

Rio Grande Regional Water Authority

BY-LAWS

SECTION 1. DEFINITIONS AND GENERAL PROVISIONS

SECTION 1.01 DEFINITIONS OF TERMS: Unless the context indicates a contrary meaning, the words defined below shall have the following meaning in these By-laws:

- a. "Act" means the Authority's enabling legislation (Act of May 28, 2003, 78<sup>th</sup> Leg., R.S., ch. 385, 2003 Tex. Gen. Laws 1615), authorized by Article 16, Section 59, of the Texas Constitution, and subsequently codified in Vernon's Texas Codes Annotated, and may hereafter be amended and re-enacted.
- b. "Authority" means the Rio Grande Regional Water Authority, whose jurisdiction and boundaries are coextensive with the boundaries of Cameron, Willacy, Hidalgo, Starr, Zapata and Webb Counties, except that the jurisdiction and boundaries of the Authority does not include the area within the corporate limits of the City of Laredo.
- c. "Authority Office" means the central offices of the Authority at such a location as may be established by the Board.
- d. "Board" means the board of directors of the Authority.
- e. "By-laws" means the rules and regulations compiled in this document and as may be supplemented or amended from time to time.
- f. "Director" means a member of the Board.
- g. "Person" includes corporation, individual, organization, government, or governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity.

SECTION 1.02 PURPOSE OF BY-LAWS: These Bylaws are adopted for the purpose of facilitating the accomplishment of the purposes of the Act.

SECTION 1.03 USE AND EFFECT OF BY-LAWS: These By-laws are used by the Authority as guides in the exercise of the powers conferred by law and in the accomplishment of the purposes of the Act. They shall not be construed as a limitation or restriction on the exercise of any discretion, where it exists; nor shall they be construed to deprive the Authority or the Board of the exercise of any powers, duties or jurisdiction conferred by law; nor shall they be construed to limit or restrict the amount and character of data or information which may be required to be collected for the proper administration of the Act.

SECTION 1.04 RULES AND ORDINANCES: The Board may adopt rules and ordinances to regulate the use of Authority property and for conduct on Authority property. Copies of such rules and ordinances as they are amended from time to time shall be made available to the public and maintained as an appendix to these By-laws.

SECTION 1.05        AMENDING OF BY-LAWS: The Board may, following proper notice, amend these By-laws or adopt new By-laws from time to time.

SECTION 1.06        HEADINGS AND CAPTIONS: The section and other headings and captions contained in these By-laws are for reference purposes only and shall not affect in any way the meaning or interpretation of these By-laws.

SECTION 1.07        GENDER: Use of masculine pronouns for convenience purposes in these By-laws shall include references to persons of feminine gender when applicable. Words of any gender used in these By-laws shall be held and construed to include any other gender, and words singular in number shall be held to include the plural and vice versa, unless context requires otherwise.

SECTION 1.08        SEVERABILITY: In case any one or more of the provisions contained in these By-laws shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other By-laws or provisions hereof and these By-laws shall be construed as if such invalid, illegal, or unenforceable rule or provision had never been contained herein.

SECTION 1.09        COMPUTING TIME: In computing any period of time prescribed or allowed by these By-laws, by order of the Board, or by any applicable statute, the day of the act, event, or default from which the designated period of time begins to run, is not to be included, but the last day of the period so computed is to be included, unless it be a Sunday or legal holiday, in which event the period runs until the end of the next day which is neither a Sunday nor a legal holiday.

SECTION 1.10        EFFECTIVE DATE: These Bylaws shall become effective immediately upon adoption by the Board.

## SECTION 2. BOARD

SECTION 2.01 COMPOSITION AND APPOINTMENT: The Board is composed of fifteen (15) directors, who must be qualified voters residing within the territory of the Authority. Nine (9) members of the Board are appointed by the Governor of Texas with the advice and consent of the Senate, in accordance with the Act with the remaining six (6) members of the Board being appointed from the six counties in the Authority. **Governor's Appointments:** Six (6) of the directors appointed by the governor represent irrigation districts; one (1) director appointed by the governor represents the public; one (1) director appointed by the governor represents water utilities; and one (1) director appointed by the governor represents municipalities. **County appointments:** The commissioners court of each of the six (6) counties in the Authority shall appoint one (1) member who shall be a resident, registered voter of the appointing county. The commissioners court of each county, by majority vote, shall appoint its director by February 1 of a year in which a term expires and the appointee shall be certified by the county judge to the board of the Authority.

SECTION 2.02 TERMS AND STAGGER: After the expiration of the terms of the initial directors provided for in the Act, the terms and directors shall be as follows: Terms of office of the members of the Board appointed by the Governor shall be four (4) years ending on February 1 and until their successors are appointed and qualified as provided in the Act. Terms of office of the members appointed by the counties in the Authority shall be for two (2) years ending February 1 and until their successors are appointed and qualified as provided for in the Act. If a vacancy on the Board occurs because of resignations, death or otherwise, of a member appointed by the Governor, the Governor shall fill the vacancy for the unexpired term by the appointment of a successor. If a vacancy on the Board occurs because of the resignation, death or otherwise, of a director appointed by a County, the County shall fill the vacancy for the unexpired term by the appointment of a successor member.

SECTION 2.03 OATH AND BOND: Each director appointed shall take the constitutional oath of office within 15 days after the date of appointment. In addition, each director appointed shall post a good and sufficient bond with the secretary of state in the amount of \$1,000, payable to the Authority and conditioned on the faithful performance of the duties as a director.

SECTION 2.04 OFFICERS: The Officers of the Board are the President, Vice President and Secretary-Treasurer. Officers shall be elected annually in the month of February, for terms of one year, with such terms commencing immediately upon appointment and or at such a time as it is necessary to fill a vacancy. The **President** is the chief executive officer of the Authority. The **Vice-President** shall act as president if the president is absent or unable to act. The **Secretary-Treasurer** shall act as secretary of the Board and shall keep a record of all proceedings and orders of the Board. The Board may establish and elect additional officers to assist in the effective and expeditious operation of Board duties.

SECTION 2.05 QUORUM: Eight (8) directors shall constitute a quorum and have authority to act for the Authority.

SECTION 2.06 MEETINGS: The Board shall establish by ordinance a specified time for its regular meetings. The Board may meet in a special meeting if called by the President, Vice President or a majority of the directors. The Board shall meet at its office unless the Board

directs otherwise for a specific occasion. All such meetings shall be open to the public in accordance with the Texas Open Meetings Act. To the extent necessary for orderly conduct of proceedings, and in the absence of guidance provided by these By-laws, the guidelines of the most recent edition of *Roberts Rules of Order* will be followed. The President shall preside at all meetings of the Board.

**SECTION 2.07 COMMITTEES:** The President may establish and designate Board members for advisory committees and appoint their chairmen for formulation of policy recommendations to the Board or for such other purposes as the President may designate.

**SECTION 2.08 COMPENSATION AND REIMBURSEMENT OF DIRECTORS:** Directors are not entitled to any compensation for service on the Board. Directors are entitled to receive reimbursement for actual and necessary expenses incurred in connection with service on the Board or attendance at Board meetings or other Board business upon such terms as may be established by the Board.

**SECTION 2.09 INDEMNIFICATION OF BOARD MEMBERS:** Each Board member is indemnified by the Authority against any liability imposed upon him and for any expense reasonably incurred by him in connection with any claim made against him, or any action, suit, or proceeding to which he may be a party by reason of his being, or having been, a Board member, 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 Board member shall be indemnified with respect to actual damages arising out of a cause of action for a willful act or omission, an act or omission constituting gross negligence or official misconduct, or with respect to matters for 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 Board member of the Authority may at any time be entitled under the laws of the State of Texas; and if any indemnification which would otherwise be granted by this Section is disallowed by any competent court or administrative body as illegal or against public policy, then any Board member with respect to whom such adjudication was made, and any other Board member, shall be indemnified to the fullest extent permitted by law and public policy, it being the express intent of the Authority to indemnify its Board members to the fullest extent possible in conformity with these By-laws, all applicable laws and public policy. The Authority may purchase and maintain insurance on behalf of any person who is a Board member of the Authority against any liability asserted against him and incurred by him in any such 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 Board members of the Authority.

**SECTION 2.10 ADDRESSING THE BOARD:** It will be the policy of the Board to permit any person to address the Board at any public meeting concerning only specific issues relating directly to the Rio Grande Regional Water Authority. The visitor should make every effort to inform the General Manager, as far in advance as possible, of the purpose of the visit so relevant background information may be obtained. Properly accredited speakers will be allotted a time space during the meeting as determined by the presiding officer.

### SECTION 3. GENERAL MANAGER AND ADMINISTRATION

SECTION 3.01       GENERAL MANAGER: The person employed by the Board as 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 to Board orders. The General Manager is responsible for employing all persons necessary for the proper handling of the business and operation of the Authority and determining their compensation.

SECTION 3.02       DELEGATION OF AUTHORITY: The General Manager may delegate his administrative duties as may be necessary to effectively and expeditiously accomplish his duties, provided, however that no such delegation shall ever relieve him from responsibilities which are ultimately his under the Act or Board orders.

SECTION 3.03       TRAVEL EXPENSES: The General Manager, with the Board's approval, shall provide and periodically revise a written policy concerning the incurrence and reimbursement of travel expenses on Authority business.

SECTION 3.04       ETHICS AND CONFLICT OF INTEREST: The General Manager, with the Board's approval, shall provide and periodically revise a written policy concerning ethics and conflict of interest.

SECTION 3.05       ANNUAL REPORT: Each year the General Manager shall report to the Board on the status of the Authority and its programs. The report shall include at least the following: (a) the status of the Authority's programs to develop and conserve water within its boundaries and to accomplish other purposes of the Authority's enabling legislation; (b) a financial report approved by the Board's Administrative Committee, and a report on the performance and security of Authority investments; (c) a review and evaluation of professional services rendered to the Authority during the year; (d) a report on the status of any capital projects of the Authority; and (e) an identification of goals and objectives for the coming year's operation.

## SECTION 4. AUTHORITY

SECTION 4.01      AUTHORITY ADDRESS: The Authority's mailing address is:

C/O Lower Rio Grande Valley Development Council  
311 North 15<sup>th</sup> Street  
McAllen, Texas 78501

Such address may be changed by the General Manager.

SECTION 4.02      MINUTES AND RECORDS OF THE AUTHORITY: All documents, reports, records, and minutes of the Authority shall be available for public inspection in accordance with the Texas Open Records Act. Upon application of any person, the Authority, when appropriate, will furnish copies, certified or otherwise, of any of its proceedings or other official acts of record of any paper, map, or document files in the Authority Office. Certified copies shall be made under the hand of the General Manager and affixed with the seal of the Authority. Persons who are furnished any such copies may be assessed a charge therefor, pursuant to policies established by the General Manager based on the reasonable costs of furnishing such copies.

SECTION 4.03      OFFICE HOURS: The regular office hours of the Authority shall be 8:00 a.m. to 4:30 p.m., Monday through Friday, except for Authority holidays, or as may be set from time to time by the General Manager.

SECTION 4.04      SEAL: The General Manager may design a seal for the Authority to be used on permits and other official documents of the Authority.

## SECTION 5. FINANCIAL

**SECTION 5.01 CONTRACTS:** The Board authorizes the General Manager to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority of an amount less than \$15,000.00 without prior Board approval, provided that it is a Board approved budgeted item. Contracts exceeding \$15,000.00 shall have prior Board approval, unless an emergency or urgency exists, in which case the General Manager may make or approve the acquisition, with the verbal concurrence of the Executive Committee of the Board and it shall be presented to the Board for approval and validation at its next following meeting. All contracts shall be executed by either the president or General Manager. Any contract not so approved is void and of no effect as to the Authority.

**SECTION 5.02 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 resolution of the board executed by the President and attested by the Secretary/Treasurer.

**SECTION 5.03 BANKING AND INVESTMENTS:** In order to meet the Authority's responsibilities under the Public Funds Investment Act, Chapter 2256, Tex. Gov't Code, the Authority shall comply with all the applicable board rules and ordinances.

**SECTION 5.04 AUDIT:** The Authority each fiscal year shall have prepared a financial and compliance audit by an independent certified public accountant or a firm of independent certified public accountants, which audit shall be open to public inspection. Such auditors 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. The audit shall be performed in accordance with generally accepted auditing standards and shall satisfy all requirements imposed by all applicable provisions of Subchapter G, Chapter 49, § 49.191-200, Texas Water Code. Every five years the Authority shall conduct an independent management audit, which shall be submitted to the Texas Commission on Environmental Quality. Alternatively, the Authority may establish an internal audit office, which shall report to the Board of Directors.

**SECTION 5.05 BUDGET:** Prior to the commencement of a fiscal year, the Board shall adopt an annual operating budget. The budget shall contain a complete financial statement, including a statement, or estimate, if appropriate, of: (1) the outstanding obligations of the Authority; (2) the amount of cash on hand to the credit of each fund of the Authority; (3) the amount of money received by the Authority from all sources during the previous year; (4) the amount of money available to the Authority from all sources during the ensuing year; (5) the amounts of the balances expected at the end of the year for which the budget is being prepared; (6) the estimated amount of revenues and balances available to cover the proposed budget. Before the Board adopts its annual operating budget, it shall conduct a public hearing and shall make the proposed budget available to the public at least three days prior to the hearing. Any person residing within the jurisdiction of the Authority shall be allowed to participate in the budget hearing, subject to reasonable time limitations. The Authority may not make expenditures in excess of the total budgeted expenditures for a fiscal year unless the Board amends the budget.

**SECTION 5.06 FISCAL YEAR:** The Authority's fiscal year shall begin October 1.

## SECTION 5.07 PURCHASING:

- a. Expenditures to acquire goods or services valued at greater than \$15,000.00 or any professional fee expenses require approval by the Board in advance, unless an emergency or urgency exists, in which case the General Manager may make or approve the acquisition, with the verbal concurrence of the Executive Committee of the Board. Acquisitions valued at less than \$15,000.00 may be made by the General Manager without prior Board approval, provided that it is a Board approved budgeted item; emergency acquisitions requiring an expenditure greater than \$15,000.00 shall be presented to the Board for approval and validation at its next following meeting.
- b. The General Manager may expend and transfer funds within the Board approved budget categories. Only in emergency or urgency may the General Manager exceed a category total, with the verbal concurrence of the Executive Committee of the Board, provided this amendment be presented to the Board for validation at its next following meeting. The Board may at any time, amend the budget to allow for unforeseen expenditures provided that funds are available in other budget categories or that reserve funds are available.
- c. In order to meet the Authority's responsibilities under the Professional Services Procurement Act, Tex. Gov't Code § 2254.001-2254.109, the Authority shall promulgate rules relating to the procurement of professional and consulting services.
- d. Construction contracts and contracts for the acquisition of materials and machinery requiring the expenditure of \$15,000 or more shall be competitively bid pursuant to the provisions of Texas Water Code § 49.273. The Authority shall promulgate rules to address policies and procedures for procurement of acquisitions valued at less than \$15,000.
- e. If the Authority has issued industrial development bonds, pollution control bonds, or similar types of contract revenue bonds, either in its own name or in the name of a related industrial development corporation, it shall comply with the requirement of 30 Tex. Admin. Code § 292.13 relating to disclosure.
- f. To the extent applicable, the Authority shall comply with the provisions and intent of § 106, contracting with Historically Underutilized Businesses of Texas, Article V, General Provisions of Texas House Bill 1, 72<sup>nd</sup> Legislature, First Called Session (1991) relating to contracting with underutilized businesses and providing equal employment opportunities.

## SECTION 5.08 DISPOSAL OF PROPERTY

- a. Disposal of goods with a purchase price up to \$15,000.00 may occur as the sale of an individual item or by a general sale of multiple items. For one week prior to the sale, an advertisement or notice with information on the item(s) to be sold will be placed in a local newspaper. Goods may be sold at what is determined to be the current fair market value of the item, negotiating only to accomplish disposal. The General Manager will make determination of value, with input from Managers and outside parties as needed. Goods with a purchase price exceeding \$15,000.00 may be disposed of in the same manner, following approval of the disposal by the Board of Directors. Procedures that would permit Authority employees or directors to purchase will be determined by the



management and the Board. All disposals will be reported to the Board at their regular meeting.

**SECTION 5.09 ASSETS:** Fixed assets shall include such items as land, land improvements, buildings, fixtures, equipment, vehicles, and items under construction. These items shall be recorded at cost including related professional costs, and any direct charges.

Any item meeting these criteria with a useful life of greater than one year and a cost greater than \$1,000 shall be capitalized, except for software, computers and other computer related items. These assets shall be included in the fixed assets ledger. This ledger shall be reconciled to the general ledger and a complete inventory of fixed assets will be taken at least one time per year. An inventory of software, computers and other computer related items will be maintained.

The fixed asset ledger shall include the date of purchase, the total cost, the identifying number, the estimated useful life, and the type of asset. The asset ledger shall be grouped by asset type.

When an asset is traded in for a new asset, the new book value of the old asset should be included with the cash difference paid or given to determine the value of the new asset. The value of the traded asset shall be removed from the ledger. For disposed, irreparable, or misplaced assets, the assets shall be removed from the ledger after Board approval and treated in accordance with Generally Accepted Accounting Principles (GAAP). Assets purchased shall follow the Board's policy on purchasing.