

UPPER TRINITY GROUNDWATER CONSERVATION DISTRICT BYLAWS

Adopted and Effective December 17, 2007

SECTION 1. DISTRICT CREATION AND PURPOSE

1.1 Creation and Purpose

The Upper Trinity Groundwater Conservation District (the “District”) was created by the 80th 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, 2007, 80th Leg., R.S., ch. 1343, 2007 Tex. Gen. Laws 4583, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8830 (“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 Montague, Wise, Parker, and Hood 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 creation of the District was confirmed by the citizens of Montague, Wise, Parker, and Hood Counties, Texas, on November 6, 2007, in an election called for that purpose. The election was properly called, noticed, conducted, and canvassed in accordance with all applicable laws.

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

The Mission of the Upper Trinity 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, insure that the residents of Montague, Wise, Parker, and Hood Counties maintain local control over their 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 June 1 of each odd-numbered year. Should a vacancy occur on the Board for any reason, the Board shall appoint a replacement from the county with the vacant position to fill the remainder of the unexpired term. 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 in accordance with Section 35.054(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 regular July meeting, or at its next regular meeting if there is no July 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 two years. Officers may serve multiple consecutive terms.

The President shall 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. 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 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 schedule and hold a regular monthly meeting 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 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 "Parliamentary Procedure at a Glance," New Edition, by O. Garfield Jones, 1971 revised edition, or as amended, 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. Public comment may be made at the time the item is set for discussion at a regular 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 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 determine the compensation to be paid to the General Manger 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.

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 address is Post Office Box 1749, Springtown, Texas 76082. The physical address is 1250 East Highway 199, Springtown, Texas. 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 and posted for Monday through Friday, except for District holidays. 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, 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.

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.

Construction contracts and contracts for the acquisition of materials and machinery requiring the expenditure of \$25,000 or more may be competitively bid, or 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.