

**VICTORIA COUNTY GROUNDWATER
CONSERVATION DISTRICT**

BYLAWS

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SECTION 1. DISTRICT CREATION, PURPOSE & POWERS

1.1 District Creation and Purpose

- (a) The Victoria County Groundwater Conservation District (the “District”) was created under the authority of Section 59, Article XVI, of the Texas Constitution and in accordance with Chapter 36 of the Texas Water Code by the 79th Texas Legislature with the Act HB 3423 (“the District Act”), as 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 Victoria County, and all land and other property within these boundaries will benefit from the works and projects that will be accomplished by the District.

1.2 Powers of the District

- (a) Except as otherwise specified by the District Act, the District has all of the rights, powers, privileges, authority, functions, and duties provided by the general laws of this state, including Chapter 36 of the Texas Water Code, applicable to groundwater conservation districts created under Section 59, Article XVI, of the Texas Constitution.

SECTION 2. THE BOARD OF DIRECTORS

2.1 Purpose of the Board of Directors of the District

- (a) The Board of Directors of the District was created to shape policy and regulate the withdrawal of groundwater within the District in order to provide for the conservation, preservation, protection, recharging, and prevention of waste of District groundwater, as well as to exercise its rights, powers, and duties in a manner that will effectively and expeditiously accomplish the purposes of the Act creating the District, Chapter 36 of the Texas Water Code, and Section 59, Article XVI, of the Texas Constitution. The responsibilities of the Board of Directors of the District include, but are not limited to, the adoption and enforcement of reasonable rules, policies, permits, orders, and a management plan.

2.2 Terms of Office

- (a) The business, powers and duties, rights and privileges, functions and property of the District shall be conducted, controlled, and managed to the extent authorized by law and these by-laws by a board of five (5) directors, four of whom have been elected from their Victoria County Commissioners’ Precincts and one director elected by the County at large. Directors will be elected for a four year term. Directors shall continue to serve until their successor is elected, qualified, and properly sworn in. Directors are eligible to run for re-election. Should a vacancy occur on the Board of Directors of the District for any reason, the Board may appoint a replacement. Section 36.051(c), Texas Water Code, shall control the need for and method of an election to fill a vacancy. Within thirty (30) days after any

election or appointment of a Director, the District shall notify the Executive Director of the Texas Commission on Environmental Quality.

2.3 Guidelines for Directors

- (a) As soon as practicable after a director is elected or appointed, the director shall be sworn in, take the oath of office, and execute a bond, as required by Texas Water Code, Section 36.055. The District shall file the sworn statement, oath, and bond as prescribed in Section 36.055(d).
- (b) A director is entitled to compensation for service on the Board of Directors of the District and may be reimbursed for actual expenses incurred in carrying out the duties of a director of the District.
- (c) Upon a director relinquishing their office, the director shall return all keys, and other - items supplied by the District.

2.4 Officers' Responsibilities

- (a) After each election of directors, the Board of Directors of the District shall meet and elect three officers whose titles shall be president, vice president, secretary, and any other officers or assistant officers as the board may deem necessary. Officers shall also be elected at such time as is necessary to fill a vacancy. The president shall preside at all meetings of the Board of Directors of the District, execute all documents on behalf of the District, and perform other duties prescribed by the Board of Directors of the District. The vice president shall act as the presiding officer in case of the absence or disability of the president, and perform other duties prescribed by the Board of Directors of the District. The Secretary shall be responsible for preparing, organizing, and maintaining the meeting minutes of the Board of Directors of the District and the records according to the requirements of Texas Water Code Section 36.065. The secretary shall attest the signature of the directors on all documents and shall perform other duties prescribed by the Board of Directors of the District.

2.5 Indemnification of Directors and Employees

- (a) 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 of Directors of the District 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 of 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 of 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 and 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 District may purchase and maintain insurance 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. The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of the directors and employees of the District.

SECTION 3. BOARD MEETINGS

3.1 Quorum

- (a) Except where otherwise provided by law, or by these bylaws, a quorum of the Board of Directors of the District consists of a majority of the number of authorized positions on the Board of Directors. All actions of the Board of Directors of the District shall require three (3) affirmative votes.

3.2 Regular Scheduled Meetings

- (a) The Board of Directors shall plan to meet at least once each quarter, at the discretion of the Board of Directors of the District, in the principal office of the District or where notified according to the Texas Open Meetings Act, Chapter 551, Government Code, at a time to be set by the Board of Directors of the District.

3.3 Work Sessions

- (a) From time to time as may be necessary, the Board may hold work sessions to discuss and evaluate issues in such detail as to require open and free discussion not normally possible in regular scheduled meetings. During work sessions of the Board of Directors of the District, no public comment will be heard, unless specifically requested by a director and recognized by the presiding officer of the meeting. Public comment may be made at the time the item(s) is up for discussion at a regular scheduled meeting of the Board of Directors of the District.

3.4 Special Meetings

- (a) Special meetings of the Board of Directors of the District shall be held upon the call of the President of the Board of Directors of the District or upon the written request of at least two (2) directors of the District. Such written request shall be signed by members making the request, shall state the purpose of the requested meeting, the time and place where the requested meeting is to be held, and shall be addressed and delivered to the Secretary of the Board of Directors of the District.
- (b) Public notice of special meetings of the Board of Directors of the District must be given and made in compliance with the Open Meetings Act, Chapter 551, Government Code. Written notice of all special meetings shall be given to all members of the Board of Directors of the District at least two (2) working days prior to the date of such meeting, provided, however, that such written notice of any meeting may be waived by the Board of Directors of the District by unanimous consent.

3.5 Public Hearings

- (a) From time to time as may be necessary, a meeting of the Board of Directors of the District may serve as a public hearing to address specific matters such as the annual budget, tax rates, fee schedules, rule changes, permitting requests, and other matters where a public hearing is legally required.
- (b) All actions on the Rules of the District shall be taken following a rulemaking hearing. In addition to the notice required under the Open Meetings Act notice for a meeting of the Board of Directors of the District, the District shall publish the notice of a rulemaking hearing on Rules of the District in at least one newspaper of general circulation in Jurisdiction of the District.
- (c) The Board shall provide members of the public an opportunity to speak at all public hearings. The Board may set reasonable limits on the number, frequency, and length of presentations before it, but shall not unfairly discriminate among speakers for or against a particular point of view.

3.6 Public Comment

- (a) During meetings of the Board of Directors of the District, other than a work session, public comment may be heard by the Board of Directors of the District. Public comment during a meeting of the Board of Directors of the District will be of two types:
 - 1. Public comments of a general nature may be made under the public comment item on the agenda; or
 - 2. Specific comments on any posted agenda item may be made following recognition of the speaker by the presiding officer of the meeting. Such comments may be made after the presentation of the item, or during the discussion of the item by the Board of Directors of the District, if the speaker is called upon.
- (b) Public comments of either type will be accepted by the presiding officer of the meeting only after the person wishing to speak has completed an information card, which is available at the meeting. The card must contain the speaker's name, address, and the number of the agenda item that will be addressed, if applicable. A speaker may speak for three (3) minutes or less. Speakers shall address only the item for which they signed up, unless their general comment is heard during the public comment period. No speaker will be allowed to pass his time to someone else, nor will be permitted to repeat comments made by another, except to concur with those remarks.

3.7 Public Committee Memberships

- (a) The President of the Board of Directors of the District may establish committees for formulation of policy recommendations to the Board of Directors of the District. The Board of Directors of the District shall appoint the chair and membership of the committees.
- (b) Members of committees established by the Board of Directors of the District shall be appointed from residents of the District as much as is feasible. Membership may include individuals residing outside the District when it would be in the best interest of the committee's work efforts and the District. Membership is voluntary and without compensation.

1. Members of committees will be selected from persons recommended to the Board by directors, public officials, and citizens.
 2. All members appointed to a committee by the Board of Directors of the District shall have a single vote on any issue before the committee.
 3. Written proxy votes may be accepted when the vote is cast by an informed and active committee member as determined by the committee chair.
- (c) Committee size will be limited to a number that may reasonably address an issue and will be determined by the Board of Directors of the District. Subcommittees appointed by the committee chair may be formed to create a work product for Board of Directors of the District or full committee review and input.
- (d) Members of committees who miss three or more consecutive committee meetings may, at the request of the committee chair, be replaced by the Board of Directors of the District.

SECTION 4. ADMINISTRATION

4.1 General Manager

- (a) The Board of Directors of the District may employ or contract with a person to perform the services of general manager for the District as specified by the Board of Directors of the District. The general manager shall have full authority to manage and operate the affairs of the District, subject only to orders of the Board of Directors of the District.
- (b) The Board of Directors of the District may delegate to the general manager the authority to employ all persons necessary for the proper handling of the business and operations of the District and to determine the compensation to be paid all employees other than the general manager.
- (c) A Director may be employed as general manager of the District. The compensation of the general manager who also serves as a director shall be established by the other directors of the Board of Directors of the District.
- (d) The person employed by the Board of Directors of the District as 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 of Directors of the District through policies and resolutions it adopts. At least annually, the Board of Directors of the District 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 and whether additional responsibilities should be delegated to him.
- (e) In the absence of a general manager, the president shall exercise all of the duties delegated to the general manager under the policies and Rules of the District.

4.2 Delegation of Authority

- (a) The general manager may delegate his/her administrative duties as may be necessary to effectively and expeditiously accomplish his/her duties, provided, however, that no such delegation shall ever relieve him/her of responsibilities which are ultimately his/her under the Act, Rules of the District, policies, and bylaws, or orders of the Board of Directors of the District.

4.3 Expenses

- (a) Directors and employees shall be entitled to reimbursement for actual and necessary expenses incurred in performing business of the District.
- (b) Original receipt or proper documentation of actual and necessary expenses must be submitted in order to be reimbursed.
- (c) Transportation costs for directors on days when there are scheduled meetings for the Board of Directors of the District shall not be reimbursed. These transportation costs are included in any payment for attending meetings. Any director who declines per diem compensation for his/her duties as a director may receive transportation expenses for attending meetings.
- (d) Mileage costs will be reimbursed at the current mileage rate established by the Internal Revenue Service.
- (e) Mileage traveled in private vehicles on behalf of District are actual and necessary expenses.
- (f) Travel costs incurred to attend to the business of the District (taxi, bus, air, car, rental, gasoline, parking, tolls, etc.) are actual and necessary expenses.
- (g) Costs for lodging and meals on out-of-town trips for business of the District are actual and necessary expenses.
- (h) The general manager has the privilege and discretion to attend or approve staff attendance at conventions and seminars and incur reasonable expenses within budget constraints in connection with such attendance, where matters pertinent to business of the district are to be discussed or where there is to be an exchange in regards to information, education, or legislation pertinent to business of the District.
- (i) The General Manager shall seek approval of the Board of Directors of the District to attend out-of-state conventions and seminars of interest and value to the District.
- (j) The general manager is entrusted with the privilege and discretion of purchasing food and non-alcoholic beverages within budget constraints.
- (k) The Board of Directors of the District may provide a per diem allowance to Directors or staff to cover food and/or beverage expenses incurred while on business of the District.

SECTION 5. MANAGEMENT OF DISTRICT

5.1 Management of District

- (a) The Board of Directors of the District shall be responsible for the management of all the affairs of the District. The District shall employ or contract with all persons, firms, partnerships, corporations, or other entities, public or private, deemed necessary by the Board of Directors of the District for the conduct of the affairs of the District, including, but not limited to, engineers, attorneys, financial advisors, operators, bookkeepers, tax assessors and collectors, auditors, and administrative staff.
- (b) The Board of Directors of the District shall set the compensation and terms for consultants.
- (c) In selecting attorneys, engineers, auditors, financial advisors, or other professional consultants, the District shall follow the procedures provided in the Professional Services Procurement Act, Subchapter A, Chapter 2254, Texas Government Code.

- (d) The Board of Directors of the District shall require any officer, employee, or consultant who collects, pays, or handles any funds of the District to furnish good and sufficient bond, payable to the District, in an amount determined by the Board of Directors of the District to be sufficient to safeguard the District. The bond shall be conditioned on the faithful performance of that person's duties and on accounting for all funds and property of the District. Such bond shall be signed or endorsed by a surety company authorized to do business in the State of Texas.
- (e) The Board of Directors of the District may pay a premium on surety bonds required of officials, employees, or consultants of the District out of any available funds of the District, including proceeds from the sale of bonds.
- (f) The Board of Directors of the District may adopt bylaws to govern the affairs of the District to perform its purposes and amend them from time to time.
- (g) The Board of Directors of the District may, by resolution or motion, authorize the general manager or other employee to execute documents on behalf of the District.
- (h) The Board of Directors of the District shall also have the right to purchase all materials, supplies, equipment, vehicles, and machinery needed by the District to conduct its affairs.
- (i) The Board of Directors of the District shall utilize appropriate procurement tools and procedures, such as Requests for Proposals (RFPs) and Request for Qualifications (RFQs) to obtain professional services to ensure best use of district resources. Requests for professional services shall be published as practical given budget considerations and time constraints.
- (j) The Board of Directors of the District shall consider all responsive proposals to requests for professional services and base their selection of the preferred respondent based on a formal evaluation of all responsive proposals to ensure best use of district resources.
- (k) The Board of Directors of the District shall be responsible for monitoring the performance of all consultants providing professional services to the District while services are being provided to the District. The Board shall consider the performance of all consultants at the end of an agreement including an evaluation of any products delivered to the District as part of the agreement to ensure best use of district resources. The Board may assign any monitoring and evaluation tasks to the general manager or any such person it deems necessary and appropriate.
- (l) The Board of Directors of the District shall annually adopt a budget for the use in planning and controlling revenue and expenditures of the District. The budget shall contain a complete financial statement including statements regarding outstanding obligations, cash on hand by fund, revenue from previous year, revenue from the ensuing year, end of year fund balances, revenue and balance estimates for the proposed budget, and an estimate of tax rate and fees necessary for the budget. The adopted budget may be amended by the Board of Directors of the District at any time during the fiscal year.
- (m) The Board may establish an Audit and Finance Committee comprised of at least two directors and any such persons the Board may deem necessary to conduct an annual review of District financial information and to review the annual financial audit. The committee shall make recommendations to the Board regarding its financial review and financial audit.

- (n) The Board of Directors of the District shall seek and obtain the services of a certified public accountant (CPA) to conduct an audit of the District financial records, financial accounts, investments, and associated practices and procedures to ensure the proper use and management of financial resources of the District. The resulting audit report shall be conducted in conformity with uniform report requirements that use “Audit of State and Local Governmental Units” and “Governmental Accounting and Financial Reporting Standards.” The audit report shall be submitted to the Board of Directors of the District during the subsequent fiscal year for which the audit was conducted.

SECTION 6. CODE OF ETHICS

6.1 Standards of Conduct

- (a) No director or employee shall accept or solicit any gift, favor, or service that might reasonably tend to influence him in the discharge of his/her official duties or that he/she knows or should know is being offered him with the intent to influence his official conduct.
- (b) No director or employee shall accept employment or engage in any business or professional activity that he might reasonably expect would require or induce him/her to disclose confidential information acquired by reason of his official position.
- (c) No director or employee shall accept other employment or compensation that could reasonably be expected to impair his/her independence of judgment in the performance of his official duties.
- (d) No director or employee shall make personal investments that could reasonably be expected to create a substantial conflict between his/her private interest and the public interest.
- (e) No director or employee shall intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his official powers or performed his/her official duties in favor of another.
- (f) As provided by Chapter 171, Local Government Code, directors shall be prohibited from participating in a decision on any matter involving an entity in which the director has a substantial interest if it is reasonably foreseeable that decision on the matter would confer a benefit on the entity as this represents a conflict of interest. Directors shall disclose the nature and extent of any conflict of interest, by written affidavit, to the Secretary of the Board of Directors of the District upon identification of the conflict.