

Item #9 – Proposed Amendment to the District Bylaws

As a result of the audit conducted in 2014 by the State Auditor's Office, it was recommended that the District clearly indicate the process used to evaluate performance, compensation, and terms for professional service contractors. The proper instrument for the documentation of this procedure is the District Bylaws.

Attached is the proposed amendment in a redline version.

It is the recommendation of the General Manager that the Board amend the District Bylaws inserting language clearly defining the procedure used to evaluate performance, compensation and terms for professional service contractors.

5.4. Employee Benefits

The Board may provide for and administer retirement disability, and death compensation funds for the employees of the District.

The Board may establish a public retirement system in accordance with the provisions of Chapter 810, Texas Government Code. The Board may also provide for a deferred compensation plan described by Section 457 of the Internal Revenue Code of 1986, 26 U.S.C. ' 457.

The Board may include hospitalization and medical benefits to its employees as part of the compensation paid to the employees and may adopt any plan, rule, or regulation in connection with it and amend or change the plan, rule, or regulation as it may determine necessary.

SECTION 6. OPERATIONAL PROCEDURES

6.1. Operational Procedures.

The Board or the General Manager may establish and approve operational procedures for the District and such other procedures mandated by state law.

SECTION 7. USE OF CONSULTANTS

7.1. Use of Consultants.

The Board shall set the compensation and terms for consultants. In selecting **new** attorneys, engineers, auditors, financial advisors, or other professional services as defined by law, the District shall follow the procedures provided in the Professional Services Procurement Act, Subchapter A, Chapter 2254, Texas Government Code. **The Board or an appointed subcommittee will review the performance, compensation and terms for consultants annually.**

SECTION 8. ANNUAL REPORT

8.1. Annual Report.

The President or the General Manager shall report to the Board on the status of the District and its programs at fiscal year end. The report may include at least the following: (i) the status of the Aquifer and the District's programs to protect and conserve the Aquifer; (ii) a financial report, including a report from the Board's audit committee, and a report on the performance and security of District investments; (iii) a review and evaluation of professional services rendered to the District during the year; (iv) a report on the status of any capital projects of the Districts; and (v) an evaluation of the District's performance in light of long range plans developed pursuant to Section