

**BYLAWS OF THE BOARD OF DIRECTORS
OF BENBROOK WATER AUTHORITY**

Adopted as amended _____, 2022

Draft

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ARTICLE 1. CREATION AND PURPOSE OF BENBROOK WATER AUTHORITY

1.1 CREATION AND PURPOSE

- (a) The Benbrook Water Authority (the “Authority”) is a political subdivision of the State of Texas and a conservation and reclamation district created under Article XVI, § 59, of the Texas Constitution, by the Act of April 5, 1955, 54th Leg., R.S., ch. 123, 1955 Tex. Gen. Laws 8280-163, as amended (the “Authority Act”).
- (b) The Authority is a governmental entity created to serve a public use and benefit, and is essential to accomplish the objectives set forth in Article XVI§ 59, of the Texas Constitution and the applicable provisions of Chapters 49 and 51 of the Texas Water Code.
- (c) The mission of the Authority is to safely and reliably provide its customers with a plentiful supply of superior drinking water at each connection and to return all wastewater to the collection system for proper treatment in an environmentally and fiscally responsible way.
- (d) Under Article XVI, § 59 of the Texas Constitution, all functions of the Authority are essential governmental functions and all powers of the Authority shall be exercised by the Authority’s Board of Directors (the “Board”) and shall be conducted in accordance with applicable provisions of the Texas Water Code, the Texas Administrative Code, the Texas Open Meetings Act (Texas Government Code Chapter 551), the Authority Act, and any other applicable state statute or agency regulation.

ARTICLE 2. BOARD OF DIRECTORS

2.1 COMPOSITION, QUALIFICATIONS, AND ELECTION

- (a) The Authority is governed by a five-member Board of Directors elected by the citizens of Benbrook. For purposes of these Bylaws, “director” shall mean a member of the Board. Elections are held in November of odd-numbered years, and directors serve four-year terms.
- (b) To be qualified to be a director, a person must be a resident of the state, be at least 18 years of age, and reside in and own taxable property within the Authority’s boundaries. No member of a governing body of any city, town, or other political subdivision, and no employee of any city or town, shall be a director.

2.2 SWORN STATEMENT, BOND; OATH OF OFFICE; NOTIFICATION TO TCEQ

- (a) As soon as practicable after a director is elected, the director shall make the sworn statement prescribed by the Texas Constitution for public office (attached hereto as

Exhibit A), take the oath of office (attached hereto as Exhibit B), and execute a bond, as required by the Authority Act and the Texas Water Code. The Authority shall purchase bonds for each director position that will fulfill the legal requirements for bond execution of any person that qualifies for and assumes the office of director. Such bonds shall meet the applicable requirements of state law.

- (b) The Authority shall file and retain in the Authority's records the sworn statement, bond, and oath of office of each director as prescribed in § 49.055 of the Texas Water Code and the Texas Constitution. A duplicate original oath of office shall also be filed with the secretary of state within ten (10) days after its execution and need not be filed before a new director begins to perform the duties of office.
- (c) Within thirty (30) days of any election or appointment of a director, the Assistant Secretary of the Authority shall notify the executive director of the Texas Commission on Environmental Quality ("TCEQ") of the director's name, mailing address, and the date that the director's term of office expires on a form provided by the TCEQ.

2.3 VACANCIES, RESIGNATION, AND DISQUALIFICATION

- (a) Vacancies. Board vacancies are filled by appointment of the Board, or under certain circumstances, by order of the TCEQ in accordance with applicable law.
- (b) Resignation. To provide time for the appointment of a replacement and minimize disruption of Authority operations without taking action to effectuate an actual resignation, a Board member who intends to resign should provide notice of intent to submit a notice of resignation at least thirty (30) days prior to submission of an actual notice of resignation. Both the intention of notice to resign and the resignation itself shall be submitted in writing to the president of the Board and the General Manager.
- (c) Disqualification and Removal.
 - (1) It is the responsibility of an individual Board member to notify the President of the Board if for any reason that Board member becomes unqualified to serve pursuant to Texas Water Code § 51.072, the Authority Act, or any other applicable law or regulation.
 - (2) A director is disqualified and vacates the office of director if the director is appointed or elected as a member of the governing body of another political subdivision or becomes an employee of any city or town.
 - (3) The Board by unanimous vote of its remaining members may remove a Board member if that Board member has missed one-half or more of the regular meetings scheduled during the prior twelve (12) months. Any Board member so removed may file a written appeal within thirty (30) days as provided in Texas Water Code § 49.052 (g).

2.4 BOARD OFFICERS AND APPOINTEES

- (a) Officers. After each director election, the Board shall elect from its members a president, vice-president, and secretary. From time to time as necessary or appropriate, the Board shall also appoint employees of the Authority to serve as assistant secretary and treasurer. The Board may appoint any other officers the Board deems necessary. Officers shall be elected and appointed by a majority of the members of the Board.
- (b) Terms. Board officers shall serve for a period of two (2) years or until a successor is elected. No member shall hold more than one office at a time. Officers may succeed themselves in office. A vacancy among officers of the Board shall be filled by action of the Board.
- (c) Duties:

- (1) President

The president is the chief executive officer of the Authority who presides over all Board meetings and provides leadership and direction in all matters. The president's duties include but are not limited to:

- A. ensuring members act in accordance with applicable laws and regulations and Authority rules and policies;
- B. executing all bonds, election documents, resolutions of the Board, any other documents that the Board president is required to execute by law or that the Board directs to be executed by the Board president, real property conveyances, other real property instruments, and Developer-Authority Agreements, unless the Board delegates to the General Manager authority to execute a real property conveyance, other real property instrument, or Developer-Authority Agreement;
- C. conducting meetings efficiently, ensuring adherence to the agenda;
- D. limiting discussions to a reasonable time, encouraging participation, and striving for punctuality;
- E. acting as the Board's spokesperson;
- F. ensuring that a certified agenda is made for all closed executive sessions where one is required, and certifying that it is a true and correct record of the proceedings in the closed session;
- G. appoint advisory committees as set forth in §2.6 of these Bylaws; and

H. other duties as assigned by the Bylaws or other policies, orders, or actions of the Board.

(2) Vice-President

The vice-president carries out all duties of the president in case of the president's absence or disability, or if the president fails or declines to act.

(3) Secretary

The secretary is responsible for:

- A. attesting the president's signature on documents;
- B. certifying as to the authenticity of Authority records;
- C. fulfilling duties imposed on the secretary by state law in connection with elections; and
- D. issuing notices of the Authority relating to property annexation, exclusion of property from the Authority, and any other notices related to the business of the Authority as required by state law.

(4) Assistant Secretary

The Board hereby appoints the BWA employee currently serving as Executive Assistant to the General Manager as Assistant Secretary of the Authority. The Assistant Secretary is responsible for:

- A. recording, amending, and maintaining meeting minutes;
- B. ensuring all records and books of the Authority are properly kept, including without limitation keeping all certified agendas where required for a closed executive session in accordance with Chapter 551, Texas Government Code;
- C. attesting to or certifying any document that the secretary is authorized to attest or certify under state law in lieu of the secretary;
- D. assuming any other duties of the secretary in the secretary's absence; and
- E. serving as the Authority's appointed agent during election periods to fulfill the duties of § 31.123, Texas Election Code, as authorized by § 49.109, Texas Water Code.

(5) Treasurer

The Board hereby appoints the BWA employee currently serving as the Finance Division Manager as Treasurer of the Authority. The Treasurer is responsible for keeping a full and itemized account of Authority funds.

- B. As provided under Article 6, Section 6.8 of these Bylaws, within a reasonable time following appointment as treasurer, the treasurer shall give bond in such amount as may be required by the Board, the condition of such bond being that the treasurer will faithfully account for all money of the Authority that comes into the treasurer's custody.

2.5 BOARD RESPONSIBILITIES

- (a) General. The Board is endowed with all powers, authority, and rights that permit it to accomplish its statutory purposes, which include water supply, wastewater collection, and protection, conservation, and preservation of water resources. The Board is responsible for defining the objectives of the Authority, setting policy, and other duties as required by law. The Board will establish and adopt policies for the Authority after considering the General Manager's recommendations.

The Board delegates to the General Manager full authority to manage and operate all of the affairs of the Authority subject only to the policies and orders of the Board.

- (b) Hiring Professionals. The Board will, upon recommendation of the General Manager, retain professional consultants for the Authority, including engineers, accountants, attorneys, and other professionals. The Board hereby delegates to the General Manager authority to retain professional consultants for projects that are less than twenty-five thousand dollars (\$25,000.00) in cost to the Authority if there are sufficient funds in the Authority's budget to cover the costs.
- (c) Personnel. The Board will adopt a Personnel Policy, which shall be implemented by the General Manager in the hiring, management, and termination of Authority employees.
- (d) Planning. The Board will establish goals for the Authority based on the input of the General Manager and community members through various planning activities.
- (e) Budget/Finance. The Board will communicate the Authority's priorities to the General Manager through identified goals, adopt the budget, make necessary revisions, set fees and charges, and review budget status reports regularly submitted by the General Manager. The Board will also set the policies regarding financial procedures and reports, bond issuance, and investments.
- (f) Facilities Planning. The Board will adopt plans for the construction of new capital projects and maintenance of existing facilities after considering the recommendations of the General Manager and the professional consultants of the Authority, and delegate supervision of these programs to the General Manager.

- (g) Community Relations. The Board, in order to maintain good community relations, will to the best of its ability keep its customers informed on the operations of the Authority and on the deliberations of the Board in a timely and public manner consistent with the Board's statutory duties.
- (h) Delegation. The Board may in its sole discretion and as allowed by state statute and/or regulations, delegate any further responsibilities of the Board to the General Manager that are not delegated in these Bylaws.
- (i) Open Meetings and Public Information Training. Directors shall comply with the requirements for open meetings and public information training as provided by §§ 551.005 and 552.012, Texas Government Code.

2.6 COMMITTEES

- (a) The president may establish and appoint directors, the General Manager, and/or other persons for advisory committees for formulation of recommendations to the Board or for such other purposes as the president may designate.
- (b) 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 for persons who are not directors or employees of the Authority is voluntary and without compensation or reimbursement.

2.7 INDEMNIFICATION OF DIRECTORS AND EMPLOYEES

- (a) In addition to the director bonds required under Section 2.2 of these Bylaws and the bonds required under Article 6, Section 6.8 of these Bylaws for persons who handle funds of the Authority, the Authority shall purchase and maintain insurance on behalf of all persons who are directors or employees of the Authority in any capacity or arising out of the director or employee's status as such. The Authority shall pay the full amount of the premiums for insurance.
- (b) Each director and employee is indemnified by the Authority against any liability imposed upon the director or employee and for attorney's fees and any other expenses reasonably incurred by the director or employee in connection with any claim made against the director or employee, or any action, suit or proceeding to which the director or employee may be a party by reason of being, or having been, a director or employee, and against such sums as 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 , 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. The Board in its discretion may select counsel to recommend the amount of any payment

under this section. 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 Authority 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 Authority to indemnify its directors and employees to the fullest extent possible in conformity with these Bylaws, all applicable laws and public policy. The Board shall authorize direct payment or prepayment of expenses reasonably incurred by a director or employee entitled to indemnification under this section upon request by such director or employee as set forth below, except as provided under Subsection (d) of this section. The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of each director and employee of the Authority.

- (c) In the event a claim or demand for monetary or other relief is made or a civil lawsuit instituted against a director or employee arising out of an act or omission occurring in or arising out of the course and scope of the director or employee's duties or employment for the Authority, the director or employee shall present a written request for indemnification to the Board.
- (d) In the event a criminal complaint, indictment, or information is filed against a director or employee occurring in or arising out of an alleged act or omission related to the discharge of the director or employee's duties or in the course and scope of their employment for the Authority, upon a finding of not guilty after a trial or appeal or if the complaint, information, or indictment is dismissed without a plea of guilty or nolo contendere being entered, the director or the employee shall submit a written request for indemnification to the Board. The Authority shall not prepay expenses for a criminal complaint, indictment, or information filed against a director or employee.
- (e) Upon presentation of a written request for indemnification to the Board, the disinterested members of the Board shall determine by majority vote if the act or omission giving rise to the claim, demand, or legal proceeding occurred within the course and scope of employment of the Authority or in the discharge of the director or employee's duties for the Authority. The Board in its discretion may select counsel to assist and make recommendations to the Board regarding this determination.
- (f) Upon a determination by the Board that the act or omission giving rise to the claim, demand, or legal proceeding occurred within the course and scope of employment of the Authority or in discharge of the director or employee's duties for the Authority, the Authority shall indemnify the director or employee. The determination of the Board shall be final and conclusive absent fraud or arbitrary and capricious action in making this determination. A final and non-appealable finding by court of competent jurisdiction that the act or omission giving rise to the claim, demand, or legal proceeding occurred within the course and scope of employment of the Authority or in the discharge of director or

employee's duties for the Authority is some evidence that a denial of a request for indemnification was arbitrary and capricious.

- (g) The selection of the director or employee's legal counsel for claims under Subsection (c) of this section shall be made through mutual agreement between the director or employee and the Authority if such legal counsel is not also the Authority's legal counsel. However, if a legal defense is provided through insurance coverage, the director or employee's right to select legal counsel shall depend on the terms of the applicable insurance contract. The Authority shall not select legal counsel for a director or employee charged with a criminal complaint, indictment, or information as described under Subsection (d) of this section.
- (h) To the extent this policy of indemnification exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly.
- (i) This policy is solely for the benefit of the Authority and the protection of directors and employees discharging duties on behalf of the Authority and does not grant or confer any rights to any third party, nor does it provide any rights or causes of action not expressly provided for under the laws of the State of Texas and the United States, including the Texas Tort Claims Act.
- (j) Nothing in this policy shall be construed to be a waiver of sovereign immunity or governmental immunity by the Authority or by directors or employees discharging duties on behalf of the Authority who are entitled to claim said immunity.

ARTICLE 3. CODE OF ETHICS FOR DIRECTORS

3.1 PURPOSE

The following standards of conduct govern, affirm, and clarify the policies and expectations of BWA concerning the conduct of members of the Board of Directors. It is in the best interest of BWA for its governing body to maintain the highest standards of integrity, candor, impartiality and conduct required by statute so that the interest of BWA may be served and the business of BWA is carried out in a manner that upholds BWA's business responsibilities and derives confidence of BWA's staff, customers and constituents. In conducting themselves in a manner consistent with the highest standards of integrity and personal conduct under the statutes, BWA Directors shall avoid even the appearance of any conflict of interest or impropriety.

These standards of conduct and ethical obligations should be reflected in Board policies and BWA administrative procedures to ensure the General Manager, BWA executive and leadership teams, and all BWA staff adhere to appropriate standards of conduct and the utmost ethical practices in the performance of their duties for BWA.

3.2 DISCLOSURE OF CONFLICTS OF INTEREST

The purpose of this section is to set forth the standards of conduct and behavior for the members of the Authority's Board of Directors, its officers and the Authority's Investment Officer (collectively with the directors, the "Authority Officials") in accordance with Chapter 171, Texas Local Government Code.

- (a) Definitions. For purposes of this article, the following terms and phrases shall be defined as follows:

"Authority Official" means a member of the Board or the General Manager or other employee of the Authority who exercises authority that is more than advisory in nature.

"Benefit" means anything reasonably regarded as economic gain or advantage, including benefit to any other person in whose welfare the beneficiary is interested.

"Business Entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law. A political subdivision of the State of Texas is not a business entity.

"Employee" shall mean any person employed by the Authority but does not include independent contractors or professionals hired by the Authority as outside consultants.

"Family Relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity.

"Local Government Officer" or "LGO" means a Director and the General Manager of the Authority, or any employee of the Authority who exercises discretion in the planning, recommending, selecting, or contracting with a vendor.

"Statement" means the conflicts disclosure statement required in certain instances under Chapter 176, Texas Local Government Code.

"Vendor" means a person who enters or seeks to enter into a contract with the Authority or is an agent of a person entering or seeking to enter into a contract in the person's business with the Authority. Vendor does not include the State of Texas, a political subdivision of the State, the federal government or an employee thereof.

- (b) An Authority Official is prohibited from participating, directly or indirectly, in a vote or decision on any matter involving a Business Entity or real estate in which the official has a substantial interest if an action on the matter would confer an economic or any other benefit on the Business Entity or real estate in which the official has a substantial interest.

- (c) In such cases of conflicts of interest involving a Business Entity or real estate, an Authority Official shall disclose such conflicts in an affidavit and state the nature and extent of the conflict of interest, as set forth below, before a vote or any decision on a matter involving the Business Entity or real estate. Thereafter, that Authority Official shall abstain from participation in the matter as provided by law and this section.
- (d) An Authority Official shall not disclose, without written legal authorization, confidential information to advance the financial or other private interests of himself or others regarding any contract or transaction that is or may be the subject of an official action of the Authority.
- (e) The Authority may not contract for the purchase of services or personal property directly with an Authority Official or with a Business Entity in which an Authority Official has a substantial interest except as permitted by law. This provision shall not be construed to prohibit the Authority from accepting a gift or grant of goods or services to the Authority by an Authority Official.
- (f) A person has a substantial interest in a Business Entity if either of the following is the case:
 - (1) The person owns at least:
 - a. ten (10) percent of the voting stock or shares of the Business Entity, or
 - b. either ten (10) percent or fifteen-thousand dollars (\$15,000.00) or more of the fair market value of the Business Entity; or
 - (2) Funds received by the person from the Business Entity exceed ten (10) percent of the person's gross income for the previous year.
- (g) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of two-thousand five hundred dollars (\$2,500.00) or more.
- (h) If a person related in the first degree by either affinity or consanguinity to the director, has a substantial interest, as defined above, the director is considered to have a substantial interest.
- (i) Affidavit and Abstention. If a director or a person related to a director in the first degree by either affinity or consanguinity has a substantial interest in a Business Entity or in real property, the director, before a vote or decision on any matter involving the Business Entity or the real property, shall file an affidavit, attached hereto as Exhibit C, with the Assistant Secretary of the Board, stating the nature and extent of the interest and shall abstain from further participation in the matter.

- (j) **Contracts Permitted.** The Board may contract with a Business Entity in which a director has a substantial interest if the director follows the disclosure and abstention procedure set out in Subsection (f) of this section.
- (k) **Separate Vote.** The Board shall take a separate vote on any budget item specifically dedicated to a contract with a Business Entity in which a director has a substantial interest. The affected director shall not participate in that separate vote but may vote on a final budget if the director filed the Affidavit and the matter in which the director is concerned has been resolved.
- (l) **Majority Conflict.** If a director is required to file and does file an affidavit, that director shall not be required to abstain from further participation in the matter if a majority of the Board is required to also file affidavits of similar interests.
- (m) **Prohibited Acts.** Except as provided above, a director shall not knowingly:
 - (1) participate in a vote or decision on a matter involving a Business Entity or real property in which the director has a substantial interest if it is reasonably foreseeable that an action on the matter would have a special economic effect on the Business Entity that is distinguishable from the effect on the public or will have a special economic effect on the value of the property, distinguishable from its effect on the public;
 - (2) act as surety for a Business Entity that has a contract, work, or business with the Authority; or
 - (3) act as surety on any official bond required of a director.

3.3 DISCLOSURE OF CERTAIN RELATIONSHIPS

The purpose of this section is to set forth the standards of conduct and behavior for the members of the Authority's Board of Directors and certain Authority employees related to the disclosure of certain relationships in accordance with Chapter 176, Texas Local Government Code.

- (a) A Local Governmental Officer is required to file a Statement, attached to this policy as Exhibit D, with respect to a Vendor that enters into a contract with the Authority if the Vendor falls within one of the following two scenarios:
 - (1) the Vendor has an employment or other business relationship with the LGO or a family member of the LGO that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

- a. a contract exists between the Vendor and the Authority; or
 - b. the Authority is considering entering into a contract with the Vendor.
- (2) the Vendor has given to the LGO or a family member of the LGO one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:
 - a. a contract exists between the Vendor and the Authority; or
 - b. the Authority is considering entering into a contract with the Vendor.
- (b) LGOs are not required to file a Statement in relation to a gift accepted by the LGO or a family member of the LGO if the gift is given by a family member of the person accepting the gift, a political contribution as defined by Title 15, Texas Election Code, or food accepted as a guest.
- (c) LGOs must file the Statement with the records administrator of the Authority not later than 5 p.m. on the 7th business day after the date on which the officer becomes aware of the facts that require the filing of the Statement.
- (d) The Authority shall require any Vendors to file a Questionnaire, attached hereto as Exhibit E, with the Authority when the Vendor has a business relationship with the Authority and:
 - (1) the Vendor has an employment or other business relationship with an LGO of the Authority, or a family member of the LGO; or
 - (2) the Vendor has given the LGO, or a family member of the LGO, one or more gifts with an aggregate value of \$100 or more (excluding gifts given by a family member of the person accepting the gift, a political contribution as defined by Title 15, Texas Election Code, or food accepted as a guest); or
 - (3) has a family relationship with the LGO.
- (e) Vendors who are required to file a Questionnaire must file a completed Questionnaire with the Authority's records administrator not later than seven (7) business days after whichever event occurs later:
 - (1) the date the Vendor:
 - a. begins discussions or negotiations to enter into a contract with the Authority; or
 - b. submits to the Authority an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the Authority, or

- (2) the date the Vendor becomes aware:
 - a. of an employment or other business relationship with the LGO or a family member of an LGO; or
 - b. that the Vendor has given gifts to an LGO which would require the filing of a Questionnaire; or
 - c. of a family relationship with the LGO.

3.4 AUTHORITY PROPERTY AND FUNDS

The directors shall not lend the Authority's credit or grant Authority funds or thing of value to any individual, association, or corporation, or authorize the Authority to become a stockholder in such corporation, association or company.

3.5 NEPOTISM

An Authority Official may not appoint, confirm the appointment of, or vote for the appointment or confirmation of the appointment of an individual to a position that is to be directly or indirectly compensated from public funds or fees of office if:

1. the individual is related to the Authority Official within the third degree by consanguinity or within the second degree by affinity; or
2. the individual is related to any member of the Board within the third degree by consanguinity or within the second degree by affinity.

3.6 ACCEPTANCE OF GIFTS

- (a) An Authority Official shall not solicit, offer or accept any benefit of value from a person or Business Entity the Authority Official knows is interested in any contract, purchase, payment, claim, or other transaction involving the exercise of their discretion as a public servant, or any matter before the Board, or likely to come before the Board for any decision, opinion, recommendation or vote.
- (b) The prohibition against benefits in Subsection (a) of this section shall not apply to:
 - (1) an occasional non-pecuniary gift, valued at less than fifty dollars (\$50.00);
 - (2) benefits in the form of food, lodging, transportation, or entertainment in any amount if the Authority Official accepts as a "guest" and such benefits are reported, if required. In order to be accepted as a "guest," the donor must be present;

- (3) a benefit from a person such as a friend, relative, or business associate with whom the Authority Official has a relationship independent of his official status, provided the benefit is given on account of that relationship rather than the official status;
 - (4) payment for which the Authority Official gives "legitimate consideration" in a capacity other than a public servant. "Legitimate consideration" means that the payment received reflects the actual value of the services or goods provided in exchange for payment; or
 - (5) an award publicly presented in recognition of public service.
- (c) In the event an Authority Official receives an unsolicited gift that may not be accepted, the Authority Official may donate the gift to a governmental entity that has the authority to accept the gift or may donate the gift to a recognized tax-exempt charitable organization formed for educational, religious, or scientific purposes.

3.7 BRIBERY

An Authority Official shall not intentionally or knowingly offer, confer, agree to confer on another, solicit, accept, or agree to accept a benefit:

1. as consideration for a decision, opinion, recommendation, vote, or other exercise of discretion as an Authority Official;
2. as consideration for a violation of a duty imposed on the Authority Official by law; or
3. that is a political contribution as defined by Title 15 of the Texas Election Code or an expenditure made and reported as a lobbying expense in accordance with Texas Government Code, Chapter 305, if the benefit was offered for agreement to take or withhold a specific exercise of official discretion.

3.8 ABUSE OF OFFICE

An Authority Official shall not, with intent to obtain a benefit or with intent to harm or defraud another, intentionally or knowingly violate a law relating to the office or misuse Authority property, services, personnel, or any other thing of value, belonging to the Authority, that has come into the Authority Official's custody by virtue of the Authority Official's office or employment.

3.9 BANK RELATIONS

- (a) A director who is a stockholder, officer, director, or employee of a bank that has bid to become a depository for the Authority shall not vote on the awarding of a depository contract to said bank.

- (b) If a director has a substantial interest in a bank with which the Authority is considering entering into a loan or other transaction besides a depository contract, then the director must comply with the affidavit and abstention requirements as set out in Subsection (a) of this section.

3.10 INCOMPATIBILITY OF OFFICE

A director may not occupy two legally incompatible public offices. Offices are legally incompatible when the faithful and independent exercise of one would necessarily interfere with the faithful and independent exercise of the other. A person may not serve in one branch of government while exercising any powers properly attached to either of the other branches of government.

3.11 DISCLOSURE OF INTEREST IN PROPERTY

- (a) If a director or candidate for director has a legal or equitable interest in any property that is to be acquired with public funds, the director or candidate shall file an affidavit within ten (10) days before the date on which the property is to be acquired by purchase or condemnation.

- (1) The affidavit must:

- a. state the name of the director or candidate;
- b. state the public office held and title;
- c. fully describe the property;
- d. fully describe the nature, type, and amount of interest in the property, including the percentage of ownership interest and the date the interest was acquired;
- e. include a verification as follows: "I swear that the information in this affidavit is personally known by me to be correct and contains the information required by § 553.002, Texas Government Code"; and
- f. include an acknowledgment of the same type required for recording a deed in the deed records of a county.

- (2) The affidavit must be filed with:

- a. the county clerk of the county in which the director resides; and
- b. the county clerk of the county in which the property is located.

3.12 CLOSED MEETINGS

A director shall not attend a closed meeting or portion of a closed meeting of the Board under Chapter 551, Texas Government Code, where the Board is discussing a matter on which the director has a conflict of interest under Chapters 171 or 176, Texas Local Government Code.

3.13 CONDUCT

- (a) Board members will conduct themselves in accordance with this Code of Ethics. Directors shall make every effort to act in a cooperative professional manner and:
- (1) fully support decisions of the majority;
 - (2) respect the opinions of others;
 - (3) develop an understanding of Authority policies, programs, and projects;
 - (4) request information through appropriate channels;
 - (5) respect and protect the privacy of employees and other Board members;
 - (6) give other Board members equal time; and
 - (7) refer inquiries from the media to the General Manager or the Authority's legal counsel.
- (b) Board members shall make every effort to not:
- (1) act as individuals rather than members of a group;
 - (2) make individual promises to civic groups or individuals;
 - (3) conduct individual investigations;
 - (4) obligate the Board to actions or expenditures without authorization;
 - (5) allow themselves to be unduly influenced by individuals with special interests;
 - (6) give individual instructions directly to the General Manager;
 - (7) make public comments about staff members or other Board members;
 - (8) initiate individual statements to the media concerning Authority issues; or
 - (9) monopolize meetings.

- (c) Board members will comply with the provisions of Article 9, Section 9.3 of these Bylaws related to interactions with Authority employees.

ARTICLE 4. POLICY ON FEES OF OFFICE, EXPENSES, AND TRAVEL REIMBURSEMENT

- (a) Each director is entitled to receive fees of office in the manner provided by law. The fees of office shall be limited to an amount of not more than one-hundred and fifty dollars (\$150.00) a day for each day a director actually spends performing the duties of director, and an annual amount no greater than seven-thousand two-hundred dollars (\$7,200.00). Fees of office shall be paid in accordance with Subsections (e) and (f) of this Article.
- (b) “Performing the duties of director” has the meaning assigned by § 49.060 of the Texas Water Code.
- (c) Each director is entitled to receive reimbursement of reasonable and necessary expenses incurred while engaging in activities on behalf of the Authority in the manner provided by law.
- (d) Authorized travel expenses include the cost of meals, lodging, commercial travel, automobile mileage, and other necessary and reasonable costs incurred while on official business away from the Authority office.
- (e) Any director desiring to receive fees of office or reimbursement for actual expenses reasonably and necessarily incurred while engaging in activities on behalf of the Authority shall submit to the General Manager a signed verified statement on a form provided by the General Manager showing the number of days actually spent in the service of the Authority and a general description of the duties performed on each day of service, accompanied by any supporting receipts or invoices, as applicable.
- (f) Payment of fees of office and reimbursement of expenses incurred by directors may be approved by the General Manager.

ARTICLE 5. MEETINGS

5.1 GENERAL

The Board shall meet a minimum of once per month with other meetings scheduled as necessary for the conduct of business. All meetings shall be conducted in accordance with the Open Meetings Act Chapter 551, Texas Government Code. The regular place of meetings shall be the Authority office.

5.2 QUORUM

A majority of the membership of the Board constitutes a quorum for any meeting, and a concurrence of a majority of the entire membership, three (3) members of the Board, is sufficient for transacting any business of the Authority.

5.3 NOTICE AND MEETING AGENDA

- (a) A written notice and agenda will be prepared and posted as required by law. The Board president shall be responsible for approving the notice and agenda items for each Board meeting, and shall coordinate with the General Manager, who shall be responsible for preparation of the notice and agenda for approval by the Board president and for its posting. Any director or the General Manager may request that an item be placed on an upcoming meeting agenda for consideration by the Board, which the president may include at the president's discretion.
- (b) Each regular Board meeting agenda shall include an agenda item 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 Authority. If an item is not placed on an agenda after a request has been made, a director may make a motion for the inclusion of such an agenda item. If the motion prevails by a majority of the Board, the item shall be included on the next available agenda in a manner consistent with the prevailing motion.
- (c) The Board will only consider items listed on the agenda. On other subjects not on the agenda, a statement of specific factual information or a recitation of existing Authority policy may be provided in response to inquiries made by a Board member or a member of the general public, or a member of the public may be directed to visit with the General Manager after the conclusion of the meeting. Deliberation on these subjects, however, is limited to placing a subject on the agenda for a subsequent meeting for which notice will be posted in advance.
- (d) The General Manager shall schedule hearings for water well permit applications to be considered by the Board as provided by the Authority's Water Wells Rules. Notice of public hearings on applications for water well permits shall be prepared, posted, and filed with the county clerk by the General Manager in the manner prescribed by the Authority's Water Well Rules and state law.
- (e) Notice of the following types of hearings or meetings that may be held by the Authority or actions to be taken by the Authority shall be prepared, posted, and otherwise provided by the General Manager in the manner prescribed below:
 - (1) impact fee hearings – notice as required by Chapter 395, Texas Local Gov't Code;
 - (2) adoption of rules – notice as required by § 51.129, Texas Water Code;

- (3) open meetings provisions – notice as required by Chapter 551, Texas Gov’t Code; and
- (4) election of directors – notice as required by Chapter 49, Texas Water Code, applicable provisions of the Texas Election Code, and the Authority Act.
- (f) Any other type of hearing that may be required or authorized to be held by the Authority shall be prepared, posted, and otherwise provided by the General Manager in the manner prescribed by state law.

5.4 CONSENT AGENDA

The Board may follow a consent agenda format to approve all routine or noncontroversial items with a single motion, without the need for discussion by the full Board. Any item may be removed from the consent agenda and considered individually upon request of a Board member or member of the public attending a Board meeting. The General Manager shall prepare a list of items to be included on the consent agenda for a specific meeting to be reviewed by the Board president prior to posting of the final meeting agenda.

5.5 MINUTES

The Authority shall keep a true and complete account of all Board meetings and proceedings, and verify and maintain minutes of these meetings on file permanently. Minutes may be taken by the assistant secretary or by a staff member, and the final copy will be verified by majority vote at a regularly scheduled meeting. Minutes will contain at a minimum:

1. date, time, and location of the meeting;
2. names of the presiding officer and other Board members present;
3. names of the Board members who are absent;
4. names of visitors, special guests of the Board, and guests present who register on the meeting sign-in sheet;
5. a brief summary of all business discussed or considered;
6. a record of all motions and their disposition, including the person making the motion, person seconding the motion, and the outcome of the vote; and
7. copies of orders or other evidence of official action will be attached to the minutes unless indexed records are kept of such actions.

5.6 EMERGENCY MEETINGS

The Board will call an emergency meeting only in instances of an imminent threat to public health and safety or a reasonably unforeseeable situation requiring immediate action by the Board. The General Manager shall post notice of the emergency meeting, or shall post a supplemental notice to add the Authority's deliberation or taking of action on the emergency as an item to the agenda for a Board meeting for which notice has already been posted. It is sufficient if the notice or supplemental notice is posted for at least one (1) hour before the meeting is convened. Notice will otherwise be posted with the same information and in the same manner as notices for regular meetings. The notice will state the reason for the "emergency or urgent public necessity." The Board president or the General Manager shall notify the news media of the emergency meeting or emergency item as required by law.

5.7 SPECIAL MEETINGS

A special meeting of the Board may be called for a specific purpose by the president or by written request of a majority of the Board.

5.8 WORK SESSIONS

The president may schedule a work session for the Board for a specific purpose. The Board may not take any final action at a work session.

5.9 REVISIONS AND CANCELLATION

An emergency addition to a meeting may be made by providing one (1) hour of supplemental notice following the same filing procedures as for emergency meetings. When a meeting must be canceled, the General Manager will post a notice of cancellation of the meeting at all posting locations if time permits.

5.10 MEETING PROCEDURES

- (a) The Board president, or the vice-president in the president's absence, will preside over all meetings and ensure that they are conducted in accordance with these Bylaws.
- (b) The parliamentary authority guiding deliberative sessions of the Board shall be the most recent edition of "Roberts Rules of Order Newly Revised." In the event of a dispute on a matter of procedure before the Board, the applicable rules contained therein shall govern to the extent they are not inconsistent with these Bylaws, the Authority Act, or relevant law, and any other special rules the Board shall adopt.
- (c) Recording by audio and/or video of meetings will be allowed but not required.
- (d) The general public and interested parties attending meetings will be invited to sign in as a record of attendance.

- (e) Public comment during open meetings of the Board shall be conducted in the manner described in this subsection.
 - (1) The Board shall provide each member of the public who so desires an opportunity to address the Board during an open meeting regarding an item on the Board's agenda before or during the Board's consideration of the item.
 - (2) The Board may require that a person wishing to provide public comment complete a registration or information form indicating the person's name, contact information, and the number of the agenda item that will be addressed. A person shall address only the item for which they signed up to speak.
 - (3) The presiding officer may place a five-minute limit on the length of time a person may speak on any single posted item or in total, and may place limits on or prohibit the ability of a person to pass his/her time to another speaker. The presiding officer may allot more time to a speaker solely at the presiding officer's discretion.
 - (4) The Board may place other reasonable limitations on public comment, including prohibiting unduly repetitious comments or improper conduct. At the discretion of the presiding officer, the Board may seek public comment or ask questions of any person in attendance.
 - (5) A person whose testimony must be translated shall be given at least twice the amount of time allotted to other speakers to account for the time needed by the translator, unless simultaneous translation equipment is used by the Board.

5.11 EXECUTIVE SESSIONS

- (a) A meeting may be closed to the public under certain limited circumstances. Generally, these circumstances include certain negotiations, consultation with the Board's attorney, consideration of personnel matters, real property transactions, and security deployment. The Board shall keep a certified agenda of the proceedings of each closed executive session with the exception of sessions that are closed solely under § 551.071, Texas Government Code, for the Board to have a private consultation with legal counsel.
- (b) If a closed or executive session is held, the following procedures will be followed:
 - (1) The Board will first convene in open session.
 - (2) The presiding officer will announce that an executive session is to be held and identify the section of the Open Meetings Act that authorizes the executive session. For example, the presiding officer states, "The Board of Directors will now meet in executive session as authorized under § 551.072 of the Texas Government Code, to discuss the purchase, exchange, lease, or value of the real property."
 - (3) No final action will be taken during an executive session.

- (4) At the conclusion of an executive session, the Board will reconvene in open session. The Board will be in open session before taking any final action, decision, or vote, even on matters considered in an executive session.

ARTICLE 6. FINANCIAL

6.1 CONTRACTS, INSTRUMENTS, AND DOCUMENTS

- (a) The Board may authorize the president or the General Manager to enter into any contract that is approved by the Board or to execute and deliver any instrument or document in the name of and on behalf of the Authority, subject to compliance with this section. All contracts approved by the Board shall be executed by either the president or the General Manager and, if deemed necessary by the Board or General Manager, approved by the Authority's legal counsel. All contracts approved by the General Manager shall be executed by the General Manager and, if deemed necessary by the General Manager, approved by the Authority's legal counsel.
- (b) The Board hereby delegates to the General Manager the responsibility to manage contracts approved by the Board and executed by the Authority with the following stipulations:
 - (1) The Board hereby grants authority to the General Manager the authority to approve a change order to a construction contract that involves an increase or decrease of fifty thousand dollars (\$50,000.00) or less, as provided for in § 49.273(i), Texas Water Code.
 - (2) Regarding professional services contracts previously approved by the Board, the Board grants authority to the General Manager to execute amendments to said agreements which result in additional contract fees of less than twenty-five thousand dollars (\$25,000.00).
- (c) The Board hereby delegates to the General Manager authority to enter into any contract on behalf of the Authority with a value of twenty-five thousand dollars (\$25,000.00) or less in cost if there are sufficient funds in the Authority's budget to cover the costs.
- (d) Additionally, a contract does not require an action or vote by the Board if:
 - (1) the Board has delegated to the General Manager the authority to enter into the contract; and
 - (2) the Board does not participate in the selection of the business entity or person with which the contract is entered into.
- (e) The Board shall adopt a procurement policy for construction contracts and contracts for and purchases of other goods or services that complies with state law and the rules of the Texas Ethics Commission.

6.2 LOANS

No loans shall be contracted on behalf of the Authority 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 or assistant secretary.

6.3 EXPENDITURES

- (a) The Authority's money may be disbursed by check, draft, order, or other instrument, or by electronic transfer in accordance with this section. The General Manager may disburse Authority funds by federal reserve wire system and by electronic fund transfer to accounts in the name of the Authority or accounts not in the name of the Authority as provided by this section if such transfers do not violate the provisions of any law or of the Authority's Investment Policy.
- (b) If a disbursement is for an expenditure of twenty-five thousand dollars (\$25,000.00) or less and is either within the current budget or has been expressly approved by the Board, the disbursement may be signed or electronically transferred:
 - (1) solely by the General Manager;
 - (2) by an employee who reports directly to the General Manager after delegation by the General Manager to the employee to issue disbursements that meet these criteria;
 - (3) by a combination of two (2) employees who report directly to the General Manager after delegation by the General Manager to the employees to issue disbursements that meet these criteria; or
 - (4) by a combination of the General Manager and an employee who has been delegated authority under Subsection (b)(3) of this section.
- (c) If a disbursement is for an expenditure in an amount greater than twenty-five thousand dollars (\$25,000.00) and is either within the current budget or has been expressly approved by the Board, the disbursement shall be signed or electronically transferred by:
 - (1) a combination of two (2) employees who report directly to the General Manager after delegation by the General Manager to the employees to issue such disbursements that meet these criteria; or
 - (2) by a combination of the General Manager and an employee who has been delegated authority under Subsection (c)(1) of this section.
- (d) The General Manager may also transfer funds in any amount from one depository or investment account held in the name of the Authority to another depository or investment account held in the name of the Authority if such transfers do not violate the provisions

of any law or the Authority's Investment Policy. The General Manager may delegate this authority to an employee who reports directly to the General Manager or to a combination of persons as described under Subsection (b)(3) of this section.

- (e) For purposes of this section, if a disbursement by electronic transfer requires the approval of two (2) persons, such approval by each person must be evidenced in either a written, hard-copy document or by electronic mail or other verifiable electronic means.
- (f) Expenditures of Authority funds to acquire goods or services valued at greater than twenty-five thousand dollars (\$25,000.00) require advance approval by the Board, except that the General Manager may approve expenditures greater than twenty-five thousand dollars (\$25,000.00) for:
 - (1) expenses incurred pursuant to a contract, expense, or other purchase previously approved by the Board if they are consistent with the terms of the previous Board approval;
 - (2) recurring expenses for an expense that has previously been approved by the Board; and
 - (3) change orders to an existing contract that involve an increase or decrease of fifty-thousand dollars (\$50,000.00) or less as described by Section 6.1(b)(1) of this Article.
- (g) If the General Manager determines that an expenditure must be made prior to the next meeting of the Board that is greater than twenty-five thousand dollars (\$25,000.00) and does not fall within one of the exceptions set forth under Subsection (f) of this section, the General Manager shall obtain verbal approval from the president. The transaction shall be presented to the Board for approval and validation at its next meeting.
- (h) No expenditures shall be made if they are inconsistent with the Authority's annual budget. This requirement shall not, however, prevent the Board from amending the budget at the same time that it authorizes an expenditure to transfer reserve funds or funds from other budget categories to cover the expenditure.

6.4 DEPOSITORIES

The Board shall name one or more banks to serve as depository for Authority funds and shall deposit such funds in accordance with § 49.156, Texas Water Code.

6.5 INVESTMENTS

Funds of the Authority may be invested and reinvested in accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Texas Government Code, and in accordance with the Investment Policy of the Authority.

6.6 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 Authority 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 an audit report shall be submitted to the executive director of the TCEQ in accordance with Chapter 49, Texas Water Code. The Authority's auditors may undertake consulting services for the Authority in addition to their duties in connection with the annual audit.

6.7 FISCAL YEAR

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

6.8 BOND REQUIREMENT

The Board shall require any director, officer, employee, or consultant who collects, pays, or handles any funds of the Authority to furnish good and sufficient bond as provided under § 49.057(e), Texas Water Code.

ARTICLE 7. POLICY ON SELECTION, MONITORING, REVIEW, AND EVALUATION OF PROFESSIONAL CONSULTANTS

- (a) The Board shall select, monitor, review, and evaluate its Professional Consultants in accordance with Texas Government Code, Chapter 2254, and the Texas Water Code, Chapter 49.
- (b) Definition of Professional Consultant. "Professional Consultant" shall include attorneys, engineers, auditors, financial advisors, or other professional consultants other than employees that the Authority may hereafter engage.
- (c) Selection of Consultants. The Board of Directors and the Authority's General Manager shall comply with the Professional Services Procurement Act, Chapter 2254, Texas Government Code, in selecting professional consultants.
- (d) Monitoring of Professional Consultants. The Board of Directors may review the performance of professional consultants on its own motion, at the recommendation of the Authority's General Manager, prior to renewal of professional services contracts, or at any other time deemed necessary by the Board of Directors.

ARTICLE 8. POLICY ON USE OF MANAGEMENT INFORMATION AND FORMATION OF AN AUDIT COMMITTEE

- (a) Annual Budgets. Prior to the commencement of each fiscal year, the Board shall adopt an annual budget in accordance with § 49.057(b), Texas Water Code. On a monthly basis, or as otherwise directed by the Board, the General Manager shall provide a financial report to the Board for review and/or approval which presents in summary form the monthly and year-to-date revenues, expenses, and account balances as well as year-to-date budget.
- (b) Audit Committee. The Board hereby establishes an audit committee comprised only of directors, which shall consist of the full Board as a committee of the whole.
- (c) Accounting Standards. The Authority hereby directs its auditor to adopt uniform auditing reporting requirements that use "Audits of State and Local Governmental Units" as a guide on audit working papers and that uses "Governmental Accounting and Financial Reporting Standards" and any further standards as may be required by the TCEQ rules or State statutes as may be amended from time to time.

ARTICLE 9. EMPLOYEES

9.1 GENERAL MANAGER AND EMPLOYEES

The Board shall employ or contract with a person to perform such services as General Manager for the Authority and set the General Manager's salary. A director may not be employed as General Manager of the Authority. Periodically, 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 the General Manager's responsibilities and whether additional responsibilities should be delegated to the General Manager.

9.2 DELEGATION OF AUTHORITY

- (a) The General Manager shall be the chief administrative officer of the Authority and shall have full authority to manage and operate the affairs of the Authority, subject only to the direction given by the Board through policies, resolutions, and orders adopted by it.
- (b) The General Manager may employ all persons necessary for the proper handling of the business and operations of the Authority 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.
- (c) The General Manager may execute all documents on behalf of the Authority except as expressly reserved for the Board president, secretary, or assistant secretary under Article 2 of these Bylaws.
- (d) The General Manager may delegate the General Manager's duties to a direct report of the General Manager or as otherwise may be necessary to effectively and expeditiously

accomplish the General Manager's duties, provided, however, that no such delegation shall ever relieve the General Manager of the responsibilities which are ultimately the General Manager's under the Authority Act, the rules or Bylaws of the Authority, or Board orders.

- (e) In situations in which the position of General Manager is vacant or the General Manager is incapacitated, the president shall exercise all of the duties delegated to the General Manager unless and until the Board designates another employee to exercise such duties.

9.3 INTERACTIONS BETWEEN BOARD MEMBERS AND EMPLOYEES

- (a) The General Manager is responsible for implementing all policies and decisions of the Board and for supervising all other employees of the Authority. In essence, the General Manager is the sole employee of the Board. The General Manager is solely responsible, within the fiscal constraints of the annual budget adopted by the Board, for hiring and supervising all other employees of the Authority.
- (b) In order to facilitate the highest level of efficiency and effectiveness in the management of the Authority; to reduce confusion regarding the nature, scope, and priority of work to be performed by employees of the Authority; to foster the confidence and trust of the Authority's employees in management and the Board; and to promote the integrity of the Board as an institution, Board members and employees of the Authority will adhere at all times to the following standards:
 - (1) Board members and employees will conduct themselves with decorum and will treat each other with the proper courtesy and respect.
 - (2) No individual Board member may direct Authority employees or engineers, attorneys, or other professional consultants of the Authority in the performance of their duties unless specifically authorized by the Board or a Committee of the Board and in coordination with the General Manager.
 - (3) No individual Board member may countermand an action or directive of the full Board, a Committee, or the General Manager.
 - (4) Except as otherwise determined by the Board, an individual Board member who desires an Authority employee to address or attend to a particular matter should refer the matter to the General Manager, who will be responsible for determining in the General Manager's reasonable discretion if the matter is routine or non-routine. If the matter is of a routine nature, the General Manager will prioritize the referral based on the nature of the issue (e.g. emergency), the status of current and pending projects, and staffing assignments and workloads. If the General Manager determines that the matter is of a non-routine nature, then the General Manager will refer the matter to the Board for consideration.
 - (5) Except when otherwise appropriate in the context of a Committee or Authority project or event, or as authorized by the Authority's Personnel Policy, Authority

employees should not contact individual Board members regarding Authority business or personnel matters. An individual Board member who is contacted by an Authority employee should (a) immediately refer the employee to the General Manager; (b) not engage in further discussions with the employee regarding the matter in question; and (c) promptly notify the General Manager about the contact.

- (6) Except when necessary to carry out a Board-approved project or when accompanied by the General Manager or designee of the General Manager for a specific purpose, individual Board members are not permitted at the Authority's facilities other than the Authority's office.

9.4 GENERAL MANAGER ANNUAL REVIEW

To support BWA's growth and improvement as an organization, the Board shall conduct an annual review of the General Manager ("GM") on or before August 31st of each year under the protocol determined by the Board.

All written communications and documents regarding the GM's performance evaluation under the protocol shall be directed solely to BWA's legal team to gather, review, and analyze such information for the purpose of providing legal counsel and recommendations to the Board on how to proceed with the final performance evaluation in executive session. All documentation shall be created by and remain in the possession of the legal team.

ARTICLE 10. AUTHORITY ADMINISTRATION

10.1 AUTHORITY OFFICE

The Authority's office is located at 1121 Mercedes Street, Benbrook, Texas 76126.

10.2 MINUTES AND RECORDS OF THE AUTHORITY

All documents, reports, records, video and audio recordings, and minutes of the Authority 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 Authority's records is subject to Chapter 201, Texas Government Code.

10.3 OFFICE HOURS

The regular office hours of the Authority shall be determined and posted for Monday through Friday, except for Authority 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 either be posted at the entrance to the property where the Authority's office is located or on or near the front door to the Authority office and posted on the

Authority's website. Permanent changes in the Authority's regular office hours may be approved by the Board from time to time as needed or as may be appropriate.

ARTICLE 11. AMENDMENTS TO BYLAWS

These Bylaws may be amended only by a majority vote of the entire membership of the Board at two consecutive Board meetings. In making such an amendment, the members shall specify the exact wording of any changes to be made.

ARTICLE 12. VIOLATIONS OF RULES

(a) Any BWA employee or Board member who is aware of a violation of these Bylaws which constitutes a felony or poses a threat of bodily injury or death to any person shall report same to an appropriate law enforcement authority.

(b) Potential violations of these Bylaws which do not clearly meet the definition in subpart (a) may be reported by any Board member by submitting the potential violation in writing to BWA's President who shall forward the information to BWA's attorney. If the subject of the alleged violation is BWA's President, or if the President is the person reporting the potential violation, the written submission shall be to BWA's Vice-President. The complained of Board member shall receive a copy of the communication (the "complaint") from BWA's attorney within three (3) business days of receipt for the filing with the attorney of a written response, if any. The written response, if any, shall be provided to the complaining Board member. Unless withdrawn by the complaining Board member, the complaint and any response shall be circulated by BWA's attorney to all members of the Board within seven (7) business days of receipt of the original complaint.

(c) Any Board member, within thirty (30) days of the circulation of the complaint to the Board, may request that BWA's President place the matter as an agenda item for the purposes of discussion of the complaint in a closed executive session with BWA's attorney to receive legal advice regarding the complaint and whether a violation has occurred. If the subject of the alleged violation is BWA's President, said request for an agenda item shall be made to BWA's General Manager, who shall place the matter on the agenda without the need for approval by BWA's President. If no such request is timely made, the complaint is dismissed. If such a request is made by any Board member, the complaint shall be placed on an agenda for discussion in a closed executive session with BWA's attorney.

(d) If requested by any three (3) Board members within ninety (90) days of the discussion of the matter in the closed executive session, the complaint shall be placed on a public agenda for discussion by the full Board in open session. The Written complaint and response, if any, shall be made available to the public on request.

(e) If any three (3) Board members vote to uphold the complaint in open session, the Board member found to have violated these Bylaws may be publicly reprimanded. If a second or subsequent complaint is upheld, on a separate and distinct matter under the same procedure,

the Board member found to have violated these Bylaws may be publicly censured. In addition, if any three (3) Board members vote that the complaint constitutes a crime, the matter shall be reported to an appropriate law enforcement authority.

ARTICLE 13. CONSTRUCTION

A reference to an article, section, or subsection without further identification is a reference to an article, section, or subsection of these Bylaws. Construction of words and phrases is governed by the Code Construction Act, Subchapter B, Chapter 311, Texas Government Code. The singular includes the plural, and the plural includes the singular. The masculine includes the feminine, and the feminine includes the masculine.

Draft

EXHIBIT A
STATEMENT OF OFFICER

Draft

Form 2201 - Statement of Officer (General Information)

The attached form is designed to meet minimal constitutional filing requirements pursuant to the relevant provisions. *This form and the information provided are not substitutes for the advice and services of an attorney.*

Execution and Delivery Instructions

A Statement of Officer required to be filed with the Office of the Secretary of State is considered filed once it has been received by this office.

Mail: P.O. Box 12887, Austin, Texas 78711-2887.

Overnight mail or hand deliveries: James Earl Rudder Officer Building, 1019 Brazos, Austin, Texas 78701.

Fax: (512) 463-5569.

Email: Scanned copies of the executed Statement may be sent to register@sos.texas.gov

NOTE: The Statement of Officer form, commonly referred to as the "Anti-Bribery Statement," must be executed and filed with the Office of the Secretary of State before taking the Oath of Office (Form 2204).

Commentary

Article XVI, section 1 of the Texas Constitution requires all elected or appointed state and local officers to take the official oath of office found in section 1(a) and to subscribe to the anti-bribery statement found in section 1(b) before entering upon the duties of their offices.

Elected and appointed state-level officers required to file the anti-bribery statement with the Office of the Secretary of State include members of the Legislature, the Secretary of State, and all other officers whose jurisdiction is coextensive with the boundaries of the state or who immediately belong to one of the three branches of state government. Questions about whether a particular officer is a state-level officer may be resolved by consulting relevant statutes, constitutional provisions, judicial decisions, and attorney general opinions. For more information, see Op. Tex. Att'y Gen. No. JC-0575 (2002) (determining the meaning of "state officer" as it is used in Article XVI).

Effective September 1, 2017, Senate Bill 1329, which was enacted by the 85th Legislature, Regular Session, amended chapter 602 of the Government Code to require the following judicial officers and judicial appointees to file their oath and statement of officer with the secretary of state:

Officers appointed by the supreme court, the court of criminal appeals, or the State Bar of Texas; and Associate judges appointed under Subchapter B or C, Chapter 201, Family Code.

Local officers must retain the signed anti-bribery statement with the official records of the office. *As a general rule, city and county officials do not file their oath of office with the Secretary of State— these officials file at the local level. The Legislature amended the Texas Constitution, Article 16, Section 1, in November 2001 to no longer require local level elected officials to file with our office. **The Office of the Secretary of State does NOT file Statements or Oaths from the following persons:** Assistant District Attorneys; City Officials, including City Clerks, City Council Members, Municipal Judges, Justices of the Peace, and Police/Peace Officers; Zoning/Planning Commission Members; County Officials, including County Clerks, County Commissioners, County Judges, County Tax Assessors, and District Clerks; and Officials of Regional Entities, such as, Appraisal Review Districts, Emergency Service Districts, and School Districts (ISD's).*

Questions about this form should be directed to the Government Filings Section at (512) 463-6334 or register@sos.texas.gov

Revised 05/2020

Form #2201 Rev. 05/2020
Submit to:
SECRETARY OF STATE
Government Filings
Section P O Box 12887
Austin, TX 78711-2887
512-463-6334
512-463-5569 - Fax
Filing Fee: None



STATEMENT OF OFFICER

Statement

I, _____, do solemnly swear (or affirm) that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected or as a reward to secure my appointment or confirmation, whichever the case may be, so help me God.

Title of Position to Which Elected/Appointed: _____

Execution

Under penalties of perjury, I declare that I have read the foregoing statement and that the facts stated therein are true.

Date: _____

Signature of Officer

EXHIBIT B
OATH OF OFFICE

Draft

Form 2204 - Oath of Office (General Information)

The attached form is designed to meet minimal constitutional filing requirements pursuant to the relevant provisions. *This form and the information provided are not substitutes for the advice and services of an attorney.*

Execution and Delivery Instructions

An Oath of Office that is required to be filed with the Office of the Secretary of State is considered filed once it has been received by this office. The Oath of Office may be administered to you by a person authorized under the provisions of Chapter 602 of the Texas Government Code. Authorized persons commonly used to administer oaths include notaries public and judges.

Mail: P.O. Box 12887, Austin, Texas 78711-2887.

Overnight mail or hand deliveries: James Earl Rudder Officer Building, 1019 Brazos, Austin, Texas 78701.

Fax: (512) 463-5569. If faxed, the original Oath should also be mailed to the appropriate address above.

Email: Scanned copies of the executed Oath may be sent to register@sos.texas.gov. If sent by email, the original Oath should also be mailed to the appropriate address above.

NOTE: Do not have the Oath of Office administered to you before executing and filing the Statement of Officer (Form 2201 – commonly referred to as the “Anti-Bribery Statement”) with the Office of the Secretary of State.

Commentary

Pursuant to art. XVI, Section 1 of the Texas Constitution, the Oath of Office *may not* be taken until a Statement of Officer (see Form 2201) has been subscribed to and, as required, filed with the Office of the Secretary of State. Additionally, gubernatorial appointees who are appointed during a legislative session *may not* execute their Oath until after confirmation by the Senate. Tex. Const. art. IV, Section 12.

Officers Required to File Oath of Office with the Secretary of State:

- Gubernatorial appointees
- District attorneys
- Appellate and district court judges
- Officers appointed by the supreme court, the court of criminal appeals, or the State Bar of Texas
- Associate judges appointed under subchapter B or C, chapter 201 of the Texas Family Code
- Directors of districts operating pursuant to chapter 36 or 49 of the Texas Water Code file a duplicate original of their Oath of Office within 10 days of its execution. Texas Water Code, Sections 36.055(d) and 49.055(d)

Officers Not Required to File Oath of Office with the Secretary of State:

Members of the Legislature elected to a *regular* term of office will have their Oath of Office administered in chambers on the opening day of the session and recorded in the appropriate Journal. Members elected to an *unexpired* term of office should file their Oath of Office with either the Chief Clerk of the House or the Secretary of the Senate, as appropriate.

All other persons should file their Oaths locally. Please check with the county clerk, city secretary or board/commission secretary for the proper filing location.

As a general rule, city and county officials do not file their oath of office with the Secretary of State—these officials file at the local level. The Legislature amended the Texas Constitution, Article 16, Section 1, in November 2001 to no longer require local level elected officials to file with our office.

The Office of the Secretary of State does NOT file Statements or Oaths from the following persons: Assistant District Attorneys; City Officials, including City Clerks, City Council Members, Municipal Judges, Justices of the Peace, and Police/Peace Officers; Zoning/Planning Commission Members; County Officials, including County Clerks, County Commissioners, County Judges (*except County Court of Law Judges who file with the Elections Division*), County Tax Assessors, and District Clerks; and Officials of Regional Entities, such as, Appraisal Review Districts, Emergency Service Districts, and School Districts (ISD's). Questions about whether a particular officer is a state-level officer may be resolved by consulting relevant statutes, constitutional provisions, judicial decisions, and attorney general opinions.

All state or county officers, other than the governor, lieutenant governor, and members of the legislature, who qualify for office, are commissioned by the governor. Tex. Gov't Code, Section 601.005. The Secretary of State performs ministerial duties to administer the commissions issued by the governor, including confirming that officers are qualified prior to being commissioned. Submission of this oath of office to the Office of the Secretary of State confirms an officer's qualification so that the commission may be issued.

Questions about this form should be directed to the Government Filings Section at (512) 463-6334 or register@sos.texas.gov.

Revised 9/2017

Form #2204 Rev 9/2017

This space reserved for office use

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334
FAX 512-463-5569
Filing Fee: None



OATH OF OFFICE

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, _____, do solemnly swear (or affirm), that I will faithfully
execute the duties of the office of _____ of
the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws
of the United States and of this State, so help me God.

Signature of Officer

Certification of Person Authorized to Administer Oath

State of _____

County of _____

Sworn to and subscribed before me on this _____ day of _____, 20____.

(Affix Notary Seal,
only if oath
administered by a
notary.)

Signature of Notary Public or
Signature of Other Person Authorized to Administer An
Oath

Printed or Typed Name

EXHIBIT C
DISCLOSURE AFFIDAVIT

Draft

DISCLOSURE AFFIDAVIT

STATE OF TEXAS
BENBROOK WATER AUTHORITY

§
§

AFFIDAVIT OF _____

Before me, the undersigned notary, on this day, personally appeared _____, a person whose identity is known to me. After I administered an oath to him, upon his oath, he said:

"My name is _____, I am capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.

I make the following disclosure pursuant to Section 171.004 of the Texas Local Government Code. I have a substantial interest in a business entity or in real property that affects agenda item number _____, which is before the Board of Directors of the Benbrook Water Authority on _____, 20____. The business entity or real property is (name/address of business or description of property): _____

_____. The nature and extent of the substantial interest in this business entity or real property are as follows:

- an ownership interest of 10 percent or more of the voting stock or shares of the business entity;
- an ownership interest of 10 percent or \$15,000 or more of the fair market value of the business entity;
- funds received from the business entity exceed 10 percent of my gross income for the previous year;
- real property is involved and I have an equitable or legal ownership with a fair market value of at least \$2500;
- a person who is related to me within the first degree of consanguinity (blood) or affinity (marriage) has a substantial interest in the involved real property or business entity. I have also checked which of the above types of interests my relative has in the item.

Upon the filing of this affidavit with the record keeper of the Benbrook Water Authority, I affirm that I shall abstain from any discussion, vote, or decision involving this business entity or real property and from any further participation in this matter whatsoever.

Signed this _____ day of _____, _____.

Signature of Affiant

SUBSCRIBED AND SWORN TO BEFORE ME on _____, 20__.

Seal:

Notary Public in and for the State of Texas

My Commission expires on

_____.

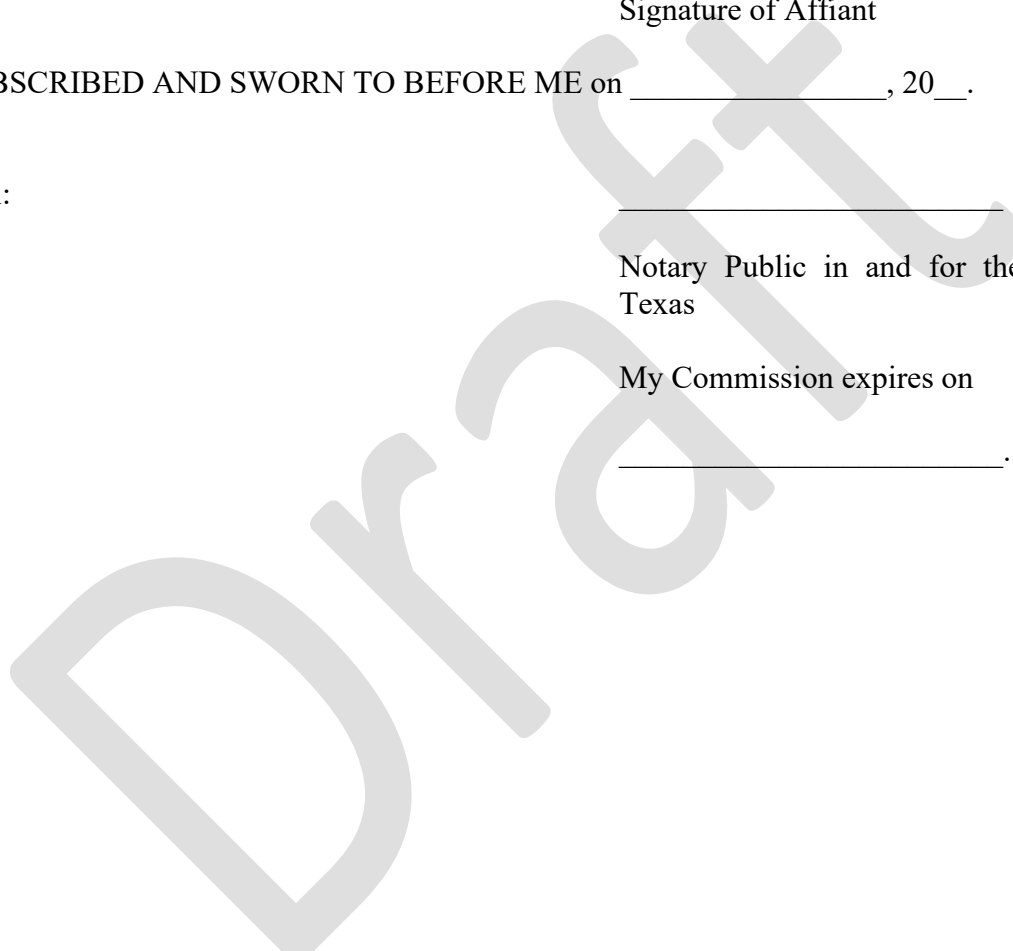


EXHIBIT D
CONFLICTS DISCLOSURE STATEMENT

Draft

LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

Section 176.003 of the Local Government Code requires certain local government officers to file this form. A "local government officer" is defined as a member of the governing body of a local governmental entity; a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor. This form is required to be filed with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of this statement.

A local government officer commits an offense if the officer knowingly violates Section 176.003, Local Government Code. An offense under this section is a misdemeanor.

Refer to chapter 176 of the Local Government Code for detailed information regarding the requirement to file this form.

INSTRUCTIONS FOR COMPLETING THIS FORM

The following numbers correspond to the numbered boxes on the other side.

- 1. Name of Local Government Officer.** Enter the name of the local government officer filing this statement.
- 2. Office Held.** Enter the name of the office held by the local government officer filing this statement.
- 3. Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code.** Enter the name of the vendor described by Section 176.001(7), Local Government Code, if the vendor: a) has an employment or other business relationship with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code; b) has given to the local government officer or a family member of the officer one or more gifts as described by Section 176.003(a)(2)(B), Local Government Code; or c) has a family relationship with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 4. Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.** Describe the nature and extent of the employment or other business relationship the vendor has with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code, and each family relationship the vendor has with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 5. List gifts accepted, if the aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100.** List gifts accepted during the 12-month period (described by Section 176.003(a)(2)(B), Local Government Code) by the local government officer or family member of the officer from the vendor named in item 3 that in the aggregate exceed \$100 in value.
- 6. Affidavit.** Signature of local government officer.

Local Government Code § 176.001(2-a): "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

Local Government Code § 176.003(a)(2)(A):

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

- (2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

FORM CIS

(Instructions for completing and filing this form are provided on the next page.)

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This is the notice to the appropriate local governmental entity that the following local government officer has become aware of facts that require the officer to file this statement in accordance with Chapter 176, Local Government Code.	OFFICE USE ONLY
1 Name of Local Government Officer _____	Date Received _____
2 Office Held _____	
3 Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code _____	
4 Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3. _____	
5 List gifts accepted by the local government officer and any family member, if aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100 during the 12-month period described by Section 176.003(a)(2)(B). Date Gift Accepted _____ Description of Gift _____ Date Gift Accepted _____ Description of Gift _____ Date Gift Accepted _____ Description of Gift _____ (attach additional forms as necessary)	
6 AFFIDAVIT I swear under penalty of perjury that the above statement is true and correct. I acknowledge that the disclosure applies to each family member (as defined by Section 176.001(2), Local Government Code) of this local government officer. I also acknowledge that this statement covers the 12-month period described by Section 176.003(a)(2)(B), Local Government Code. <div style="text-align: right; margin-right: 200px;"> _____ Signature of Local Government Officer </div> AFFIX NOTARY STAMP / SEAL ABOVE Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20_____, to certify which, witness my hand and seal of office. <div style="display: flex; justify-content: space-between; margin-top: 20px;"> _____ Signature of officer administering oath _____ Printed name of officer administering oath _____ Title of officer administering oath </div>	

EXHIBIT E
CERTIFICATE OF INTERESTED PARTIES

Draft

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

Complete Nos. 1 - 4 and 6 if there are interested parties. Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.	OFFICE USE ONLY
1 Name of business entity filing form, and the city, state and country of the business entity's place of business.	
2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.	

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

4 Name of Interested Party	City, State, Country (place of business)	Nature of Interest (check applicable)	
		Controlling	Intermediary

5 Check only if there is NO interested Party.

6 UNSWORN DECLARATION

My name is _____, and my date of birth is _____.

My address is _____
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in _____ County, State of _____, on the _____ day of _____, 20____.
(month) (year)

 Signature of authorized agent of contracting business entity
 (Declarant)

ADD ADDITIONAL PAGES AS NECESSARY