

STONEWALL WATER CONTROL AND IMPROVEMENT DISTRICT

Gillespie County, Texas

ORDER APPROVING POLICIES

**ORDER APPROVING POLICIES OF  
STONEWALL WATER CONTROL AND IMPROVEMENT DISTRICT**

**WHEREAS, Stonewall Water Control & Improvement District** (the "District"), is a body politic and a governmental agency of the State of Texas, operating under and governed by the provisions of Chapters 49 and 51 of the Texas Water Code, as amended, and Section 59 of Article XVI of the Texas Constitution; and

**WHEREAS,** the District currently has policies previously adopted by the District's Board of Directors; and

**WHEREAS,** the Board of Directors of the District deems it appropriate to adopt Policies of the District;

**NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF STONEWALL WATER CONTROL AND IMPROVEMENT DISTRICT THAT THE POLICIES OF THE DISTRICT ARE HEREBY ADOPTED AS FORTH AS FOLLOWS:**

**Definitions**

***District.*** The term "District" shall mean and refer to STONEWALL WATER CONTROL & IMPROVEMENT DISTRICT ("Stonewall WCID"), created under Article XVI, Section 59, of the Texas Constitution.

***Board.*** The term "Board" shall mean and refer to the District's governing body.

***Contractor.*** The term "Contractor" shall refer to anyone hired by the Board to do specific tasks assigned to that Contractor. A Contractor can only perform duties assigned to it by the Board.

***Director.*** The term "Director" shall mean a person elected or appointed to serve on the District's Board of Directors.

***District Officials.*** The term "District Officials" shall mean District Directors, officers, employees, and persons engaged in the business of the District.

***Employee.*** The term "employee" shall mean any person employed by the District, but it does not include independent contractors or professionals hired by the District outside consultants. The term "employee" will not include a member of the Board.

***Substantial Interest.*** The term "substantial interest" shall mean that as defined by Local Government Code Chapter 171 which regulate conflicts of interest of the District's Directors.

***TCEQ.*** The Term "TCEQ" refers to Texas Commission on Environmental Quality.

**TWC.** The term "TWC" shall mean the Texas Water Code.

## **Article I: Code of Ethics**

**1.01. Purpose.** This code of ethics has been adopted by the District to: (a) comply with TWC §49.199, as amended to; (b) encourage high ethical standards in official conduct by District Officials; and (c) to establish guidelines for such ethical standards of conduct.

**1.02. Policy.** It is the District's policy that the District Officials shall conduct themselves in a manner consistent with sound business and ethical practices; that the public interest shall always be considered in conducting District business; that the appearance of impropriety shall be avoided to ensure and maintain public confidence in the District; and that the Board shall control and manage the District's affairs fairly, impartially, and without discrimination, and according to the District's purpose.

### **1.03. Qualification of Directors.**

A. A person shall not serve as a Director if he or she is not qualified to do so under the provisions of the TWC, the Rules of the TCEQ, the Texas Public Utility Commission ("PUC") and the District's general laws or its enabling legislation.

B. Under TWC §49.105, when there is a board vacancy, the District must fill the vacancy within 60 days. Therefore, if the Board determines that a Director is not qualified to serve on the Board, then the Board must replace that Director with a qualified person within 60 days.

C. Any Director not qualified to serve on the Board, who willfully occupies an office, and exercises the duties and powers of that office, may be subject to penalties under the TWC, including possible conviction of a misdemeanor and imposition of a fine.

D. A Director is disqualified to remain sitting on the District's Board of Directors if that person is disqualified to remain on the Board pursuant to the provisions of TWC §49.052.

E. A Director must own real property, either commercial, residential or undeveloped, within the boundary lines of the District. They must live and vote in Voter Precinct 6 of Gillespie County, Texas. They must meet all qualifications stipulated by regulations issued by any agency of the State of Texas.

### **1.04. Conflicts of Interest.**

A. Local Government Code Chapter 171 addresses situations in which a conflict of interest could occur. If a Director has a substantial interest in a business entity and the Board must vote on or decide a matter that will have a special economic effect on that business entity *that is distinguishable from the effect on the public*, then the Director must file an affidavit stating the nature and extent of his or her interest and he or she must abstain from further participation. If a Director has a substantial interest in real

property and it is reasonably foreseeable that the Board's action on a matter will have a special economic effect on the value of the property *that is distinguishable from the effect on the public*, then the Director must file an affidavit stating the nature and extent of his/her interest and he/she must abstain from further participation.

Additionally, a Director may not act as a surety on any official bond or for a business entity that has work, business, or a contract with the District.

B. The District also finds that a Director must not disclose, without written legal authorization, confidential information to advance the financial or other private interests of himself or others on any contract or transaction which is or may be the subject of an official action of the District.

C. In addition, pursuant to a former decision and vote of the Board, no Director shall disclose confidential information that is covered by attorney-client provisions. In other words, any information discussed with the District's attorney and/or received from the District's attorney that is covered by the attorney-client provisions of state law, shall not and will not be disclosed or provided to any third person who is not a Director without the consent of the Board.

D. The District may not contract for the purchase of services or personal property directly with a Director or with a business entity in which a Director has a substantial interest, except as permitted by law.

E. 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 Director having the substantial interest may not participate in that separate vote but may vote on a final budget if the Director has complied with Local Government Code Chapter 171 and the matter in which the Director is concerned has been resolved.

**1.05. Nepotism.** The Board shall not confirm the appointment to any position, nor award a contract, to a person related to a member of the Board within the second degree by affinity (marriage) or within the third degree by consanguinity (blood) when the salary or other compensation of such appointee is paid, directly or indirectly, from District funds, except as provided by Texas Government Code Chapter 573.

**1.06. Acceptance of Gifts.**

A. A District official shall not solicit, accept, or agree to accept any benefit of value from a person or business entity the District official knows is interested in or likely to become 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 gifts or favors in section 1.06(a) shall not apply to:

1. an occasional non-monetary gift, valued at less than \$50.00, or
2. an award publicly presented in recognition of public service.

**1.07. Use of District Property.** No Director, officer, or employee shall permit any personal or unauthorized use of District-owned or District-controlled equipment, materials, supplies, or property. The only use of such property must be approved by the Board prior to the use.

**1.08 Open Meeting and Open Records.** The Board and its individual members in managing the District and in performing their duties, shall at all times comply with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code, and the Texas Open Records Act, Chapter 552, Texas Government Code. A Director is required to receive training on the Open Meetings Act and Open Records Act every two years. The training is provided by the Texas Attorney General.

## **Article II: Travel Expenditures Policy**

**2.01. Purpose.** According to the limitations in TWC Section 49.060, the Board hereby establishes policies for reimbursing District Directors, officers, Contractor and employees for actual travel expenses incurred while performing their official duties.

A. Authorized expenses include cost of meals; lodging; commercial travel; in some cases, personal automobile mileage; and other necessary and reasonable costs incurred while on official business away from designated headquarters.

B. Reimbursement for all travel expenses shall be subject to approval by the Board. The reimbursement request shall include a statement of the business purpose of the travel, date, time, and place, and shall be accompanied by supporting receipts and invoices. Mileage shall be reimbursed at the rate set by the United States Internal Revenue Service.

**2.02. Meals and Lodging.** Reimbursement to Directors for actual expenses for meals and lodging shall not exceed the maximum amount allowed for state legislators. There is no per diem; receipts for actual expenses shall be submitted before the District reimburses the Director.

**2.03. Transportation.** Directors or employees who use personal vehicles while on District business travel may be reimbursed for actual miles driven at the current rate allowed by the Internal Revenue Service. Mileage will be computed by the most direct route, and the use of personal vehicles for District travel *must* be approved by Board action **in advance of the travel event**. Subject to the Board's direction and discretion, Directors or employees traveling by commercial transportation may receive reimbursement of the actual transportation cost when performing official business, with due consideration of serving the public's best interest.

### **Article III. Investments**

**3.01.** The District has adopted an Investment Policy that is separate from these policies but is applicable and enforceable as a policy and rule of the District. The District's Investment Policy is attached as Addendum 1.

### **Article IV. Professional Services Policy**

**4.01. Purpose.** This policy has been adopted to provide for the selection, monitoring, review, and evaluation of the District's professional services contracts. Consultants retained by the District to provide professional services include, but are not limited to, legal, engineering, financial advisor, management, bookkeeping, auditing, tax collecting and elections. Selection of such consultants shall be based upon their qualifications and experience.

**4.02. Periodic Review.** The performance of the consultants providing professional services to the District shall be regularly monitored and reviewed by the Board, and the Board may appoint a professional services committee to provide such monitoring and review to the Board. A review of the performance of consultants shall take place every three years at a minimum.

### **Article V. Management Policy**

**5.01. Purpose.** The Board desires to adopt a policy to ensure better use of management information, including the use of budgets in planning and controlling costs, the establishment of a functioning audit committee, and the use of uniform reporting requirements.

**5.02. Accounting Records.** District accounting records shall be prepared on a timely basis and maintained in an orderly manner, to comply with generally accepted accounting principles and the requirements of the TCEQ. Such records shall be available for public inspection by appointment.

#### **5.03. Audit Requirements.**

A. Unless otherwise exempted by the rules of the TCEQ as described in 5.03(c), the District's fiscal accounts and records shall be audited annually according to state law governing the audits of districts, at the expense of the District, by a certified public accountant familiar with TCEQ and PUC rules, regulations, standards and guidelines applicable to District audits.

B. The audit shall be completed and filed within the time limits established by the TCEQ. A copy of the audit shall be filed together with an annual filing affidavit in the form prescribed by TCEQ. In the event the Board refuses to approve the annual audited report, the District shall file a statement with the audit to explain the Board's reasons for disapproving the audit.

C. If the District does not have sufficient revenues so that it meets the requirements of the TWC for a financially dormant or an inactive district, it may prepare and submit the financial dormancy affidavit or financial report described in the TWC instead of filing an audit report.

D. If the District violates the TWC, it may be subject to civil penalty.

**5.04. Audit Committee.** The Board shall establish an audit committee comprised of one or two Directors and such persons as the Board may deem appropriate. The persons selected should not be directly responsible for work subject to the audit. The audit committee shall conduct, at a minimum, an annual review of the District's financial status. The committee shall monitor variances from the District's budget and shall review the District's audit report and shall make recommendations to the Board.

**5.05. Budget.** The District shall annually adopt a budget according to Title 30 of the Texas Administrative Code, Section 293.97 for use in planning and controlling District costs. Such budget shall take into consideration all District revenues, including, but not limited to, utility fees, taxes and surcharges, if any, and all projected District obligations and expenditures. The budget may be amended at any time, but such amendment shall be approved in advance by the Board. The Board shall have the authority to reallocate up to 10% of any line item between budget lines. The budget will be reviewed twice per fiscal year, once mid-year and at the end of the year for the purpose of establishing a budget for the following year.

## **Article VI. Miscellaneous**

**6.01. Gender.** Any references herein to the masculine gender shall also refer to the feminine gender in all appropriate cases.

**6.02. Open Meeting.** The Board officially finds, determines, and declares this Code of Ethics and Policies were reviewed, carefully considered, and adopted during a regular board meeting on February 17, 2022, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place convenient to the public in the administrative office of the District and on a bulletin board located at a place convenient to the public in the County courthouse for the time required by law preceding this meeting as required by the Open Meetings Act (Government Code Section 551.054), and that this meeting had been open to the public as required by law at all times during which this Code of Ethics and Policies were discussed, considered, and acted upon. The Board further ratifies, approves and confirms such written notice and the contents and posting thereof.

Adopted and signed this 17<sup>th</sup> day of February 2022.

---

Board President

---

Board Vice President

---

Board Secretary

---

Board Treasurer

---

Director