

CHAPTER 6 – CONTRACT REGULATIONS

Section 6.01 Prohibited Contracts

This Regulation is adopted pursuant to the authority granted to Municipal Utility Districts, by the Texas Legislature, under Sections 49.057, 49.072, 49.213 and 54.201 of the Texas Water Code.

Section 6.02 Employment Contracts

(a) If an individual, a partner in a partnership, an individual who owns 25% or more of a corporation, a director or officer of a corporation, or an individual who effectively controls a corporation is a Member of Emerald Bay Club or resides within the District, then the individual, partnership or corporation shall not consult with the District or perform any service for the District in exchange for monetary compensation from the District, including, but not limited to, repairing equipment, performing maintenance work or serving as a plant manager or operator.

(b) Nothing contained in this Section shall prevent a qualified individual who is a Member of Emerald Bay Club or who resides within the District from voluntarily consulting with the District or voluntarily performing any service for the District on a pro bono basis, including, but not limited to, repairing equipment, performing maintenance work or serving as a plant manager or operator. Actual and reasonable expenses may be reimbursed according to District policy.

Section 6.03 Supply Contracts

If an individual, a partner in a partnership, an individual who owns 25% or more of a corporation, a director or officer of a corporation, or an individual who effectively controls a corporation is a Member of Emerald Bay Club or resides within the District, then the individual, partnership or corporation shall not sell to the District equipment, chemicals, or other goods used by the District unless such items are sold to the District at the individual, partnership or corporation's cost.

Section 6.04 Worker's Compensation Insurance Requirements for Contractors

(Effective May 26, 2008)

If any company or corporation employing one or more employees contracts with the District for any construction, maintenance or other project, said company or corporation must provide to the District evidence showing said company or corporation has current coverage for Worker's Compensation and liability insurance in the minimum amount of \$1,000,000 prior to commencing any construction, maintenance or other such project for the District. Failure to provide such proof of insurance will void any contract with said company or corporation.

Individual contractors will be covered by the District through its own Worker's Compensation insurance.