

# **SAN PATRICIO COUNTY RURAL RAIL TRANSPORTATION DISTRICT BY LAWS**

## **PREAMBLE**

The San Patricio County Rural Rail Transportation District ("District") was created by the San Patricio County Commissioner's Court in December, 2002, pursuant to Article 6550c, Vernon's Revised Civil Statutes, as amended ("Act").

In accordance with Section 4(c) and (d) of the Act, the District's Board ("Board") is granted the authority to adopt rules and regulations and such "Bylaws" as it may deem necessary. The "Bylaws" of the Board are as follows:

## **ARTICLE I: OFFICES, DOMICILE AND SERVICE**

**Section 1. Offices.** The principal executive office and the principal office of the District are located at the Sherwin Alumina Plant, San Patricio EDC Office, 4633B Hwy 361, Gregory, Texas, San Patricio County. The mailing address is P.O. Box 238, Gregory, Texas 78359. The District may have another office as the business of the District may require or make desirable as determined by the Board.

**Section 2. Domicile.** The domicile of the District is San Patricio County, Texas.

**Section 3. Service of Process.** The District may be served through its President, or other Board member designated by the resolution of the Board.

## **ARTICLE II: BOARD OF DIRECTORS**

**Section 1. General Powers.** The responsibility for the management, control, and operation of the District and its properties is vested in the Board of Directors, hereafter referred to as "The Board". The Board is responsible for managing the District's rail transportation system in compliance with the budget and the Board's policies. All operations of the District are essential government functions and not proprietary functions for all purposes, including the application of the Texas Tort Claims Act.

**Section 2. Number and Tenure.** The Board shall not exceed (9) members appointed by the San Patricio County Commissioner's Court. The terms of the Board will be for two years, with no limit to the number of reappointments. Each Board member continues to serve until a successor has been qualified and appointed by the San Patricio County Commissioner's Court.

**Section 3. Qualifications.** All Board members shall reside in San Patricio County, Texas. No member of the Board shall be peculiarly interested or benefit, directly or indirectly, in any contract or agreement to which the District is a party. (Sec. 4 (e) of the Act).

**Section 4. Removal.** Any member of the Board may be removed from office pursuant to the procedures established by Section 4 (b) of the Act. Three consecutive unexcused absences shall be cause for the Board to recommend that such Board member's replacement to the Commissioner's Court of San Patricio County.

**Section 5. Advisory Directors.** The Board of Directors by majority agreement shall have the authority to appoint Advisory Directors in an ex-officio non-voting capacity.

**Section 6. Vacancies.** Any vacancy in a Board position, whether by death, resignation, disqualification, incapacity to serve, or removal from office, shall be filled for the remainder of the term of that position by the San Patricio County Commissioners' Court. Vacancies on the Board shall not impair the power of the Board to transact any and all business of the District so long as a quorum is maintained.

### **ARTICLE III: MEETINGS**

**Section 1. Regular Meetings.** The Board shall hold at least four regular meetings each calendar year for the purpose of transacting the business of the District. Regular meetings shall be held at such times, places, and days as the Board shall by majority vote specify. Notices of regular meetings shall be posted at the administrative office of the District, City Hall in Gregory and at the County Court House in accordance with the Open Meetings Act.

**Section 2. Special Meetings.** Special meetings of the Board may be called by the President as necessary. The President may fix any time and any place within the boundaries of the State for holding a special meeting of the Board, and such time and place shall be set out in a written notice of the special meeting supplied to the members of the Board. Notice of the special meeting shall be posted at the administrative office of the District, the City Hall in Gregory and the County Court House in accordance with the Open Meetings Act.

The meeting notice may be delivered personally, mailed to each Board member's usual business or residence address, or delivered by electronic mail or facsimile which shall state the purpose or purposes for which such meeting is called. If mailed, such notice shall be deemed to have been delivered when deposited in the United States Mail, properly addressed, with sufficient first class postage thereon prepared, at least three days prior to the scheduled special meeting. If notice is hand delivered, such notice shall be deemed to have been delivered when delivered to each Board member's usual business or residence address at least twenty-four (24) hours prior to the scheduled special meeting.

**Section 3. Quorum.** The Board shall be considered to have a quorum when 4 members are present for the purpose of conducting its business and exercising its powers other than those decisions related to the Board's exercise of eminent domain, in which case a majority of the Board shall be required to constitute a quorum. No business may be conducted unless there is a quorum of members voting, whether in person, by

teleconference, by electronic mail, or by the assignment if the member's voting rights to another member by proxy. If a quorum is not available to vote on an issue, business related to such issue shall be postponed until the next regular or special meeting, as the case may be. Notice of any Board meeting shall be given to all Board members in accordance with Sections 1 and 2 of Article III of the "Bylaws" and in accordance with the Open Meetings Act.

**Section 4. Manner of Acting.** On any question presented, the number of members shall be recorded by the Secretary or the Secretary's assignee. Action may be taken by the District upon a vote of a quorum of the Board members voting, provided a quorum is met.

**Section 5. Board Committees.** The President shall recommend, subject to the approval of the Board, the establishment of committees, membership of each committee and the Chair for each committee. The Board may refer any matter to the Board committee for considerations.

**Section 6. Procedures at Meetings.** The President shall preside at the meeting of the Board. In the absence of the President at any meeting, the Vice President shall preside. In the absence of the President and Vice President at any meeting, any member of the Board selected by the members present shall preside. The Secretary or the Secretary's assignee shall take the minutes at all meetings of the Board. In the Secretary's absence, the presiding Officer of the meeting may designate any person to act as Secretary.

**Section 7. Confidentiality Obligations.** All members of the Board of Directors and any members of the San Patricio County EDC staff who assist in administering the Board's business are required to annually sign a Confidentiality Agreement to be kept on file in the minute book of this organization. The form for this agreement is attached to these By- Laws.

#### **ARTICLE IV: OFFICERS**

**Section 1. Officers.** The members of the Board shall elect the presiding officers. These presiding officers shall consist of a President, Vice President, Secretary and Treasurer.

**Section 2. Terms.** Each Officer of the Board holds office for a two year term. Officer's terms begin in January. Elections are held at the last meeting of odd numbered years. Officers will serve until the successor is duly qualified and elected unless a vacancy occurs. The Board shall fill any vacancy in any office of the Board by election, such selection to continue until the expiration of the current term of the office which had becomes vacant.

**Section 3. Resignation.** Any Board member or Board Officer may resign at any time. Subject to the last sentence of Article II, Section 2 of the "Bylaws", any such resignation shall be made in writing and shall take effect at the time specified or, if no time is specified, at the time of receipt by the President or Secretary. The acceptance of the resignation shall not be necessary to make it effective, unless expressly so provided in

the resignation.

#### **Section 4. Powers and Duties of the Board Officers.**

##### **A. President**

1. The President, if present, shall preside at all meetings of the Board.
2. The President shall determine by inspection and investigation if orders and resolutions promulgated by the Board are being carried into effect, and shall report these findings to the Board.
3. The President may sign and execute for and on behalf of the District contracts of insurance, bonds, deeds, mortgages, debentures, contracts, or any instrument or documents of whatever nature which the Board has authorized to be executed. This does not include checks or drafts on the District's Depository.
4. With the assistance of the Secretary, the President shall establish the proposed agenda for each meeting of the Board ten (10) day before the meeting of the Board. Any Board member may add to the Agenda up to the posting time.
5. The President shall recommend, subject to the approval of the Board, all committee chairs and serve as ex-officio member of all committees.
6. The President shall perform, in general, all duties incident to the office of the President and such other duties as may be prescribed by these "Bylaws" or assigned by the Board.

##### **B. Vice-President**

The Vice-President shall preside at any meeting of the Board when the President is absent and shall have the power and authority of the President and shall perform the duties of the President in case of disability of the President and shall perform such other duties as may be assigned by the President or by the Board.

##### **C. Treasurer**

The Treasurer shall be custodian of all funds, income, and expenditures and shall report such transactions regularly to the Board, including monthly and annual reports and whenever deemed necessary by the Board.

##### **D. Secretary**

1. The Secretary or the Secretary's assignee shall keep permanent records of all proceedings and transactions of the District, shall keep the minutes of all official meetings of the Board on one or more books provided for such purpose, and shall see that notices are duly given in accordance with the provisions of these "Bylaws" or as required by law. The Board may select a non-voting non-Board-member to assist the Secretary as an assignee for the performance of certain clerical functions.
2. The Secretary shall perform, in general, all the duties incident to the office of Secretary and such other duties as assigned by the Board. The Secretary may designate

an assistant to serve in the event of his/her absence.

3. The Secretary or the Secretary's assignee shall prepare and submit the reporting referenced in Article IX hereof related to the District's power of eminent domain.

## **ARTICLE V: CONTRACTS AND LOANS**

**Section 1. Contracts.** The Board may authorize the President to enter into any contract and execute and deliver any instrument in the name of and on behalf of the District. Such authority may not be general but must be confined to specific instances. Further, all contracts for goods, services or property in excess of \$25,000 are to be let on competitive bids in accordance with Chapter 262 of the Texas Government Code. Procurement of Professional Services in an amount of over \$25,000.00 shall be a majority vote of the Board.

**Section 2. Loans.** No loans shall be contracted on behalf of the District and no evidence of indebtedness shall be issued in its name, unless authorized by resolution of the Board, executed and attested by the Secretary.

## **ARTICLE VI: BANKING AND INVESTMENTS**

**Section 1. Checks, Drafts and Related Items.** All checks, drafts, notes, or other orders for the payment of money issued in the name of the District shall be signed by the President, Vice President or Treasurer. Two signatures will be required on all checks.

**Section 2. Depositories.** All funds of the District shall be deposited to the credit of the District in such banks as the Board may designate, and upon such terms and conditions as shall be fixed by the Board, unless otherwise required by orders or resolutions authorizing the issuance of the District's bonds or notes. The Board may authorize the opening and maintaining of general and special accounts within any such depository as it may designate, and may take such special rules and regulations with respect thereto as it may deem appropriate. To the extent that funds in the depository bank or banks are not insured by the FDIC, they shall be secured in the manner provided by law for the security of funds of counties of the State of Texas.

**Section 3. Investments.** The Board, by resolution, may provide that an authorized representative of the District may invest and reinvest funds of the District and provide for money to be withdrawn from the appropriate accounts of the District for such investments on terms as the Board considers advisable. Such investments must be made in obligations or securities permitted by the Public Fund Investment Act.

## **VII: AUDIT AND BUDGET**

**Section 1. Audit.** At the conclusion of any fiscal year in which the receipts of the District exceed \$100,000.00, the Board shall have prepared an audit of their affairs by an independent certified public accountant or a firm of independent certified public accountants, which audit shall be open to public inspection. Also, the Board may conduct

an audit at any other time by majority vote.

At the conclusion of any fiscal year in which the receipts of the District is less than \$100,000.00 the Board Treasurer shall conduct an internal review of all the Board's financial activities and make a public report to the Board.

Section 2. Budget. Prior to the commencement of a fiscal year (January 1 through December 31), or as soon as practical after the commencement of the fiscal year, the Board shall adopt an annual operating budget, which specifies major expenditures by type and amount as well as capital expenditures budget. Either of such budgets may be amended as deemed appropriate by a majority of the Board. The District may not make operating capital expenditures in excess of the then budgeted expenditures for a fiscal year. No operating or capital budget is required during the period the District has no income, but is required before expenditure is made.

#### **ARTICLE VIII: INDEMNIFICATION OF BOARD MEMBERS**

Each Board member, as well as any staff-members of the San Patricio County EDC providing administrative assistance to the Board, shall be indemnified by the District against any liability imposed and for any expense reasonably incurred in connection with any claim, action, suit, or proceeding to which such person(s) may be a party by reason of being, or having been, or providing such assistance to, a Board member, and against such sums as counsel selected by the Board shall deem reasonable payment of settlement of any such claim, action, suit, or proceeding; provided however, that no such person(s) shall be indemnified with respect to actual damages arising out of a cause of action for a willful 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. It is the intent of the District to indemnify under this section to the fullest extent permitted by law.

#### **ARTICLE IX: EMINENT DOMAIN**

The District provides for the continued operation of rail lines and the efficient movement of goods in support of the local economy and, to advance this mission, the District is authorized to exercise the power of eminent domain under Transportation Code Section 172.157. The District's decisions related to the exercise of such power of eminent domain shall be subject to majority vote of the Board as set forth in Section 3 of Article III of these "Bylaws". According to Texas Senate Bill 1812, Section 2206.154, the District is obligated to submit a report no later than February 1<sup>st</sup> of each year to the comptroller providing the information set forth in such Section. The Secretary or the Secretary's assignee shall be responsible for preparing and submitting such report each year.

#### **ARTICLE X: AMENDMENTS TO BYLAWS**

These "Bylaws" may be altered, amended, or repealed, or new "Bylaws" may be adopted

by a 2/3 vote of the entire Board at any regular or special meeting of the Board (whether in person, by teleconference, by electronic mail, or by the assignment if the member's voting rights to another member by proxy) for which notice has been properly given.

**ARTICLE XI: PARLIAMENTARY RULE**

Except where inconsistent with the Act of these "Bylaws", *Roberts Rules of Order, Revised* shall govern the proceedings of the Board and its committees. The President may appoint a person to serve as Parliamentarian. Such person may be a member of the Board. The Parliamentarian is not an officer of the Board by reason of such position.

**PASSED AND APPROVED BY THE SAN PATRICIO COUNTY RURAL RAIL  
TRANSPORTATION DISTRICT BOARD OF DIRECTORS ON THE 13<sup>th</sup> DAY  
OF May 2016.**

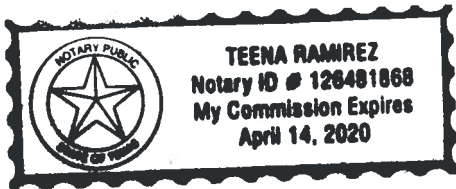
  
\_\_\_\_\_  
PRESIDENT

ATTEST   
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SECRETARY

## ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF SAN PATRICIO

This instrument was acknowledged and signed before me on the 13<sup>th</sup> of May 2016, by Roy DeBolt Secretary, of the San Patricio County Rural Rail District, created by the Commissioners' Court of San Patricio County.



Teena Ramirez  
Notary Public, State of Texas  
Commission Expires 4/14/2020