
Post Oak Savannah Groundwater Conservation District

Board Policies and Procedures

THE FOLLOWING BOARD POLICIES ARE ADOPTED BY THE BOARD OF DIRECTORS OF THE POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT (POSGCD) TO CLARIFY ADMINISTRATIVE PROCEDURES AND ESTABLISH SPECIFIC GUIDELINES BY WHICH THE DISTRICT CAN BETTER SERVE AND MANAGE ITS BUSINESS.

SECTION 1. BOARD OF DIRECTORS

The Board of Directors is responsible for providing oversight, direction, management, supervision and governance of the Post Oak Savannah Groundwater Conservation District (POSGCD or District) in compliance with Chapter 36, Texas Water Code (TWC), to accomplish the purposes for which the District was created. The District was created in Milam and Burleson counties by HB 1784, 77th Legislature, 2001, and a local confirmation election in November 2002. The purpose of the District is to provide a locally controlled groundwater district to conserve and preserve groundwater, protect groundwater users, protect and recharge groundwater, prevent pollution or waste of groundwater in the central Carrizo-Wilcox area, control subsidence caused by withdrawal of water from the groundwater reservoirs in that area, and regulate the transport of water out of the boundaries of the districts.

SECTION 2. PROCEDURES FOR APPOINTMENT OF DIRECTORS AND TERM OF OFFICE

A. In accordance with state law and the District's Enabling Act (HB 1784, 77th Leg.), the POSGCD Board of Directors is appointed by the Commissioner's Courts of Milam and Burleson Counties. The District is governed by a Board of ten (10) directors which shall be distributed as follows:

The Milam County Commissioners Court shall appoint five (5) Directors, of whom:

- (1) one must represent municipal interests in the county;
- (2) one must be a bona fide agricultural producer who derives a substantial portion of his or her income from agriculture in the county;
- (3) one must be a director or employee of a rural water supply corporation in the county;
- (4) one must represent active industrial interests in the county; and
- (5) one must represent the interests of the county at large.

The Burleson County Commissioners Court shall appoint five (5) Directors, of whom:

- (1) one must represent municipal interests in the county;
- (2) one must be a bona fide agricultural producer who derives a substantial portion of his or her income from agriculture in the county;
- (3) one must be a director or employee of a rural water supply corporation in the county;
- (4) one must represent active industrial interests in the county; and
- (5) one must represent the interests of the county at large.

B. Directors serve four-year staggered terms and he/she may serve consecutive terms.

C. The General Manager of the District shall notify the Commissioner's Courts in writing at least 90 days prior to the expiration of Director's terms and include the names and contact

information of the Directors whose terms are set to expire, as well as any qualifying information pertinent to appointments to be made by the Commissioner's Courts.

D. Each Director must qualify to serve as a Director in the manner provided by Section 36.055, TWC

E. If there is a vacancy on the Board, the governing body of the entity that appointed the Director who vacated the office shall appoint a Director to serve the remainder of the term.

F. The President, or the General Manager, at the President's direction, shall inform the County Commissioner's Courts in writing when a vacancy occurs on the Board.

G. Any Board Member may resign at any time by giving written notice to the Board. Such a resignation shall take effect upon acceptance of the Board at its next regularly scheduled meeting.-

H. A Director that resigns serves until the Director's successor has qualified.

SECTION 3. OFFICERS

A. The Officers of the POSGCD shall be a President, Vice President, and Secretary / Treasurer. Their specific duties and responsibilities are determined by the rules and policies adopted by the Board. Officers and Board Members of the POSGCD shall serve without compensation but may be reimbursed for reasonable expenses.

B. The Board shall elect Officers from among their number.

C. Officers serve for a term of one year.

D. The vacancy of an officer shall be filled by a majority vote of Directors present at the next regular or special meeting of the Board.

SECTION 4. COMMITTEES

A. The re shall be the following Standing Committees of the Board appointed by the President:

- 1. Advisory
- 2. Rules
- 3. Designated Future Conditions (DFC)
- 4. Grant
- 5. Education
- 6. Legislative
- 7. Audit and Finance

B. The President shall appoint Ad Hoc or Special Committees as the need arises. All appointed committees shall have equal representation from both Milam and Burleson Counties.

SECTION 5. GENERAL PROVISIONS FOR DIRECTORS

A. As soon as practicable after a Director is appointed, the Director shall be sworn in, take the oath of office and execute a bond, as required by Section 36.055, TWC. The District shall maintain in its permanent files the sworn statements, oaths and bonds.

B. Directors are not entitled to receive compensation for serving as a Director but may be reimbursed for actual, reasonable expenses incurred in the discharge of official duties.

C. Upon relinquishment of his office, a Director shall return all property of the District, including all keys and other District supplied items.

SECTION 6. INDEMNIFICATION OF DIRECTORS AND EMPLOYEES

Each director, general manager, and employee is indemnified by the District against any liability imposed upon them and for any expense reasonably incurred by them in connection with any claim made against them, or any action, suit or proceeding to which they may be a party by reason of their 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 of omission, an act or omission constituting gross negligence or official misconduct, or with respect to matters for which such indemnification would be unlawful or against public policy. Any right of indemnification granted by this Section is in addition to and not in lieu of any other such right of which any director or employee of the District may at any time be entitled under the laws of the State of Texas; and if any indemnification that would otherwise be granted by this Section is disallowed by any court or administrative body having final jurisdiction as illegal or against public policy, then any director or employee with respect to whom such adjudication was made, and any other director or employee, shall be indemnified to the fullest extent permitted by law and public policy, it being the express intent of the District to indemnify its directors and employees to the fullest extent possible in conformity with this policy, all applicable laws and public policy. The District may purchase and maintain insurance on behalf of any person who is a director or employee of the District in any capacity, or arising out of his status as such. The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of the directors and employees of the District.

SECTION 7. MANAGEMENT OF THE DISTRICT

A. The Board shall be responsible for the management of all the affairs of the District. The District shall employ or contract with all persons, firms, partnerships, corporations, or other entities, public or private, deemed necessary by the Board for the conduct of the affairs of the District, including, but not limited to, engineers, attorneys, financial advisors, operators, bookkeepers, tax assessors and collectors, auditors, and administrative staff.

B. The Board shall set the compensation and terms for consultants. When funds are budgeted for professional services that will be provided by an individual or company previously approved by the Board to provide ongoing services, e.g. hydrologists, engineers, and attorneys, the General Manager is

authorized to approve and obtain needed services, that were contemplated when the budget was adopted, without further Board action.

C. In selecting attorneys, engineers, auditors, financial advisors, or other professional consultants, the District shall follow any procedures required by the Professional Services Procurement Act, Subchapter A, Chapter 2254, Texas Gov. Code.

D. The Board shall require any officer, employee, or consultant who collects, pays, or handles any funds of the District to furnish good and sufficient bond, payable to the District, in an amount determined by the Board to be sufficient to safeguard the District. The bond shall be conditioned on the faithful performance of that person's duties and on accounting for all funds and property of the District. Such a bond shall be signed or endorsed by a surety company authorized to do business in the State of Texas and having an A.M. Best rating of at least A.

E. The Board may pay a premium on surety bonds required of officials, employees, or consultants of the District out of any available funds of the District, including proceeds from the sale of bonds.

F. The Board may adopt policies, rules and regulations to govern the affairs of the District to perform its purposes, and amend them from time to time. The Board may, by resolution, authorize the General Manager or other employee to execute documents on behalf of the District.

G. The Board shall also have the right to purchase all materials, supplies, equipment, vehicles, and machinery needed by the District. The Board shall utilize appropriate procurement tools and procedures, such as Requests for Proposals (RFPs) and Request for Qualifications (RFQs) to obtain professional services to ensure best use of district resources.

H. The Board shall be responsible for monitoring the performance of all consultants providing professional services to the District while services are being provided to the District. The Board shall consider the performance of all consultants at the end of an agreement including an evaluation of any products delivered to the District as part of the agreement to ensure best use of district resources. The Board may assign any monitoring and evaluation tasks to the general manager or any such person it deems necessary and appropriate.

I. The Board shall annually adopt a budget for the use in planning and controlling District costs. The budget shall contain a complete financial statement including statements regarding outstanding obligations, cash on hand by fund, revenue from previous year, revenue projected for the ensuing year, end of year fund balances, revenue and balance estimates for the proposed budget, and an estimate of the fees necessary for the budget. The adopted budget may be amended by the board at any time during the fiscal year.

J. The Board shall establish an Audit and Finance Committee comprised of at least two directors and any such persons the Board may deem necessary to conduct an annual review of District financial information and to review the annual financial audit. The committee shall make recommendations to the Board regarding its financial review and financial audit.

K. The Board shall seek and obtain the services of a certified public accountant (CPA) to conduct an audit of the District financial records, financial accounts, investments, and associated practices and procedures to ensure the proper use and management of district resources. The resulting audit report shall be conducted in conformity with uniform report requirements that use "Audit of State and Local

Governmental Units" and "Governmental Accounting and Financial Reporting Standards." The audit report shall be submitted to the District within 120 days after the end of the fiscal year for which the audit was conducted. The Board shall consider the audit report within 180 days after the end of the fiscal year for which the audit was conducted.

L. The Board shall direct the General Manager to establish Personnel Policies for all employees to thereafter be approved by the Board.

SECTION 8. ADMINISTRATION

A. The day-to-day operation and administration of the District shall be under the supervision and direction of the General Manager, whose job description and responsibilities are detailed in (Appendix A). The General Manager may either be directly employed by the Board or served by pursuant to a contract for professional services.

B. In recognition of the diverse duties assigned to staff members (both office and field duties) and the limited number of staff members, all employee assignments shall be made only by the General Manager. Board Members should notify the General Manager when requesting employee assistance, and citizens requesting assistance are requested to call for an appointment if reasonably possible.

C. The District is subject to the requirements set forth in Section 552, Tex. Gov. Code, and as such is required to timely respond to requests for public records, and to provide citizens the opportunity to inspect or copy available public records during regular office hours. To offer the public every opportunity to take advantage of these rights, insure proper operation of the District, continued proper organization of the District's records, and public convenience, all requests for personal review of records should be presented to the General Manager in writing at least 5 days prior to the date the review is requested. Upon request the General Manager shall make every effort to schedule a convenient time for a review of the District records.

D. The Post Oak Savannah Groundwater Conservation District office shall be open Monday through Friday, from 8 a.m. to 4 p.m.

E. All authorized contracts shall be approved by the Board and signed by the President and General Manager.

F. The Board shall periodically review all loan documents, professional services, contracts, maintenance agreements, and other legal and financial obligations of the District to assure they are updated to reflect current needs.

G. Sale of POSGCD properties or assets over \$25,000 shall be by cashier's check or money order and shall have a minimum of three bids.

H. At least three bids shall be solicited on all contracts for services or purchases of over fifty thousand dollars (\$50,000).

I. The General Manager shall review all bills, statements, and vouchers submitted to the Board to assure compliance with the Budget and these Board Policies. The Board shall approve payment of all bills at a regular Board meeting.

J. The General Manager has the authority to begin an investigation, as well as secure such professional services as may be necessary to determine whether to participate in actions being taken at or before any regulatory agency that may impact or potentially harm the aquifers within the District's jurisdiction, including authorizing any filings to be recognized as an interested or affected party in order to comport with agency administrative rules. The General Manager shall report such findings and/or actions to the respective committee and/or Board at the earliest possible date. By no later than the next official Board meeting, the Board shall review and discuss such findings and/or actions and determine any additional actions to be taken.

K. Checks for expenditures of District funds shall be co-signed by designated Board Officers or the General Manager. Checks issued by the District that are not negotiated within 365 days after the date of issuance shall be cancelled. The District will generally not direct its bank to stop payment on checks that are not negotiated within 365 days. If a check is presented for payment after it has been cancelled, and the funds remain payable, the District will make entries and notations in the District's accounts and records to reverse the earlier cancellation.

L. The Board has the authority to appoint a member of the District staff to act as Assistant Secretary to the Board. The General Manager and Administrative Assistant shall serve as Assistant Secretaries to the Board.

M. The Post Oak Savannah GCD Holiday Schedule for employees and staff shall be as follows:

1. New Years Day
2. Good Friday
3. Memorial Day
4. Independence Day
5. Labor Day
6. Thanksgiving
7. Friday following Thanksgiving
8. Christmas Eve
9. Christmas Day
10. **Any Holiday falling on a Sunday shall be observed on the following Monday; any holiday falling on a Saturday shall be a personal day granted to the staff or employees.

N. ELECTRONICALLY FILED APPLICATIONS.
Permit applications may be filed with the District electronically on forms provided by the District.

- (1) An application that is filed electronically and required to be notarized shall comply with

the Texas Uniform Electronic Transaction Act (Chapter 43, Business & Commerce Code) and Sec. 406.013(c), Tex. Gov't. Code.

(2) Applications that are filed electronically and do not require a notary seal shall include the signature of the applicant and a copy of the driver's license of the person signing the application.

(3) Fees and payments that are required to be made with the applications may be made electronically via PayPal.

O. VISITORS

(1) This Policy is intended to ensure that all visitors to the building understand their own responsibilities on our premises and to ensure that visitors, staff, service users and other individuals safety, privacy and dignity are maintained at all times.

(2) Visiting professionals, contractors, other visitors will be expected to visit during daytime office hours. If a visitor wishes to meet with a specific individual, that visitor is advised to make prior arrangements to ensure that that individual is available.

(3) All visitors should behave in a respectful manner towards all staff during their visit.

(4) Any visitor who behaves in a rude, threatening or offensive manner towards any staff member will be asked to leave the premises and any actual violence will result in a peace officer being called.

SECTION 9. BOARD OF DIRECTORS MEETINGS

A. The President or designee shall prepare an agenda for every meeting. The Board of Directors will hold a regular meeting on the first Tuesday of every month, except as provided in this paragraph. No later than 72 hours prior to the time of the meeting, the General Manager, or designee, shall post notice of the date, time and location of the meeting. The notice will include an agenda, approved by the President, that states each item of business to be considered by the Board. The regular meetings will be held at the district offices at 310 E. Ave. C. Milano, Texas, unless directed otherwise by the Board. Upon recommendation by the General Manager, the President may cancel a regular meeting if no issue or business requires Board action. The General Manager shall promptly notify all Board members when a regular meeting is cancelled.

B. The public is allowed to observe the open portion of a district meeting. The Open Meetings Act does not give members of the public a right to speak on items considered at an open meeting. (Texas Attorney General Opinion No. H-88 (1973)). Such a right only exists if a specific state law requires a public hearing on that item. The Board may adopt reasonable rules regulating the number of speakers on a particular subject and the length of time allowed for each presentation. (Texas Attorney General Opinion Nos. LO 96-111 (1996) and H-188 (1973)). However the Board must apply its rules equally to all members of the public.

C. Board members are required to attend all meetings of the Board of Directors. In the event absences are necessary, the President or General Manager shall be notified as soon as possible prior to the meeting.

D. If a board member is absent from three consecutive regular meetings without good reason approved by the Board that warrant such absences, the Board will notify the County Judge of the County that appointed the board member and request the position be declared vacant and the vacancy be filled by appointment.

E. Seven members of the Board of Directors shall constitute a quorum at any meeting of the Board. An affirmative vote of the majority of the Directors present at a meeting, at which a quorum has been established, shall be an official act of the Board. If there is a tie vote, the proposed action fails.

F. All hotel and air travel reservations for Board members traveling on behalf of the District should be made through the office.

G. Persons having matters to be presented to the Board of Directors shall make a request to the President in writing in order to have the item placed on the agenda.

H. Copies of minutes shall be mailed or sent electronically to each Board member within 15 days after the meeting and shall be retained in the District Office for a minimum of five years.

I. Hearings will be noticed and held in compliance with the applicable Rules. Meetings on legislative or general business matters will generally be conducted in compliance with the applicable provisions of Robert's Rules of Order; provided that the failure of the Board to follow any provision of Robert's Rules of Order shall not create any right or violate any right of any member of the Board, or of any third party, person or citizen, or create or give rise to any due process claim for or on behalf of any such member of the Board, or any third party, person or citizen. The rules of order may be enforced exclusively by the Chair and/or a point or order made by a member of the Board and agreed by the Chair or upheld by majority vote of the Board.

J. Materials pertaining to action items on the Board's agenda shall be sent via electronic mail or printed and sent to Board members prior to the meeting, when possible, or be ready for distribution at the beginning of the meeting.

K. Special meetings may be called by notice signed by the President or, in his/her absence, the President's designee. Notice shall be made to all Directors by mail or electronic mail no less than three (3) days or hand delivered no less than one day in advance. Public notice shall be in conformance with the Texas Open Meetings Act.

L. In extraordinary cases, the Board of Directors may conduct business via a conference telephone call when deemed necessary by the President and held in compliance with applicable law. A report of any action taken shall be verified and made a part of the minutes of the next meeting of the Board of Directors.

M. All meetings of the Board shall be held in accordance with the Texas Open Meetings Act.

N. Each regular and special meeting of the Board of Directors and each meeting of every Committee of

the Post Oak Savannah Groundwater Conservation District shall be conducted in general compliance with Robert's Rules of Order. It is, however, specifically provided that: the failure of the Board or any Committee to follow Robert's Rules of Order shall not create any legal right or cause of action; violate any right of any third party, person or citizen that is not then a member of the Board; or create or give rise to any claim or cause of action (including any claim or cause of action based on due process) for or on behalf of any third party, person, citizen or member. This policy providing for the Board and Committees to generally follow Robert's Rules of Order may be enforced exclusively by the Chair of the Board, the Chair of any such Committee, or any member of the Board or Committee raising a timely point of order. Upon a point of order being raised by any member of the Board or any such Committee, and upheld by a vote of the Board or Committee members present, the Board or Committee chair shall, as the case may be, endeavor to conduct the remainder of such meeting in full compliance with Robert's Rules of Order. If the Board or Committee members in attendance, as the case may be, shall vote on any point of order, a majority vote of such Board or Committee members present and voting shall be finally determinative of any such procedural rule or matter.

The Board shall by majority vote finally determine the order, rules and procedure to be followed in any Board meeting and on any individual matter or issue. Subject to review by the Board on request by any Committee member, the voting members of each Committee shall by majority vote finally determine the order, rules and procedure to be followed in each meeting of such Committee, and on each individual matter or issue to come before the Committee. The Board may, by majority vote, waive any or all rules of order with respect to any issue or matter before the Board. If the Board or any Committee shall by majority vote finally take action on any issue or matter to come before the Board or Committee, such vote shall be deemed to be and constitute a waiver of Robert's Rules of Order as to such vote, item, issue or matter.

This Policy and Procedure shall not be read and construed in a manner to conflict with any term or provision of the "Rules of the Post Oak Savannah Groundwater Conservation District" (the "Rules"). In the event of a direct or deemed conflict between the terms of this Policy and Procedure and the Rules, the terms, provisions and requirements of the Rules shall govern.

SECTION 10. TRAVEL AND EXPENSES

A.

Vouchers for reimbursement for expenses incurred by Board and staff should be submitted within thirty (30) days (may be submitted quarterly if so desired) after trip or service is completed and must be signed by the individual incurring the expense.

- a. Receipts for hotel bills and transportation shall be attached. Reimbursement may be denied for expenses submitted without receipts. Rec
- b. Personal or unreasonable expenditures shall be reimbursed. No
- c. Expenses incurred by the Board for personal automobile transportation used in conjunction with District business will be reimbursed at the rate allowed by the Internal Revenue Service. Exp
- d. Expense vouchers shall include expenses of only the individual. Exp

e. No reimbursements shall be made for spouses or guests without the approval of the President.

B. Board Members shall not be compensated for attendance at Board meetings.

C. Payments for District expenses in the course of District business may be paid by staff by credit or debit cards issued to staff with approval of the Board, and receipt therefore shall be sufficient documentation of the expense. No expenses shall be made for spouses or guests without the approval of the President.

SECTION 11. PROGRAMS OR EVENTS HOSTED BY THE DISTRICT OR AT DISTRICT FACILITY

Event Promotion and Publicity. Only approved events may be publicized and/or listed on the District calendar or at District events. All publicity for such events or programs shall be done by or in conjunction with the District. All publicity shall be approved by a designated member of the District staff.

Sponsorships. Persons or entities may make application to the District and become a sponsor of the District's education efforts upon approval by the General Manager. Sponsorships are available at \$250.00 and \$500.00.

Government Affiliated Organizations. The following governmental entities and affiliated organizations may have a display table or booth at appropriate District events: Post Oak Savannah Groundwater Conservation District, Groundwater Conservation Districts within GMA 12, Texas Well Owners Network, Master Gardeners, Texas Water Development Board, Texas Water Resource Institute, the Milam and Bureson Co. 4-H clubs, and Water Management and Hydrological Sciences (Texas A&M).

Event Displays. Display tables and booths shall be located within assigned areas and at locations approved by a member of the District staff. No display tables or booths may be located in the auditorium or on walkways or ramps, nor may individuals affiliated with such display be arranged in such a manner as to block access to the doors. Government affiliated organizations may also have one display table or booth. The District reserves the right to limit the number of display table or booths and arrangements thereof.

SECTION 12. BUDGET AND FINANCIAL RECORDS

A. The fiscal year of the District shall be January 1 to December 31. All financial records shall be kept on an accrual basis.

B. The General Manager shall be responsible for submitting a proposed annual operating budget for the District to be set for public hearing and consideration by the Board at the November Board Meeting. A financial report shall be made to the Board of Directors at each regular meeting.

C. The financial records of the POSGCD shall be audited annually by an independent accounting firm

approved by the Board of Directors. A summary of the Annual Audit Report shall be prepared and presented to the Board of Directors.

D. The POSGCD funds shall be deposited in any federally insured financial institution approved by the Board of Directors upon recommendation of the General Manager. The Board shall review and adopt an investment policy as needed that is in accordance with the Texas Public Funds Investment Act for any surplus or reserve funds.

E. District Reserve Fund. The District is and will continue to be subject to material, unplanned financial and funding requirements due to the potential for litigation as experienced by other groundwater conservation districts and one or more permits that authorize significant production volumes to be amended or terminated. To enable the Board to respond to any such event or others that may arise in a manner consistent with the best interests of the District and its citizens, the District shall endeavor to maintain a reserve fund equal to fifty percent (50%) of the most recently adopted or amended annual budget of the District, excluding encumbered but unexpended funds retained in the budget. Disbursements from the Reserve Fund shall be authorized by a two-thirds (2/3) vote of the Board of Directors.

Deleted: in amount to one-half

F. All financial and other records and documents of the District shall be made available to the general public in accordance with the Texas Public Information Act. A reasonable charge may be made for copies.

G. The General Manager and designated Board members shall review the bank reconciliations of the District's accounts monthly.

H. Any purchase of fixed assets by the District exceeding \$500.00 shall be depreciated.

SECTION 13. PLANNING AND FUNDING AUTHORIZED DISTRICT PROGRAMS

The required and necessary regulatory and operational activities of the District, currently needed and beneficial conservation programs, and programs and funding that will be required when production from the aquifers increases materially, require more funding than is currently available to the District. The District will, to the extent funding is available and it is reasonably prudent, fund programs on a priority basis when and as timely benefits will be realized. The programs funded by the District shall be consistent with the Management Plan and District Rules. As permitted by funding reasonably available from fees for water production authorized by permit, water authorized for transport by a transport permit, and other fees received by the District, the District will maintain and fund the following programs.

- A. Regulatory and Enforcement Actions as authorized and provided by State law or the Rules
- B. Well and Aquifer Monitoring.
- C. Modeling and Study of the Aquifers.
- D. Public Education Programs.
- E. Groundwater Well Assistance Program

F. Groundwater Conservation Grant Programs. Subject to qualifying applicants and applications meeting the requirements specified by the Board for the specific program, grant programs will be funded as follows:

(1) Groundwater Conservation and Enhancement Grants. Until such time as grant applications made by governmental water utilities and water supply corporations do not evidence a significant need for major repairs and replacement that will result in loss prevention and the conservation of water, the District will maintain and fund a program to provide grants to publicly owned water utilities to fund repairs and improvements that will reduce water losses and conserve the public water supply. The improvements and repairs funded by the grants, and the matching funds provided by the grantees, should reduce the number of qualified applications and/or the cost of the repair and replacement projects over time. Until such time as there has been a material reduction in the number of qualified grant applications, the District will endeavor to budget not less than \$1,000,000.00 each year for grant programs that will result in material loss prevention and conservation. This grant program will also require the grantees to provide matching funds and establish fees and charges sufficient to enable the improved water system to be thereafter maintained and repaired.

(2) Other Conservation Programs Provided in the Management Plan. Other beneficial and productive water conservation programs may be added to the Management Plan. Such programs may provide for the District to contract directly to obtain the end result, or to make grants and contract for third parties to perform the actual work required for the conservation program. As new programs are added to the Management Plan, the Board will establish desired annual funding for each such program. Further, as the need and demand for grants referenced in paragraph (1) above lessens, a portion of the annual funding now provided for that program will be transferred to and expended for other conservation programs.

(3) See Section 15, Part E.5, grants to privately owned utilities or water supply corporations.

(4) For grants for local water utilities and water supply corporations authorized hereunder that may be incomplete according to a schedule established between the parties but where progress is still occurring, the General Manager may grant one (1) extension of not more than six (6) months for such work to be completed. The entity shall provide the request in writing and shall provide the General Manager with sufficient information to outline how such program will be completed within the additional time requested.

G. Future Programs. As pumping and production from the aquifers increase, additional programs may be required to provide for the best interests of citizens and communities within the District. Certain of such programs will be financially demanding. As and when any such programs are authorized in the Management Plan the District shall fund the program(s) and may establish a separate reserve for each program to, over time, accrue funds to enable the District to fund the program at the appropriate time.

SECTION 14. REGULATORY COMPLIANCE

A. The General Manager shall provide the Board of Directors with periodic reports on the general conditions of the District including any financial, managerial, or technical deficiencies noted by state and federal regulatory agencies.

B. The Board shall review and adopt a plan as needed that details a systematic approach to resolving future growth and demands on the District.

SECTION 15. PROTECTION OF DISTRICT ASSETS

A. The General Manager shall annually review all insurance policies to assure proper and adequate protection of the POSGCD and its assets. Excluding only the Texas Municipal League Intergovernmental Risk Pool, all insurance policies purchased or accepted by the District shall have an A.M. Best Rating of at least "A".

B. All officers and employees having access to cash shall be bonded in sufficient amounts to adequately protect the POSGCD. Bonds accepted by the District shall have an A.M. Best rating of at least "A".

C. The General Manager shall maintain an up to date inventory list of all POSGCD property and equipment.

D. Each year the POSGCD shall purchase Directors and Officers Liability Insurance for the Board of Directors and employees in sufficient amounts to adequately protect the POSGCD.

E. Asset Disposal Policy

1. PURPOSE AND SCOPE

From time to time, equipment and fixed assets purchased by the District are no longer useful, and/or are substantially without value in the administration and operation of the District. To assure timely disposition of such assets, the Board adopts this policy.

2. RESPONSIBILITIES

A. The Board of Directors is responsible for governing the District and approving budgets, policies and expenses for administration and operation of the District.

B. The General Manager is responsible for: assuring the District has adequate and appropriate equipment and capital assets necessary for day-to-day operations; reviewing the need to declare assets obsolete and/or substantially without value; and determining minimum bid based on recommendations from external parties and overseeing auction and disposal of obsolete assets.

3. GUIDELINES

The General Manager may declare assets to be obsolete and/or substantially without value for District use.

If the General Manager determines an asset has value to other individuals or organizations that is sufficient for the District to likely recoup the administrative cost and other expenses incurred in

advertising an auction or for bids, an advertisement for bids or auction may be published and bids requested, or an open auction or an informal auction may be scheduled. The request for bids or auction will be advertised in a newspaper of general distribution within the District, and open to the public. The General Manager, Board, and individuals involved in determining minimum bids are excluded from all auctions. Minimum bidding amounts will be determined and approved by the General Manager. If an auction method is selected, the type of auction may be varied depending on the applicable facts, e.g. the number, value, type (kind), and nature of the items to be disposed of by the District. Sealed bids may be required. A standard auction conducted by a licensed auctioneer may be held. The items may be delivered to a commercial business that conducts auctions for the disposal of used or surplus property. An informal auction may be held in which individuals will have a period of days in which to post a bid until the auction period closes, and update that bid as often as desired until the close, on an open list of bidders posted at the District office.

If an asset is determined to not be of sufficient value to likely permit the District to receive bids or obtain an auction price sufficient to recover the cost of advertising, staff time, and other administrative costs and expenses, the assets may, with Board approval, be donated to a school that participates in the District's education program, or other governmental entity. Further, if bids are solicited or an auction is held, any assets left unclaimed after the auction or deadline for bids may be donated to local schools, charities, or government agencies. Documents indicating receipt of such assets will be maintained in the District records.

Local water utilities, as defined by the District Rules, and public and private schools within the District that participate in District sponsored education programs may request and obtain the use of property the District has found to be surplus and available for disposal under the Asset Disposal Policy. Any such surplus asset that is assigned to and used by a school shall be returned to the District when it is no longer useful for educational purposes. The assignment of a surplus asset to a school shall be documented by completion of the form attached to the Asset Disposal Policy.

4. DOCUMENTATION OF ASSET DISPOSAL

The General Manager shall cause a completed copy of the following form set forth in Section 5 to be included in the agenda packet of a Board meeting scheduled to be held prior to the advertisement giving notice of the sale or auction. Each item or asset to be retired and sold shall be listed on the form. The retirement of assets and pending advertisement shall be listed on the Board agenda as an item to be included in the General Manager's reports.

5. GRANTS TO PRIVATELY HELD WATER UTILITIES

(a) Save and except as specifically provided in (b) below, one hundred percent of any grant(s) made by the District to a privately owned water utility or water supply corporation shall be refunded and repaid in full to the District if the ownership, or any ownership interest therein, of the assets of the grantee utility or water supply corporation is conveyed within one year after the date the grant is paid by the District. On the first annual anniversary date of the payment by the District the amount to be repaid in the event of any such sale or transfer shall be reduced by ten percent (10%). Thereafter, on each subsequent annual anniversary date of the payment by the District, the amount of the grant funds that shall be repaid if any ownership interest in the entity is sold or conveyed shall be decreased by an additional ten percent (10%). Prior to

the final award of a grant to a privately owned water utility, or water supply corporation, the District shall require the grantee to execute such documentation as is necessary to secure the performance of the repayment obligation by the grantee. All persons or entities having a mortgage or lien on the assets of the grantee at the time the grant is awarded shall, prior to the final award, be required to execute such agreements and subrogation documents as may be required to secure the priority of the obligation to refund and pay to the District an amount equal to the percentage of the grant amount required to be repaid to the District if any interest therein is sold or conveyed within ten years after the grant is paid by the District. The District shall give public notice of an obligation incurred pursuant to this provision by filing and recording a Memorandum of Agreement in the real property records of the County or Counties in which the grantee utility or water supply corporation is located.

(b) A transfer or conveyance of a privately owned water utility or water supply corporation to a spouse, child or grandchild of a grantee pursuant to the probate of the grantee's Last Will & Testament, standing alone, shall not require the original amount of the grant to be refunded and repaid to the District. In such event, absent an intervening event such as foreclosure or other conveyance, the ten year period from the date the grant was paid to the grantee shall continue to run and will expire on the tenth anniversary of the grant if such utility or water supply corporation is not sold prior to such expiration.

Asset Retirement Form

Date: _____

Person Completing Form: _____

The following items are obsolete and/or have no useful value to the District.

<u>Asset Description</u>	<u>Serial or District #</u>	<u>Auction or Assignment</u>
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Approved

Filed by Accountant

[This part to be completed only if donated.]

The undersigned acknowledges the donation and our receipt of the following assets:

Date

SECTION 16. CONFLICT OF INTEREST/ETHICS

A.
Conflict of Interest in General

Con

- (1) No Officer, Director, or employee of the POSGCD shall have any personal interest, engage in any activity or incur any obligation that is in conflict with the proper discharge of their duties.
- (2) No Director or employee of the District shall accept or solicit any gift, favor or service that might reasonably tend to influence them in the discharge of their official duties or that they know or should reasonably know is being offered ~~him~~ with the intent to influence their official conduct.
- (3) No official shall engage in any activity that will require disclosure of confidential POSGCD information or otherwise use such information to further personal interests.
- (4) As provided by Chapter 171, Local Government Code, Directors shall be prohibited from participating in a decision on any matter involving an entity in which the Director has a substantial personal interest if it is reasonably foreseeable the decision on the matter would confer a benefit on the entity, as this represents a conflict of interest. Directors shall disclose the nature and extent of any conflict of interest, by written affidavit, to the Board Secretary; and District upon identification of the conflict.

B.
Disclosure of Certain Conflicts

Disc

(1) Vendors that have a business relationship with the District shall timely file a conflict of interest questionnaire if: (a) the vendor has any employment or other business relationship with an officer or family member of an officer of the District; (b) has given an officer or family member of an officer a gift or gifts, totaling more than \$100, in the preceding twelve calendar months; or (c) has a family relationship with an officer of the District; provided that a qualifying political contribution or food accepted as a guest are excepted from (b) above.

(2) An officer of the District shall timely file a conflicts disclosure statement when a vendor has contracted, or is considering contracting, with the District, and the vendor: (a) has an employment or other business relationship with the officer whereby the officer received more than \$2,500 in taxable income (excluding investment income) within the preceding twelve calendar months; or (b) has given an officer or family member of an officer a gift or gifts, totaling more than \$100, in the preceding twelve calendar months; or (c) has a family relationship with the officer; provided that a qualifying political contribution or food accepted as a guest are excepted from (b) above.

(3) The conflict of interest questionnaire and the conflicts disclosure statement forms referenced above shall be the forms prepared by and obtained from the Texas Ethics Commission.

(4) The General Manager shall maintain a list of all the officers of the District, and shall make the list available to the public and any vendor that may be required to file a conflicts of interest questionnaire.

(5) The District shall provide access to the conflict of interest questionnaires and conflicts disclosure statements on the District's website.

C. Ethics

(1) No Director or employee shall accept employment or engage in any business or professional activity that they reasonably expect would require or induce them to disclose confidential information acquired by reason of their official position.

(2) No Director or employee shall accept other employment or compensation that could reasonably be expected to impair their independence of judgment in the performance of their official duties.

(3) No Director or employee shall make personal investments that could reasonably be expected to create a substantial conflict between his private interest and the public interest.

(4) Directors shall represent the interest of the general public and the interest group they were appointed to represent, but shall not participate on any matter in which they have a personal financial interest.

SECTION 17. AMENDMENTS

These Board Policies may be amended at any regular or special meeting of the Board by a majority vote.

ATTEST: I CERTIFY THAT I WAS PRESENT AT THE BOARD OF DIRECTORS MEETING ON AUGUST 7, 2018 AND THAT THE FOREGOING BOARD POLICIES WERE REVISED AND APPROVED ON THAT DATE AND THAT THIS COPY IS TRUE AND CORRECT.

Sidney Youngblood, President

Tommy Tietjen, Secretary-Treasurer

Approved: August 7, 2018

Revised: March 12, 2002, September 10, 2002, January 14, 2003, December 9, 2003, January 13, 2004, March 9, 2004, April 12, 2005, October 11, 2005, March 14, 2005, May 9, 2006, February 13, 2007, April 10, 2007, March 11, 2008, February 9, 2010, July 12, 2011, September 13, 2011, and November 8, 2011, August 14, 2012, June 11, 2013, February 20, 2014, September 8, 2015, May 10, 2016, July 12, 2016, August 9, 2016, May 3, 2017, October 3, 2017, and August 7, 2018.