

**BYLAWS
OF THE
MID-EAST TEXAS GROUNDWATER CONSERVATION DISTRICT**

Adopted: August 28, 2008; Effective: August 28, 2008

1.0 PURPOSE AND AMENDMENT OF BYLAWS

1.1 Purpose of Bylaws

The purpose of these Bylaws is to provide for the regulation of the District's Board of Directors and governance of the internal affairs of the District.

1.2 Amendment of Bylaws

At a meeting of the Board, after notice required by the Open Meetings Act, these Bylaws may be amended or repealed, in whole or in part.

2.0 ENABLING LEGISLATION AND DISTRICT AUTHORITY

2.1 Enabling Legislation

The District was created by Article 4, House Bill 1784 [Act of May 28, 2001, 77th Leg., R.S., ch. 1307, 2001 Tex. Gen. Laws 3199, 3205], and Article 3, Part 15, Senate Bill 2 [Act of May 27, 2001, 77th Leg., R.S., ch. 967, 2001 Tex. Gen. Laws 1991, 2055]. To the extent of any conflicts between the legislation creating the District, as the bill enacted later in time, House Bill 1784 prevails.

2.2 District Authority

The District has all of the rights, powers, privileges, authority, functions, and duties provided by the general law of the State, including Chapter 36, Water Code, applicable to groundwater conservation district created under Section 59, Article XVI, Texas Constitution.

3.0 BOARD OF DIRECTORS – COMPOSITION, ELECTION, VACANCIES

3.1 Composition

A Board of Directors composed of nine members governs the District. Three Directors are appointed by Leon County Commissioners Court. Three Directors are appointed by Madison County Commissioners Court. Three Directors are appointed by Freestone County Commissioners Court. For each county, the Directors: (a) one must represent interests of municipalities in the county or must be a director or employee of a rural water supply corporation in the county; (b) one must be a bona fide agricultural producer who derives a substantial portion of his income from agriculture in the county; and (c) one must represent active industrial interests in the county.

3.2 Term of Office

Directors serve staggered four year terms and serve until their replacement is appointed and has qualified. A Director may serve consecutive terms.

Regular terms of Directors commence on January 1st in even numbered years.

The terms of two Directors from Leon County, one Director from Freestone County, and two Directors from Madison County will end December 31, 2011. New Directors will be appointed whose term will commence on January 1, 2012. This process will be repeated every four years.

The terms of the remaining one Director from Leon County, two Directors from Freestone County, and one Director from Madison County will end on December 31, 2009. New Directors will be appointed whose term will commence on January 1, 2010. This process will be repeated every four years.

3.3 Resignation

A Director's resignation, to be effective, must be in writing, signed by the Director and delivered to the County Judge of the county that appointed the Director and a copy must be provided to the Secretary of the District. If a Director submits a resignation, a vacancy occurs on the date the resignation is accepted by the Commissioners Court of the county that appointed the Director or on the eighth day following receipt by the County Judge of that county, whichever date is earlier.

3.4 Filling Vacancies

Vacancies in the office of director shall be filled by appointment of the County Commissioners Court of the county that appointed the Director who vacated the office.

3.5 Qualification

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). A Director serves until his successor has qualified.

3.6 Notification of TCEQ

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, as required by Texas Water Code, Section 36.054(e).

4.0 BOARD OF DIRECTORS – POWERS, DUTIES, AND RESTRICTIONS

4.1 Quorum

A majority of the membership of the Board constitutes a quorum for any meeting. A quorum exists when five or more Directors are present.

4.2 No Power to Bind District

No Director shall have the power or authority to bind the District, to serve as a representative of the District, or to speak on behalf of the District unless so authorized by the Board. No Director shall have the authority to bind the District by any contract or engagement; pledge its credit; or render the District liable pecuniarily for any purpose or any amount, unless so authorized by the Board.

4.3 Serve Without Compensation

A Director is not entitled to compensation for service on the Board of Directors, but may be reimbursed for actual, reasonable expenses incurred in the discharge of official duties. Such expenses must be approved by the Board on a case-by-case basis.

4.4 Return of District Records

All records related to activities of the District that are created or maintained by a Director during his term of office are records of the District and the property of the District. Therefore, upon request of the District or when a Director vacates office, he shall return to the District all documents and records related to District activities.

5.0 OFFICERS

5.1 Selection of Officers

Within twelve months following the beginning of regular terms of office of appointed or re-appointed Directors, the Board shall meet and elect three officers whose titles shall be President, Vice-President, and Secretary-Treasurer. An election shall also be held in the event of a vacancy in any officer position.

5.2 President

The President is the chief executive officer of the District, presides at all Board meetings, executes all documents on behalf of the District, and performs other duties prescribed by the Board.

5.3 Vice-President

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.

5.4 Secretary-Treasurer

The Secretary-Treasurer shall be responsible for preparing, organizing, and maintaining the Board meeting minutes and District records and documents, according to the requirements of Texas Water Code Section 36.065. The Secretary-Treasurer shall attest the President's signature on all documents. The Secretary-Treasurer shall either perform the following tasks or supervise a general manager who will perform these tasks: maintain financial records, establish a bank account, report financial matters to the Board, and other financial-related duties prescribed by the Board.

5.5 Notification of TCEQ

Within thirty (30) days after any election of officers, the District shall notify the Executive Director of the Texas Commission on Environmental Quality, as required by Texas Water Code, Section 36.054(e).

6.0 BOARD MEETINGS

6.1 Meetings of the Board

All Board meetings are subject to the Open Meetings Act, Chapter 551 of the Texas Government Code and the following provisions:

- All Board meetings shall be open to the public and held in a location accessible to the public.
- Notice of all Board meetings shall be provided as required by the Open Meetings Act.
- A quorum of the Board must be present to conduct District business. A quorum exists when five or more Directors are present.
- A majority vote of a quorum is required for Board action. If there is a tie vote, the proposed action fails. 4.10(i)
- To the extent necessary for orderly conduct of the proceedings, the Board may follow Robert's Rules of Order.
- The Board may provide members of the public an opportunity to speak.
- The President may convene an Executive Session for purposes authorized by Subchapter D of the Open Meetings Act, only if an Executive Session was included in the required notice of the meeting.

6.2 Regular and Special Meetings

The Board shall meet in regular session once per quarter. The President may schedule a special Board Meeting. At the written request of three or more Directors, the President shall schedule a called Board Meeting. A special meeting is also known as a called meeting.

6.3 Work Sessions

A special Board Meeting may serve as a Work Session. The purpose of a Work Session is to allow 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. Work Sessions are subject to the Open Meetings Act.

6.4 Executive Sessions

At any Board Meeting, the President may convene an Executive Session for purposes authorized by Subchapter D of the Open Meetings Act, only if the Executive Session was included in the required notice of the meeting. Before conducting the Executive Session, the President shall announce that an Executive Session is being convened and that it is closed to the public, and shall identify the section or sections of the Open Meetings Act under which the closed meeting shall be held. No final action shall be taken in an Executive Session.

6.5 Public Participation at Board Meetings

The Board may set aside a period at each Board Meeting during which it will listen to public comment. 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.

The Board may require members of the public who wish to provide public comment to provide the following information to the Board at the beginning of the Board Meeting: name, address, telephone number, and agenda item to be addressed. A registration form may be provided for this purpose.

At the Board's discretion, it may seek public comment or ask questions of any member of the public in attendance.

Due to restrictions under the Open Meetings Act, the Board will not discuss or answer questions on issues that are raised during public comment unless the issue was included in the required notice of the Meeting. The Board may, however, decide to include the issue on the agenda of a future Board Meeting.

6.6 Minutes and Certified Agendas

Minutes shall be made of each Board meeting. A certified agenda shall be made and maintained for each Executive Session, except for those during which the Board seeks legal advice.

7.0 ADVISORY COMMITTEES

7.1 Advisory Committees

The President may establish and designate Advisory Committees for such other purposes as the President may deem necessary. If a quorum of the Board is present at a committee meeting, the meeting shall be subject to the provisions of the Texas Open Meetings Act. Any Committee under Section 7.0 shall be for advisory purposes only and shall not have authority to bind the District.

7.2 Committee Memberships

The President shall appoint the chair of each committee. Any Director may serve as committee chair or as a committee member. In order to reasonably address an issue, a committee shall be limited to a size deemed appropriate by either the President or the Board as a whole.

The President or the Board as a whole may appoint members of the committees in any manner appropriate to the formation of the committee and satisfactory to the purposes of the Board.

Members of the various committees shall be residents of the District insofar as feasible. Members of committees may be selected from persons recommended to the Board by Directors, the General Manager, public officials, and members of the general public. Membership may include individuals residing outside the District when it would be in the best interest of the District and would be of benefit to the committee's work efforts. When appointing someone who resides outside the appointing Director's county, the appointing Director shall consult the Director of the county in which the proposed appointee resides.

Committee membership is voluntary and without compensation.

All members appointed to a committee by the Board or Board President shall have a single vote on any issue before the committee.

Subcommittees appointed by the committee chair may be formed to create a work product for Board and/or full committee review and input.

The appointing President or Board may, at the request of the committee chair, replace a member of a committee who misses three or more consecutive committee meetings.

8.0 GENERAL MANAGER AND EMPLOYEES

8.1 General Manager

The Board may employ or contract with a person to serve as a General Manager. The Board may delegate to the Manager full authority to manage and operate the affairs of the District subject only to orders of the Board.

Under policies to be established by the Board, the General Manager may be responsible to the Board for the following:

- Administering the directives of the Board and the Executive Committee;
- Keeping the District's records, including minutes of meetings of the Board and the Executive Committee;
- Developing plans and programs for the approval of the Board;
- Hiring, supervising, training, and discharging the employees, as authorized by the board;

- Contracting for or retaining technical, scientific, legal, fiscal, and other professional services, as authorized by the Board;
- Preparation for review and approval by the Board of an annual budget for the District;
- Serving as assistant Secretary-Treasurer with authority to perform all duties of the Secretary-Treasurer in the absence of the Secretary-Treasurer but without the authority to vote;
- Serving as the District's investment officer in accordance with applicable law and financial management policies adopted by the District;
- Serving as the records management officer for the District as provided by the Texas Local Government Records Act, Tex. Local Governmental Code, Section 201.001.
- Performing any other duties assigned to him by the Board.

8.2 Employees

The Board of Directors may establish such positions and salaries for employees, as it deems necessary for sustaining the activities of the District.

9.0 WRITTEN POLICY STATEMENTS

9.1 Employee Policy Manual

The District may develop and adopt a written policy manual which includes a job description for each position, employee hiring practices, compensation, annual review, benefits, ethics, work schedules, and other policies affecting District employees.

9.2 Travel and Reimbursable Expenses

The District will develop and adopt a written policy concerning the reimbursement of travel expenses and other expenses incurred by employees or Directors while performing District business. This policy shall comply with Chapter 36 of Texas Water Code.

9.3 Investments

The District will develop and adopt a written policy relating to District investments that ensures compliance with Texas Water Code, Section 36.061.

9.4 Professional Services

The District will develop and adopt a written policy concerning the selection, monitoring, review, and evaluation of consultants providing professional services to the District.

10.0 STANDARDS OF CONDUCT

10.1 Confidentiality of Attorney-Client Communication

Attorney-client communication between the District and its attorney is confidential. It may not be disclosed to the public unless approved by the Board. If an employee, contractor, or Director of the District discloses such information to the public, the Board may request the District Attorney for Leon, Madison or Freestone County to investigate and prosecute such action as a possible violation of Texas Penal Code § 39.06: Misuse of Official Information.

10.2 Conflicts of Interest

Directors shall comply with Chapter 171, Local Government Code, including the requirements to disclose any conflict of interest with matters pending before the Board and to refrain from participation in the discussion or decision on such matters.

10.3 Ethical Conduct

Directors shall conduct themselves in an ethical manner recognizing their oath of office, and their responsibilities to the District and to their constituents, and shall comply with all State laws related to the ethical standards for public officials.

10.4 Standards of Conduct

A Director or employee shall not:

- Accept or solicit any gift, favor, or service that might reasonably tend to influence him in the discharge of his official duties or that he knows or should know is being offered him with the intent to influence his official conduct;
- Accept employment or engage in any business or professional activity that he might reasonably expect would require or induce him to disclose confidential information acquired by reason of his official position;
- Accept other employment or compensation that could reasonably be expected to impair his independence of judgment in the performance of his official duties;
- Make personal investments that could reasonably be expected to create a substantial conflict between his private interest and the public interest;
- Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his official powers or performed his official duties in favor of another.

11.0 LIABILITY INSURANCE OR BONDING

11.1 Liability Insurance or Bonding

The District will purchase and maintain liability 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.

11.2 Indemnification of Directors and Employees

To the fullest extent allowed by law, the District shall indemnify each and every member of the District, its officers, directors, elected or appointed officials, and its employees (each an the “Indemnified Party”) against any and all liability or expense, including attorney’s fees, incurred by any Indemnified Party by reason of any acts or omissions arising from the functions or activities of the District. This indemnity shall apply even if one or more of those to be indemnified was negligent or caused or contributed to cause any loss, claim, action, or suit. The obligation of the District to indemnify the Indemnified Party shall be satisfied by the provision of insurance by the District and not from the assets of the District.

12.0 MANAGEMENT PLAN AND JOINT PLANNING

The District has prepared a District Management Plan pursuant to Texas Water Code, Section 36.1071, which has been submitted and approved by the Texas Water Development Board under Texas Water Code, Section 36.1072. The Plan may be updated annually, as needed, and will be updated at least every five years. In accordance with Texas Water Code, Section 36.108, the District participates in joint planning with other groundwater districts located in GMA-12.

13.0 USE OF CONSULTANTS

The District may contract with consultants that they deem necessary for the conduct of the District’s affairs. In selecting attorneys, engineers, auditors, financial advisors, or other professional consultants, the District shall follow the procedures of the Professional Services Procurement Act, Subchapter A, Chapter 2254, Texas Government Code.

14.0 FINANCIAL

14.1 Contracts, Instruments, and Documents

The Board may enter into any contract or execute and deliver any instrument or document in the name of and on behalf of the District. All contracts shall be executed by the President, attested by the Board Secretary, and, if deemed necessary by the Board, approved by the District’s Legal Counsel. Any contract not so executed is void and of no effect on the District.

14.2 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 resolution of the Board, executed by the President, and attested to by the Board Secretary.

14.3 Disbursements

As required by Texas Water Code, Section 36.151, all checks, drafts, notes, or other orders for the payment of money issued in the name of the District shall be signed by at least two Directors unless the Board has authorized by resolution certain employees of the District to so sign.

14.4 Depositories

All funds of the District, except petty cash, shall be deposited from time to time to the credit of the District in such banks or accounts as the Board may designate and upon such terms and conditions as shall be fixed by the Board, unless otherwise required by orders or resolutions authorizing the issuance of the District's bonds or notes. The Board may, from time to time, authorize the opening and maintaining of general and special accounts within any such depository as it may designate, and may make such special rules and regulations with respect thereto as it may deem expedient. To the extent that funds in the depository bank or banks are not insured by the Federal Deposit Insurance Corporation, they shall be secured as provided by Texas Water Code, Section 36.155. The depository shall be located within the District unless the Board determines that a suitable depository cannot be found within the District.

14.5 Annual Audit

Within six (6) months after the end of each fiscal year an audit shall be made of the financial condition of the District by an independent certified public accountant. This audit shall be open to public inspection. Such auditors 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. The audit shall be performed in accordance with generally accepted auditing standards and shall satisfy all requirements imposed by Texas Water Code, Section 36.153.

14.6 Budget

Prior to the commencement of each fiscal year, the Board shall adopt an annual budget in accordance with Chapter 36, Texas Water Code. The budget shall contain a complete financial statement, including the requirements of Texas Water Code, Section 36.154.

The District shall not make expenditures in excess of the total budgeted expenditures for a fiscal year unless the Board amends the budget.

14.7 Administrative Fee Schedule

Each year after notice and hearing, in conjunction with development of its annual budget, the Board may adopt an administrative fee schedule. Such fees for administrative acts of the District shall not unreasonably exceed the cost to the District of performing the administrative function for which the fee is charged.

14.8 Fiscal Year

The District's fiscal year shall begin on the first day of September and end on the last day of August.

14.9 Purchasing

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.

14.10 Investments

Funds of the District may be invested. The District will comply with the requirements of Texas Water Code, Chapter 36 regarding investments.

15.0 DISTRICT ADMINISTRATION

15.1 District Address

The District's mailing address is P.O. Box 1359, Centerville, TX 75833. Board of Director Meetings will generally be held at the District office, unless otherwise provided in the notice of the meeting.

15.2 Records of the District

The District will keep a complete account of all of the Board meetings and proceedings and will preserve its minutes, contracts, records, notices, accounts, receipts, and other records in a safe place. To the extent that a Director maintains such records outside the District office, upon request by the District or when he vacates office, he shall return the records to the District.

The records of the District are the property of the District and are subject to the Texas Public Information Act, Chapter 552, Texas Government Code. Such records are available for public inspection or copying under the terms of that Act. Persons who are furnished copies of District records may be assessed a charge for the documents, as allowed by the Texas Public Information Act.

The preservation, storage, destruction, or other disposition of District records is subject to Chapter 201, Texas Government Code.

Adopted by the Board of Directors on August 28, 2008.

_____ Attested by: _____

President