular office hours may be approved by the Board from time to time as needed or as may be appropriate.

6.4 Official Seal

The Board, by resolution, may adopt an official seal for the District to be used on official documents of the District.

SECTION 7. FINANCIAL

7.1 Contracts, Instruments, and Documents:

The Board may authorize the President or the General Manager to enter into any contract or to execute and deliver any instrument or document in the name of and on behalf of the District. All contracts shall be executed by either the President or the General Manager, attested by the Board Secretary/Treasurer, and, if deemed necessary by the Board or General Manager, approved by the District's legal counsel.

7.2 Loans

No loans shall be contracted on behalf of the District and no evidence of indebtedness shall be issued in its name unless authorized by the Board, executed by the President, and attested to by the Board Secretary/Treasurer.

7.3 Expenditures

The District's money may be disbursed only by check, draft, order, or other instrument, which shall be signed by at least two Directors unless the Board has authorized by resolution certain employees, or a combination of employees and Directors, to so sign.

7.4 Depositories

The Board shall name one or more banks to serve as depository for district funds and shall deposit such funds in accordance with Section 36.155, Water Code.

7.5 Investments

Funds of the District may be invested and reinvested in accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Government Code, and in accordance with the investment policy of the District.

7.6 Annual Audit

The Board at the end of each fiscal year shall have prepared an audit of its affairs by an independent certified public accountant, which shall have no personal interest directly or indirectly in the fiscal affairs of the District and shall be experienced and qualified in the accounting and auditing of public bodies. This audit shall be open to public inspection. The audit shall be performed in accordance with generally accepted auditing standards and shall satisfy all requirements imposed by Chapter 36, Texas Water Code. The District's auditors may undertake consulting services for the District in addition to their duties in connection with the annual audit.

7.7 Budget

Prior to the commencement of each fiscal year, the Board shall adopt an annual budget in accordance with Section 36.154, Water Code.

7.8 Taxes Prohibited; Assessment of Fees; Use of Revenue

The District may not impose a tax. The Board shall annually set groundwater production fees and other fees in accordance with the District Act and the Water Code. The District may use revenues generated from fees for any lawful purpose.

7.9 Fiscal Year

The District's fiscal year shall begin on the first day of January.

7.10 Purchasing

The Board shall have the right to purchase all materials, supplies, equipment, vehicles, and machinery needed by the District to perform its purposes. Expenditures to acquire goods or services valued at greater than five hundred dollars (\$500.00) require approval by the Board in advance. If the General Manager determines that an emergency acquisition must be made which requires an expenditure greater than five hundred dollars (\$500.00), he shall obtain verbal approval from the President. The transaction shall be presented to the Board for approval and validation at its next meeting. Expenditures of less than five hundred dollars (\$500.00) may be made by the President or General Manager without prior Board approval if the expenditure falls within the existing budget.

No expenditures shall be made that are not authorized by the budget. This requirement shall not, however, prevent the Board from amending the budget at the same time that it authorizes an expenditure, provided that funds are available from other budget categories or that reserve funds are available.

All purchases from \$500 to \$5000 shall require at least three verbal estimates, and all purchases between \$5,000 and \$50,000 shall require at least three written bids/quotes if the purchase is not from a sole-source vendor. Construction contracts and contracts for the acquisition of materials and machinery requiring the expenditure of \$50,000 or more must be purchased under formal competitive sealed bidding rules or other competitive procurement method as provided by law.

7.11 Bond Requirement

The Board shall require a Director, employee, or consultant who collects, pays, or handles any funds of the district to furnish good and sufficient bond as provided under Section 36.057(d), Water Code.

SECTION 8.0. BYLAWS

The Board may amend or repeal in whole or in part these Bylaws by a majority vote of the entire Board.