

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT BYLAWS

Adopted As Amended and Effective December 18, 2017

SECTION 1. DISTRICT CREATION AND PURPOSE

1.1 Creation and Purpose

The Prairielands 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 31, 2009, 81st Leg., R.S., ch. 1208, 2009 Tex. Gen. Laws 3859, codified at TEX. SPEC. DIST. Loc. LAWS CODE ANN. ch. 8855 ("the District Act").

The District is a political subdivision of the State of Texas 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 Ellis, Hill, Johnson, and Somervell 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.

The mission statement for the District, as previously adopted by its Board of Directors, is as follows:

The Mission of the Prairielands Groundwater Conservation District is to develop rules to provide protection to existing wells, prevent waste, promote conservation, provide a framework that will allow availability and accessibility of groundwater for future generations, protect the quality of the groundwater in the recharge zone of the aquifer, ensure that the residents of Ellis, Hill, Johnson, and Somervell Counties maintain local control over their groundwater, respect and protect the property rights of landowners in groundwater, and operate the District in a fair and equitable manner for all residents of the District.

SECTION 2. BOARD OF DIRECTORS

2.1 Composition and Appointment

The District is governed by a Board of Directors, which is comprised of eight appointed Directors, two from each of the four counties comprising the District. Director appointments shall be made by the commissioners courts of each of the four counties in the manner set forth in the District Act. To be eligible to serve as a Director, a person must be a registered voter in the appointing county. A Director may serve multiple consecutive terms.

2.2 Terms of Office; Director Vacancies; Notification

Initial permanent Directors shall serve terms as specifically provided in the District Act. Permanent Directors shall serve staggered four-year terms, with the term of one director from each of the four counties expiring on August 31 of each odd-numbered year. Should a vacancy occur on the Board for any reason, the County Commissioners of the county with the vacancy shall appoint a replacement from that county. 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 36.054(e), Water Code. A Director shall serve until the Director's successor has 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 September meeting, the Board shall meet and elect four Directors to serve as officers, whose titles shall be President, Vice-President, Second Vice-President and Secretary/Treasurer. Officers shall be elected for terms of two years. Officers may serve multiple consecutive terms.

The President shall preside at all Board meetings, except in the case of a necessary absence or a disability, in which case the Vice-President shall act as the President, and perform other duties prescribed by the Board. The Second Vice-President shall act as the President in case of the absence or disability of the Vice 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.

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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. 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

Directors shall, pursuant to the provisions of Chapters 171 and 176, Local Government Code, and the current District Code of Ethics, disclose any conflict of interest with matters pending before the Board, execute and file the appropriate disclosure affidavits and statements, and refrain from attendance at any closed executive session and participation in any discussion or decision relating to such matters.

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, a director is entitled to reimbursement of actual expenses reasonably and necessarily incurred while engaging in activities on behalf of the District.

SECTION 3. BOARD MEETINGS

3.1 Regular and Special Meetings of the Board

The Board shall annually schedule and hold regular monthly Board Meetings, or on dates as the Board may otherwise establish from time to time. At the request of the President, presiding officer, General Manager, 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 President shall be responsible for establishing the agenda items for each Board meeting. The General Manager shall be responsible for preparing the notice and agenda for each Board meeting, and shall coordinate with the President as needed regarding preparation of the notice and agenda and its posting and/or publication. Any Director or the General Manager may request that the President include an item on an upcoming meeting agenda for consideration by the Board, which the President may include at his discretion, except as provided below.

Each regular Board meeting agenda shall include an agenda item for “New Business,” at which a Director or the General Manager may request the inclusion of an agenda item to be considered at a future regular or special Board meeting or hearing, as applicable under the law and rules of the District. In the event that a Director makes a motion for the inclusion of such an agenda item and the motion prevails by a majority of the Board, or by written request of at least three Directors, the President and General Manager shall include the agenda item in a manner consistent with the prevailing motion or the written request.

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.

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. During work sessions of the Board, no public comment will be heard, unless specifically requested by a Director and recognized by the President. Public comment may be made at the time the item is set for discussion at a regular or special Board Meeting.

3.3 Quorum

A quorum of the Board must be present to conduct District business. A quorum exists when five or more Directors are present. A concurrence of a majority of the entire Board is required for transacting any business of the District. When the quorum is five Directors, all five Directors must vote in agreement for a motion to prevail.

SECTION 4. COMMITTEES

4.1 Committees

The President with the approval of the Board may establish and appoint Directors for advisory committees for formulation of recommendations to the Board or 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 determine the compensation to be paid to the General Manager and review the actions and performance of the General Manager to determine how the General Manager has fulfilled his responsibilities.

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 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 physical address is 205 South Caddo Street, Cleburne, Texas, 76031. The District's physical and mailing addresses may be changed by action 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

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 of 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

a. 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, subject to compliance with this section. All contracts shall be executed by the President or General Manager and attested by the Board Secretary/Treasurer, and if deemed necessary, by the Board or General Manager, approved by the District's legal counsel.

b. The District may not enter into a contract with a business entity unless the District has received a Certificate of Interested Parties, Texas Ethics Commission Form 1295, from the business entity at the time the signed contract is submitted to the District. Not later than the 30th day after the date the District receives the Certificate of Interested Parties, the District shall submit a copy of the certificate to the Texas Ethics Commission. This subsection only applies to a contract that requires an action or vote by the Board before the contract may be signed. A contract does not require an action or vote by the Board if: (1) the Board, pursuant to Subsection a, has delegated to the General Manager the authority to execute the contract and (2) the Board does not participate in the selection of the business entity with which the contract is entered into.

c. The District may not enter into a contract with a company for goods or services unless the contract contains written verification from the company that it does not boycott Israel and will not boycott Israel during the term of the contract.

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 and Purchasing

The District's money may be disbursed only by check, draft, order, or other instrument, which shall be signed in accordance with this section. An expenditure in an amount of five-thousand dollars (\$5000.00) or less or an expenditure for payroll to District employees in any amount may be signed solely by the General Manager if the expenditure is within the current budget, or has been expressly pre-approved by the Board. A disbursement in any amount may, and a disbursement in an amount greater than five-thousand dollars (\$5000.00) shall, with the exception of payroll checks, be signed by at least two of the following: the General Manager, Board President, or the Board Secretary/Treasurer.

Expenditures of District funds to acquire goods or services valued at greater than five-thousand dollars (\$5000.00) require approval by the Board in advance. Recurring expenses valued at greater than five-thousand dollars (\$5000.00) incurred pursuant to a contract, expense, or other purchase previously approved by the Board do not require additional Board approval if they are consistent with the terms of the previous Board approval. If the General Manager determines that an emergency acquisition must be made prior to the next regular meeting of the Board that is greater than five-thousand dollars (\$5000.00) and that is not otherwise authorized to be made under these Bylaws without prior Board approval, he shall obtain verbal approval from the President. The transaction

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shall be presented to the Board for approval and validation at its next meeting. Expenditures of five-thousand dollars (\$5000.00) or less may be made by the 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 the funds are available from other budget categories or that reserve funds are available.

Contracts for the acquisition of materials and machinery requiring the expenditure of fifty-thousand dollars (\$50,000.00) or more may be competitively bid, or as provided by law. Construction contracts for public works projects shall be executed and bid as required by state law.

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, who 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.

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7.9 Fiscal Year

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

7.10 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. AMENDMENT OR REPEAL OF BYLAWS

The Board may amend or repeal in whole or in part these Bylaws.