

**Alliance Regional Water Authority
Executive Committee**

REGULAR MEETING



ALLIANCE WATER

COMMITTEE MEMBER PACKETS

Wednesday, January 10, 2018 at 3:00 P.M.

Kyle – Public Works Facility
520 E. RR 150, Kyle, TX 78640

REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
Wednesday, January 10, 2018 at 3:00 P.M.
520 E. RR 150, Kyle, Texas 78640

This Notice is posted pursuant to the Texas Open Meetings Act (Texas Government Code Chapter 551). The Executive Committee of the Board of Directors of the Alliance Regional Water Authority (the Authority) will hold a meeting at 3:00 PM, Wednesday, January 10th, 2018, at Kyle Public Works Building, 520 E. RR 150, Kyle, Texas. Additional information can be obtained by calling Graham Moore at (512) 294-3214.

Because this meeting is open to the public, members of the Authority Board of Directors who are not members of the Executive Committee may attend this meeting. If any such Board member attends this meeting such that a quorum of the Authority Board is present, this serves as notice of that potential quorum. The meeting will continue as a meeting of the Authority Executive Committee, and not a meeting of the Authority Board. A Board member who is not an Executive Committee member will have no right to vote on any matter before the Committee.

A. CALL TO ORDER

B. ROLL CALL

C. REGULAR AGENDA ITEMS

C.1 Consider approval of minutes of the Regular Meeting held December 13, 2017. ~ *Graham Moore, P.E., Executive Director*

C.2 Update regarding the Authority's Phase 1A Segment A pipeline project. ~ *Graham Moore, P.E., Executive Director*

C.3 Update regarding the Authority's Phase 1B requests for qualifications. ~ *Graham Moore, P.E., Executive Director*

C.4 Discussion and possible recommendation to the Board to approve new bylaws for the Authority. ~ *Mark Taylor, Legal Counsel*

C.5 Update regarding discussions on potential common utility facilities between the Authority and the Guadalupe-Blanco River Authority. ~ *Graham Moore, P.E., Executive Director*

C.6 Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and CAPCOG activities. ~ *Graham Moore, P.E., Executive Director*

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D. EXECUTIVE DIRECTOR REPORT ~ *Graham Moore, P.E., Executive Director*

E. COMMITTEE MEMBER ITEMS – no action to be taken.

F. EXECUTIVE SESSION

F.1 *Executive Session pursuant to the Government Code, Section 551.071 (Consultation with Attorney) and/or Section 551.072 and 551.073 (Real Property Deliberations) regarding:*

- A. *Water supply partnership options*
- B. *Groundwater leases*
- C. *Acquisition of real property for water supply project purposes*

F.2 Action from Executive Session on the following matters:

- A. *Water supply partnership options*
- B. *Groundwater leases*
- C. *Acquisition of real property for water supply project purposes*

G. ADJOURNMENT

NOTE: *The Executive Committee may meet in Executive Session to consider any item listed on this agenda if a matter is raised that is appropriate for Executive Session discussion. An announcement will be made of the basis for the Executive Session discussion. The Executive Committee may also publicly discuss any item listed on the agenda for Executive Session.*

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A. CALL TO ORDER

No Backup Information for this Item.

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B. ROLL CALL

NAME PRESENT

Kenneth Williams

James Earp

Tom Taggart

Vacant

Humberto Ramos

Steve Parker

NON-VOTING MEMBERS PRESENT

Councilmember Lee Urbanovsky

REGULAR MEETING
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- C.1** Consider approval of minutes of the Regular Meeting held December 13, 2017.
~ Graham Moore, P.E. – Executive Director
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Attachment(s)

- 2017 12 13 Exec Cmte Meeting Minutes

Executive Committee decision needed:

- Approval of minutes.



ALLIANCE WATER

Alliance Regional Water Authority

EXECUTIVE COMMITTEE MEETING

MINUTES

Wednesday, December 13, 2017

The following represents the actions taken by the Executive Committee of the Alliance Regional Water Authority (Alliance Water) in the order they occurred during the meeting. The Executive Committee convened in a meeting on Wednesday, December 13, 2017 at the Kyle Public Works Facility, 520 E. RR 150, Kyle, Texas.

A. CALL TO ORDER.

The Alliance Water Executive Committee Meeting was called to order at 3:10 p.m.

B. ROLL CALL.

- **Present: Williams, Earp, Taggart, Wilson and Ramos.**
- **Absent: Parker and Altmiller.**

C. REGULAR AGENDA ITEMS

C.1 Consider approval of minutes of the Regular Meeting held November 8, 2017.

- **Motion to approve the minutes as presented was made by Mr. Ramos, seconded by Mr. Wilson and approved on a 5-0 vote.**

C.2 Update regarding the Authority's Phase 1A Segment A pipeline project.

- **Mr. Moore provided an update on the coordination with the Texas Water Development Board for the Phase 1A Segment A project.**
- **No Action.**

- C.3 Discussion and possible approval of a lease agreement with Acton for a mobile building and authorizing the Executive Director to execute the agreement on behalf of the Authority
- **Mr. Moore discussed the need for the mobile building and the process utilized to solicit bids.**
 - **Motion to approve the lease agreement with Acton for a mobile building in an amount not-to-exceed \$10,000 was made by Mr. Wilson, seconded by Mr. Ramos and approved on a 5-0 vote.**
- C.4 Discussion and possible approval of a lease agreement with We-Rent-It for a temporary generator and authorizing the Executive Director to execute the agreement on behalf of the Authority.
- **Mr. Moore discussed the need for the temporary generator and the process utilized to solicit bids.**
 - **Motion to approve the lease agreement with We-Rent-It for a temporary generator was made by Mr. Ramos, seconded by Mr. Williams and approved on a 5-0 vote.**
- C.5 Discussion and possible direction to Staff regarding potential common utility facilities between the Authority and the Guadalupe-Blanco River Authority.
- **Mr. Moore discussed the memorandum of understanding (MOU) between the Authority and GBRA and its expiration of December 31, 2017. The MOU requires a decision before it expires as to whether both parties will enter into discussions about a formal agreement for common facilities.**
 - **Mr. Moore stated that he intends to put an item on the December Board agenda to get authorization to enter into negotiations with GBRA.**
 - **The Executive Committee recommended that the negotiation be limited to a maximum of six month and that the Executive Committee along with David Davenport be utilized to assist in negotiations as necessary.**
- C.6 Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and CAPCOG activities.
- **Update, no action.**

D. EXECUTIVE DIRECTOR REPORT

- **Update, no action.**

E. COMMITTEE MEMBER ITEMS

- **Mr. Earp and Mr. Williams noted that they will be absent for the December Board meeting.**

F. EXECUTIVE SESSION

F.1 The Executive Committee recessed into Executive Session at 3:38 p.m. pursuant of the Government Code, Section 551.071, to seek the General Counsel's advice regarding matters involving attorney-client privilege, and Sections 551.072 and 551.073, to discuss water supply project partnership options, groundwater leases and real property deliberations. The Executive Committee ended the Executive Session at 4:27 p.m. at which time it resumed with the regular session.

F.2 Action from Executive Session on the following matters:

- A. Water supply partnership options
- B. Groundwater leases
- C. Acquisition of real property for water supply project purposes
- **No Action.**

G. ADJOURNMENT

- **Meeting was adjourned at 4:27 by Mr. Earp.**

APPROVED: _____, 2017

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C.2 Update regarding the Authority's Phase 1A Segment A pipeline project. ~ *Graham Moore, P.E., Executive Director*

Background/Information

Below is a brief update on the Phase 1A Segment A project:

- TWDB is reviewing the conditionally awarded contract, bonds, insurance, etc. The Authority must receive approval of these documents prior to issuing a notice-to-proceed to Central Road & Utility for the work. TWDB has committed to a response by January 11th.
- The construction trailer for the Authority is expected to be delivered to the site in the next two weeks – a permit is in the process of being obtained from Buda for the setup.
- Any additional updates will be provided verbally at the meeting.

Executive Committee Decisions Needed:

- None.

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C.3 Update regarding the Authority's Phase 1B requests for qualifications. ~ *Graham Moore, P.E. Executive Director*

Background/Information

The Authority received eight responses to the Program Manager / Owner's Representative RFQ. The responses are currently under review by the designated committee.

The RFQs for the Treated Pipeline Design and Environmental Services were issued in early December and responses are due on January 18th.

Executive Committee Decisions Needed:

- None.

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C.4 Discussion and possible recommendation to the Board to approve new bylaws for the Authority. ~ *Mark Taylor, Legal Counsel*

Background/Information

The Hays Caldwell Public Utility Agency originally adopted its Bylaws shortly after its formation in 2007. No changes have been made to them since that time. Updated bylaws are needed as a result of the enactment of SB 1198 and the conversion to the Alliance Regional Water Authority.

Mark Taylor drafted the revisions to the bylaws. Graham Moore participated extensively in the revisions and the Authority's bond counsel, Carol Polumbo also reviewed the revisions and provided input.

The revisions are extensive as evidenced by the version that shows edits that is attached. A table summarizing the significant changes is attached to help focus the discussion with the Executive Committee. The table indicates whether the change was initiated as a result of SB 1198, based on the discussion with the Executive Committee in August or initiated by Staff.

The changes indicated in the table will be discussed individually, along with any additional questions that the Executive Committee has on the proposed bylaws. There is not a deadline for approval of the new bylaws.

Attachment(s)

- Table Summarizing Significant Changes to Bylaws
- Bylaws – Clean Draft 2018-01-03
- Bylaws – Draft showing edits 2018-01-03

Executive Committee Decisions Needed:

- Discussion and possible recommendation to the Board to approve the new bylaws for the Authority.

Alliance Regional Water Authority
Summary of Significant Changes (compared to Bylaws of HCPUA)
Prepared by Mark B. Taylor, General Counsel
January 4, 2017

Section (“Draft showing edits” unless stated otherwise)	Description of Change	Basis for Change
1.1	Definitions compiled in one section	Staff updating
2.2	Powers and duties of Alliance Water are delineated, with references to SB 1198	SB 1198
3.1.E	Eligibility to serve as director added (per SB 1198) – 18 years old and a resident of Alliance Water territory, or an employee of a Sponsor	SB 1198
3.1.J	Alliance Water Board may increase or decrease number of Directors (per SB 1198) – minimum of 7, maximum of 17	SB 1198
3.1.K	Requires recommendation of Executive Director on any apportionment of Directors among the Sponsors	Exec Comm
Old section 4.3	Requirement for Board to hold annual meetings is deleted	Exec Comm
3.3.A	Special/emergency meetings may be called at the request of three directors, rather than by a majority of the Directors	Staff updating
3.4.A	Adds limited allowance for Directors to attend meetings by conference call or videoconference	Staff updating
3.4.C.8	Adds a requirement for majority of all Directors to create a committee, remove an officer, adopt an emergency rule, or reapportion the Directors among the Sponsors Adds a requirement for majority of all Directors to waive privilege or confidentiality (to prevent a disclosure by one Director from being used against the Authority)	Exec Comm Staff updating
3.4.D	Changes requirement for 9 votes to 2/3 of all Directors for issuance of debt	Staff updating
3.7	Executive Committee changed to Administrative and Technical Committee	Exec Comm
3.9	New section allows for the Board to create standing and temporary committees	Staff updating
3.10	Requires 2/3 vote of Board to appoint/remove Executive Director	Exec Comm
Old section 4.11	Provisions for ex-officio directors are deleted	Exec Comm

Old section 4.12	Provision for reliance by Director on consultant information is deleted	Staff updating
4.4, 4.5	Allow for delegation of Treasurer/Secretary duties with Board approval	Staff updating
4.6	Allowance for reimbursement of Director expenses is deleted	Exec Comm
Old section 6.3	Allowance to accept gifts moved to 2.2	Staff updating
Old section 6.5	“Prohibited Acts” moved to 12.3	Staff updating
Article 6	Provides for adoption and enforcement of rules – Rules affecting Sponsors/customers require 10 days notice and public hearing by the Board before adoption Emergency rules require two hours notice, and for rules affecting Sponsors/customers, public hearing by the Board before adoption Other rules require 72 hours’ notice and public hearing by the Board before adoption	SB 1198 Exec Comm Exec Comm Exec Comm
Article 8	Provides for adding and removing Sponsors	SB 1198
Old Article 8	Provision for dissolution of the entity is deleted	SB 1198
9.2	How notice is given to a Sponsor or Customer is specified (goes to presiding officer of governing body and to CEO)	Staff updating
Old section 12.12	Provision allowing for termination of the entity is deleted	SB 1198
Article 12	Code of ethics is updated to refer to specific ethics laws	Staff updating
Article 13	Bylaws changes are subject to approval by majority of all Directors, but do not require approval of the Sponsors	SB 1198

BYLAWS

OF THE

ALLIANCE REGIONAL WATER AUTHORITY

(Created by the Legislature of the State of Texas as a regional water authority in Bexar, Caldwell, Comal, Guadalupe, and Hays Counties, under and essential to accomplish the purposes of Article XVI, Section 59 of the Texas Constitution)

Date of Adoption: _____, 2018

**BYLAWS
OF
ALLIANCE REGIONAL WATER AUTHORITY**

**ARTICLE 1
DEFINITIONS AND GENERAL PROVISIONS**

Section 1.1. Definitions. Unless the context clearly indicates a different meaning, the terms below shall have the following meanings in these Bylaws:

- A. “Authority” means the Alliance Regional Water Authority.
- B. “Board” means the board of directors of the Authority.
- C. “Customer” means a local government or private entity that is not a Sponsor and which has a contract with the Authority for water or wastewater services.
- D. “Director” means a member of the Board.
- E. “District” means any district, authority or other entity created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, regardless of the manner of creation.
- F. “Enabling Act” means the Authority’s enabling legislation (Act of May 28, 2017, 85th Leg., R.S., ch. 806) and codified in Chapter 11010 of the Texas Special District Local Laws Code.
- G. “Executive Director” means the person appointed by the Board as the chief executive officer of the Authority.
- H. “Local government” means:
 - 1. a municipality, county, district, or other political subdivision of this state;
 - 2. a local government corporation;
 - 3. a nonprofit corporation created to act on behalf of a local government; or
 - 4. a combination of two or more of the entities described by this subsection.
- I. “Open Meetings Act” means the State Open Meetings Act, Chapter 551, Texas Government Code, as amended.
- J. “Private entity” includes an individual, corporation, organization, business trust, estate, trust, partnership, and association and any other legal entity that is not a local government or a governmental body or agency.
- K. “Public Information Act” means the State Public Information Act, Chapter 552, Texas Government Code, as amended.
- L. “Sponsor” means:
 - 1. the City of Kyle;
 - 2. the City of San Marcos;
 - 3. the City of Buda;
 - 4. the Canyon Regional Water Authority; and
 - 5. any other local government or private entity added to the Authority as a Sponsor

under Section 11010.005 of the Enabling Act.

M. "State" means the State of Texas.

N. "Water" includes:

1. groundwater, percolating or otherwise, notwithstanding the quality of the groundwater;
2. any surface water, naturally or artificially impounded or in a navigable or nonnavigable watercourse; and
3. municipal wastewater or industrial wastewater, including municipal wastewater or industrial wastewater that has been treated to a quality suitable for reuse for a beneficial use.

Section 1.2. Authority Territory. The Authority is composed of the territory:

A. of the Sponsors, including territory within the municipal boundaries of a Sponsor that is a municipality;

B. located in the service areas of the Sponsors as provided by the Sponsors' respective certificates of convenience and necessity; and

C. added to and not excluded from the Authority in accordance with applicable law.

Section 1.3. Business Office. The business office and mailing address of the Authority is 630 East Hopkins Street, San Marcos, TX 78666. The Authority may have such other offices as the Board may determine. The Board may change the location of any office of the Authority.

ARTICLE 2 PURPOSES AND POWERS

Section 2.1. Purposes. The Authority is created to serve a public use and benefit, and to benefit land and property included in the territory of the Authority through the works and projects to be accomplished by the Authority under powers conferred by Article XVI, Section 59 of the Texas Constitution, and powers granted under the Enabling Act.

Section 2.2. Powers and Duties. The Authority is a regional water authority and is authorized to exercise all powers conferred on conservation and reclamation districts under Article XVI, Section 59 of the Texas Constitution, and all powers conferred on the Authority by the Enabling Act, including without limitation, the following:

A. The general powers and duties as described in Section 11010.101 of the Enabling Act, including without limitation, ownership of water and wastewater facilities, ownership of interests in sources of water supply, and financing through bonds, notes, and other obligations;

B. The authority to adopt and enforce policies, rules and bylaws as described in Section 11010.102 of the Enabling Act;

C. The power of eminent domain as described in Section 11010.103 of the Enabling Act;

D. The authority to adopt and enforce water conservation or drought contingency plans as described in Section 11010.104 of the Enabling Act;

E. The authority to acquire utility facilities from a Sponsor as described in Section 11010.105 of the Enabling Act;

F. The authority to enter into contracts as described in Sections 11010.106 and 11010.107 of the Enabling Act;

G. The authority to set rates and fees as described in Section 11010.108;

H. The authority to accept gifts and grants as described in Section 11010.152 of the Enabling Act; and

I. The authority to issue bonds, notes or other obligations as described in Sections 11010.201 through 11010.205 of the Enabling Act and under other applicable law.

ARTICLE 3 BOARD OF DIRECTORS; COMMITTEES

Section 3.1. Role of the Board; Appointment, Powers, Number, and Term of Office of Directors.

A. The Authority is governed by the Board. The Board is responsible for the management, operation, and control of the Authority.

B. The number of Directors is set at thirteen. The Directors are apportioned among the Sponsors based on the amount of water contracted to be supplied to the Sponsors under the terms of the Authority's Regional Water Supply Contract, as follows: The City of San Marcos, Texas appoints five Directors, Canyon Regional Water Authority appoints four Directors, the City of Kyle, Texas appoints three Directors, and the City of Buda, Texas appoints one Director.

C. Unless replaced by a Sponsor, directors of the Hays Caldwell Public Utility Agency serving on the effective date of the Enabling Act shall serve as the temporary Directors of the Authority until the initial Directors appointed under subsection F. below take office on May 1, 2018.

D. Action by a Sponsor to appoint or remove a Director shall be in the form of a minute entry, ordinance or resolution approved by the Sponsor's governing body.

E. To be eligible to serve as a Director, a person must be at least 18 years of age, and must be either a resident of the territory located in the Authority, or an employee of a Sponsor. A Director who also serves on the governing body of a Sponsor is not a dual officeholder and is not prohibited by the common law doctrine of incompatibility from serving on both the Board and the governing body. Service on the Board by a public officeholder is an additional duty of that person's office.

F. The Sponsors shall appoint the initial Directors not earlier than April 1, 2018, and not later than April 30, 2018. As soon as practicable after the initial Directors have been appointed, the initial Directors shall draw lots to determine which Directors serve a one-year term expiring

April 30, 2019, which Directors serve a two-year term expiring April 30, 2020, and which Directors serve a three-year term expiring April 30, 2021. The lots must be split into thirds or as near to thirds as possible. Thereafter, the Directors shall serve staggered three-year terms, and the Sponsors shall appoint Directors not earlier than April 1 and not later than April 30 of the year in which the respective terms of the Directors expire. A Director's term begins on May 1 of the year the Director is appointed. A Director may not serve more than five full consecutive terms as a Director.

G. A Sponsor that appoints a Director may remove the Director from office at any time, with or without cause.

H. If there is a vacancy on the Board, the governing body of the Sponsor that appointed the Director who vacated the office shall appoint a Director to serve the remainder of the term.

I. After the addition or removal of a Sponsor under Subchapter A of the Enabling Act, the Board by rule shall reapportion the Directors among the Sponsors based on the amount of water contracted to be supplied to each Sponsor under the terms of the Authority's water supply contracts with the Sponsors.

J. In connection with a change to the amount of water contracted to be supplied by the Authority to the Sponsors under the terms of the Authority's water supply contracts with the Sponsors, the Board shall determine whether a change in the number of Directors or in the apportionment of Directors among the Sponsors is appropriate. If the Board determines such a change is appropriate, the Board by rule shall proceed to make the change.

K. The Board by rule may increase or decrease the number of Directors on the Board, subject to a minimum of seven Directors and a maximum of 17 Directors, and subject to the requirement that each Sponsor is entitled to appoint at least one director.

L. Before the Board reapportions the Directors among the Sponsors for any reason, or increases or decreases the number of Directors on the Board for any reason, the Board will ask the Executive Director for a recommendation on the proposed change.

Section 3.2. Regular Meetings of Board. The Board will hold its regular meetings at such place or places as the Board may from time to time determine.

Section 3.3. Special and Emergency Board Meetings.

A. Special and emergency meetings of the Board shall be held whenever called by the Chair or the Secretary, or at the written request of three Directors.

B. The Authority shall give notice of each special meeting to each Director in person or by facsimile, mail, or electronic mail.

C. The Authority shall give notice of each emergency meeting to each Director in person or by facsimile, mail, or electronic mail. The notice on its face shall describe the emergency that gave rise to the need for the meeting.

D. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Authority may be considered and acted upon at a special or emergency meeting.

Section 3.4. Quorum; Required Vote; Super Majority.

A. A majority of all of the Directors shall constitute a quorum of the Board. The Board may not conduct business unless a quorum of the Board is present, either in person or by telephone conference call or videoconference to the extent permitted under the Open Meetings Act. If at any meeting of the Board there is less than a quorum present, a majority of those present may continue the meeting to a time not later than the day immediately following the date for which notice of the meeting was given.

B. The concurrence of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the concurrence of a greater number is required by law, or by these Bylaws.

C. The concurrence of a majority of all of the Directors (by voting in favor of a matter at a Board meeting at which a quorum of the Board is in attendance) shall be required for any of the following actions:

1. The award of a construction contract in an amount greater than \$100,000.
2. Approving a contract for the supply of water by the Authority.
3. A proposal to amend these Bylaws.
4. Creation of a committee.
5. Removal of an officer of the Board.
6. Adoption of an emergency rule.
7. Any waiver of confidentiality or privilege related to any attorney-client communication between any legal counsel of the Authority and the Board, any committee, or any officer, Director, committee member, employee or agent of the Authority.

D. The concurrence of at least two-thirds of all of the Directors shall be required to authorize the issuance of bonds, notes or other obligations creating debt.

E. A Director who is present at a meeting of the Board at which any Authority action is taken shall be presumed to have assented to such action unless his or her dissent or abstention is entered in the minutes of the meeting, or unless the Director files his or her written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

Section 3.5. Open Meetings Act. All meetings of the Board shall be subject to applicable provisions of the Open Meetings Act.

Section 3.6. Conduct of Business.

A. At meetings of the Board, matters shall be considered in such order as the Board may determine from time to time.

B. At meetings of the Board, the Chair shall preside, and in the absence of the Chair, the Vice Chair shall preside. In the absence of the Chair and the Vice Chair, the Board shall choose an acting chair for that meeting from among the Directors present.

C. Each Director is entitled to one vote on any issue before the Board.

Section 3.7. Administrative and Technical Committee. The Board may, by resolution passed by a majority of all of the Directors, create an administrative and technical committee consisting of three or more Directors. To the extent provided in the authorizing resolution, the committee may exercise powers delegated by the Board in the management of the Authority. Any such delegated powers shall not extend, however, to matters for which action of the Board is required by statute or in these Bylaws. The committee shall address the matters and act in the manner provided in the authorizing resolution. The committee shall keep minutes of its meetings and shall cause the minutes to be maintained in the office of the Authority, and shall report on its activities to the Board from time to time. The Authority shall give notice of any meeting of the committee in the manner required for a meeting of the Board under the Open Meetings Act and these Bylaws.

Section 3.8. Advisory Committee. The Board may, by resolution, establish an Advisory Committee composed of persons who are, in the judgment of the Board, qualified to advise with respect to the activities of the Authority. Members of the Advisory Committee shall serve for a term of one year or for a longer term fixed by the Board, not to exceed four years. Advisory Committee members shall be appointed by the Board, and may be removed by the Board at any time with or without cause. The number of members of the Advisory Committee shall be fixed from time to time by the Board. The officers and Directors of the Authority may consult with the Advisory Committee from time to time with respect to the activities of the Authority, but the Advisory Committee shall in no way restrict the powers of the Board nor limit its responsibilities or obligations. The Advisory Committee shall have no responsibility for the management of the affairs of the Authority.

Section 3.9. Other Committees.

A. *Standing Committees.* The Board may, by resolution, create a standing committee to address one or more topics of an ongoing nature in the management of the Authority. The resolution shall specify the number of committee members, and it may include a delegation of authority to the committee in matters for which action of the Board is not required by statute or in these Bylaws. A committee shall consist of Directors as voting members, and it may include persons who are not Directors as non-voting members. Committee members shall be appointed by the Board, and may be removed by the Board at any time with or without cause. The committee shall address the topics and act in the manner provided in the resolution. The committee shall keep minutes of its meetings, which shall be maintained in the office of the Authority, and shall report on its activities to the Board from time to time. If the committee is authorized to take action on behalf of the Authority, the Authority shall give notice of the committee's meetings in accordance with the Open Meetings Act.

B. *Temporary Committees.* The Board may, by resolution or by motion and vote, designate three or more Directors, as voting members, and one or more persons who are not Directors as non-voting members, to constitute a temporary committee to address one or more topics. A temporary committee will function only in an advisory role to the Board. The Board may limit the duration of a temporary committee, and may remove or add members. A temporary committee will report on its activities to the Board, but it is not required to keep minutes of its meetings. Because of its purely advisory role, notice of a temporary committee's meetings under the Open Meetings Act is not required.

Section 3.10. Executive Director. The Board shall appoint an Executive Director and designate the duties and responsibilities of the Executive Director pursuant to a resolution. The resolution may approve an employment agreement in which the duties and responsibilities are designated. The concurrence of at least two-thirds of all of the Directors shall be required to appoint or terminate an Executive Director.

ARTICLE 4 BOARD OFFICERS

Section 4.1. Titles and Term of Office.

A. The officers of the Board shall be a Chair, one or more Vice Chairs, a Secretary, a Treasurer, and such other officers as the Board may from time to time elect or appoint. One person may not hold more than one office, except that a person may serve as both Secretary and Treasurer.

B. At the first meeting of the Board after May 1st of each year, the Board shall elect officers from among the Directors. The term of office for each officer shall be one year unless the officer is replaced by the Board or is no longer a Director for any reason.

C. All officers shall be subject to removal, with or without cause, at any time by a vote of a majority of all of the Directors.

D. A vacancy in the office of any officer shall be filled by the Board for the remainder of the current term of office.

Section 4.2. Powers and Duties of the Chair. The Chair shall preside at all meetings of the Board. He or she shall have such duties as are assigned by the Board.

Section 4.3. Powers and Duties of the Vice Chair. The Vice Chair shall perform the duties and exercise the powers of the Chair upon the Chair's death, absence, disability, or resignation, or upon the Chair's inability to perform the duties of his or her office. Any action taken by the Vice Chair in the performance of the duties of the Chair shall be conclusive evidence of the absence or inability to act of the Chair at the time such action was taken.

Section 4.4. Treasurer. The Treasurer shall have custody of all the funds and securities of the Authority which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Authority, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Authority in a bank or banks or depositories designated by the Board; he or she may sign all receipts and vouchers for payments made to the Authority, either alone or jointly with another officer designated by the Board; whenever required by the Board, he or she

shall render a statement of the Authority's accounts; he or she shall enter or cause to be entered regularly in the books of the Authority to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Authority; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require. The Treasurer may, with approval of the Board, delegate any or all of these duties on an interim or ongoing basis to another Director, the Executive Director, or a member of the Authority staff.

Section 4.5. Secretary. The Secretary shall act as secretary of all meetings of the Board and keep the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; he or she may attest the signatures of the Chair on all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Authority he or she shall have charge of the Authority's books, records, documents and instruments (except the books of account and financial records and securities of which the Treasurer shall have custody and charge), and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director at the office of the Authority during business hours; and, he or she shall perform all duties incident to the office of Secretary subject to the control of the Board. The Secretary may, with approval of the Board, delegate any or all of these duties on an interim or ongoing basis to another Director, the Executive Director, or a member of the Authority staff.

Section 4.6. No Compensation. Directors, even in their capacity as officers, are not entitled to compensation.

ARTICLE 5 TRANSACTIONS OF THE AUTHORITY

Section 5.1. Contracts. The Board may authorize a committee or any officer or agent of the Authority to approve a contract, and may authorize an officer, a Director or the Executive Director to execute and deliver any instrument in the name of and on behalf of the Authority. This authority may be limited to a specific contract or instrument or it may extend to any number and category of possible contracts and instruments. Approval by the Board, however, shall be required for any contract such as a water supply contract that serves as a basis for issuance of bonds, notes or other obligations creating debt.

Section 5.2. Deposits. All funds of the Authority shall be deposited to the credit of the Authority in banks, trust companies, or other depositories that the Board selects.

Section 5.3. Potential Conflicts of Interest. The Authority shall not make any loan to a Director or officer of the Authority, and shall not otherwise transact business with a Director, officer, or committee member of the Authority unless the transaction is described fully in a legally binding instrument, is in the best interests of the Authority, is accompanied by full disclosure of all relevant facts, and is approved by the Board.

Section 5.4. Issuance of Bonds. The Authority may issue bonds, notes and other obligations as provided in the Enabling Act or under other applicable law. The issuance of bonds, notes or other obligations by the Authority must be approved by a super-majority of the Board in accordance with Section 3.4.D.

ARTICLE 6
ADOPTION AND ENFORCEMENT OF RULES

Section 6.1. Matters Addressed in Rules. The Board may adopt and enforce rules as the Board deems them necessary to implement the Enabling Act, including without limitation the following:

- A. Rules governing procedures before the Board;
- B. Rules the Enabling Act requires the Board to adopt;
- C. Rules to preserve the sanitary condition of all water controlled by the Authority;
- D. Rules to prevent waste or the unauthorized use of water;
- E. Rules to require adoption and implementation of water conservation plans and drought contingency plans for the Authority or any portion of the Authority; and
- F. Rules regarding implementation, enforcement, and any other matters related to the exercise of the rights, powers, privileges, and functions conferred on the Authority by the Enabling Act for the provision of water and wastewater service.

Section 6.2. Notice and Public Hearing on Certain Rules. Prior to adopting or revising a rule that directly affects one or more Sponsors or Customers, the Authority will provide ten days' written notice of the meeting at which the rule will be considered to each Sponsor and Customer, and the Board will hold a public hearing on the proposed rule at that meeting. The notice will include the text and an explanation of the proposed rule, and a statement that written comments on the rule can be submitted before or at the meeting and verbal comments can be made during the public hearing at the meeting.

Section 6.3. Notice and Public Hearing on Other Rules. This section applies to all rules other than those covered under Section 6.2 above or Section 6.4 below. Prior to adopting or revising a rule, the Authority will provide 72 hours' written notice of the meeting at which the rule will be considered to each Sponsor and Customer, and the Board will hold a public hearing on the proposed rule at that meeting. The notice will include the text and an explanation of the proposed rule, and a statement that written comments on the rule can be submitted before or at the meeting and verbal comments can be made during the public hearing at the meeting.

Section 6.4. Emergency Rules.

A. The Board may adopt an emergency rule in circumstances in which immediate action is needed in response to an imminent threat to public health and safety, or to a reasonably unforeseeable situation.

B. Prior to adopting an emergency rule that directly affects one or more Sponsors or Customers, the Authority will provide at least two hours' written notice of the meeting at which the rule will be considered to each Director and to the public, and the Board will hold a public hearing on the proposed rule at that meeting. The notice will include the text and an explanation of the proposed rule, and a statement that written comments on the rule can be submitted before or at the meeting and verbal comments can be made during the public hearing at the meeting.

C. An emergency rule will be effective for a period not to exceed 120 days, and may be renewed by the Board once for not more than 60 days. An emergency rule is effective immediately upon adoption by the Board.

Section 6.5. Notice of Rules. The Authority will provide written notice of the adoption of rules to each Sponsor and Customer. The notice will include the full text and the effective date of the rule.

Section 6.6. Enforcement of Rules. The Authority may enforce its rules against any person by any or all of the following:

A. Suit for injunction or mandatory injunction in a court of competent jurisdiction.

B. Suit for damages or other appropriate remedy in a court of competent jurisdiction.

C. Exercising any right of the Authority in a contract between the Authority and a Sponsor or Customer, including, without limitation, withholding or suspending the provision of water or wastewater services to a Sponsor or Customer.

ARTICLE 7 BOOKS AND RECORDS

Section 7.1. Required Books and Records. The Authority shall keep correct and complete books and records of account. The Authority's books and records shall include the following:

A. A copy of these Bylaws, including any amendments to these Bylaws;

B. Minutes of meetings of the Board and committees having any of the authority of the Board;

C. A list of the names and addresses of the Directors, officers, and any committee members of the Authority; and

D. All rulings, letters, and other documents relating to the Authority's federal, state, and local tax status.

Section 7.2. Inspection and Copying. The Authority's books and records shall be subject to applicable provisions of the Public Information Act. The Board may establish policies and reasonable fees for providing access to and copying of the Authority's books and records in accordance with the Public Information Act.

ARTICLE 8 ADDING AND REMOVING SPONSORS

Section 8.1 Method of Adding Sponsors.

A. The governing body of a local government or a private entity, including a water supply corporation, may petition the Board to add that local government or private entity as a Sponsor.

B. A petition under Subsection A must be submitted in writing to the Executive Director

on the form approved by Board rule.

C. On receipt of a petition under Subsection A, the Board shall set a hearing on the petition and provide notice of the date, time, place, and purpose of the hearing to the Sponsors, and to the petitioning local government or private entity.

D. At the hearing, the Board shall determine whether the local government or private entity will benefit from being added to the Authority as a Sponsor, and whether it is in the best interest of the Authority to add the local government or private entity to the Authority as a Sponsor.

E. If, after a hearing on the petition, the Board determines that the local government or private entity should be added to the Authority as a Sponsor, the Board shall issue an order:

1. adding the local government or private entity to the Authority
2. adding the local government's or private entity's territory or service area to the territory of the Authority;
3. making the local government's or private entity's territory or service area subject to the privileges, duties, assets, and financial obligations of the Authority to the same degree as other Sponsors already included in the Authority; and
4. stating the proposed effective date of the order.

F. An order issued under Subsection E takes effect on the proposed effective date except as otherwise provided by this section. If the subject of the order is a local government, the proposed effective date must allow enough time for the local government to comply with Subsections G and H.

G. A local government that is the subject of an order issued under Subsection E shall publish notice of the Authority's proposal to add the local government to the Authority as a Sponsor. The notice must:

1. be published in a newspaper of general circulation in the county in which the local government is located;
2. be published at least once per week for two consecutive weeks and with the first publication appearing on or before the 14th day before the proposed effective date of the order;
3. state the proposed effective date of the order adding the local government to the Authority as a Sponsor; and
4. include information regarding the right of the local government's voters to petition the governing body of the local government to call an election on the question of authorizing the addition of the local government to the Authority as a Sponsor and the method of making the petition.

H. If the governing body of the local government, before the proposed effective date of the order, receives a petition calling for an election on the question of authorizing the addition of the

local government to the Authority as a Sponsor that is signed by at least 10 percent of the local government's registered voters, the governing body shall order a special election on the question. Section 41.001(a), Election Code, does not apply to an election ordered under this subsection.

I. On receipt of a qualifying petition under Subsection H, the effective date of the order issued under Subsection E is suspended until after the date of the election and the governing body of the local government shall notify the Board of the petition and suspension.

J. If a majority of voters voting in an election held under this section vote in favor of the addition of the local government to the Authority as a Sponsor, the order issued under Subsection E takes effect on the date the result is declared. If a majority of voters voting in the election vote against the addition of the local government to the Authority as a Sponsor, the order issued under Subsection E is ineffective.

Section 8.2. Method of Removing Sponsors.

A. The governing body of a local government or private entity that is a Sponsor of the Authority may petition the Board to be removed from the Authority as a Sponsor.

B. A petition under Subsection A must be submitted in the manner and form required by Board rule.

C. After receiving a petition under Subsection A, the Board shall decide whether the petitioning Sponsor should be removed from the Authority as a Sponsor and shall by order approve, conditionally approve, or disapprove the petition.

D. The Board may not approve a petition submitted to the Board under this section if that action would impair or violate or conflict with the terms of any outstanding bonds, notes, or other obligations of the Authority.

E. An order issued under Subsection C that approves or conditionally approves a Sponsor's petition to be removed from the Authority as a Sponsor must address:

1. all matters related to the removal as determined by the Board, including the removal of the territory of the Sponsor and territory located in the service area of the Sponsor as provided by the Sponsor's certificate of convenience and necessity; and
2. if applicable, any conditions imposed by the Board that the petitioning Sponsor must satisfy before the Board approves the petition, which may include:
 - a. payment by the petitioning Sponsor of all bonds, notes, or other obligations issued by the Authority on behalf of the Sponsor;
 - b. payment by the petitioning Sponsor of the Sponsor's pro rata share of any bond, note, or other obligation issued by the Authority, other than the bonds, notes, or other obligations described by Paragraph a, if the payment is allowed under the terms of the bond, note, or other obligation;
 - c. conditions related to the ownership or transfer of ownership of real property, facilities, equipment, personnel, and supplies; and

d. conditions the Authority considers necessary for the winding up of activities in connection with the removal of the petitioning Sponsor as a Sponsor from the Authority.

F. If the Board by order conditionally approves a Sponsor's petition under Subsection C, the petitioning Sponsor remains a Sponsor and shall make all payments owed to the Authority when due and shall satisfy all conditions included in the order. The Board shall approve the petition immediately after all required payments to the Authority are received and all conditions included in the order are satisfied as determined by the Board

G. The removal of a local government or private entity from the Authority as a Sponsor under this section does not prohibit the local government or private entity from contracting with the Authority for the provision of water supply, wastewater treatment, or other services provided by the Authority.

ARTICLE 9 NOTICES

Section 9.1. Notice to a Director, Officer or Committee Member. Any notice required or permitted by these Bylaws to be given to a Director, officer, or member of a committee of the Authority may be given in person or by facsimile, mail, or electronic mail. A person may change his or her contact information by giving written notice to the Secretary.

Section 9.2. Notice to a Sponsor or Customer. Any notice required or permitted by these Bylaws to be given to a Sponsor or a Customer shall be given to the presiding officer of the Sponsor's or Customer's governing body and to the Sponsor's or Customer's chief executive officer. A notice may be given in person or by facsimile, mail, or electronic mail.

Section 9.3. Delivery of Notices. If a notice is mailed, it shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears on the records of the Authority, with postage prepaid. If transmitted by facsimile or electronic mail, a notice is deemed to be delivered on successful transmission of the facsimile or electronic mail.

Section 9.4. Signed Waiver of Notice. Whenever any notice is required to be given under the provisions of these Bylaws, a waiver in writing signed by a person entitled to receive a notice shall be deemed equivalent to the giving of the notice. A waiver of notice shall be effective whether signed before or after the time stated in the notice being waived.

Section 9.5. Waiver of Notice by Attendance. The attendance of a person at a meeting shall constitute a waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE 10 MISCELLANEOUS PROVISIONS

Section 10.1. Fiscal Year. The fiscal year of the Authority shall begin October 1 of each year.

Section 10.2. Seal. The seal of the Authority shall be such as from time to time may be approved by the Board.

Section 10.3. Resignations. Any Director or officer may resign at any time. A resignation shall be made in writing and shall take effect at the date and time specified therein, or, if no date and time be specified, at the time of its receipt by the Chair or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 10.4. Gender. References herein to the one gender shall also refer to the other gender in all appropriate cases and vice versa.

Section 10.5. Legal Construction. These Bylaws shall be construed in accordance with the laws of the State of Texas, including the Enabling Act, the Open Meetings Act, and the Public Information Act. All references in these Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

Section 10.6. Severability. If any Bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision, and these Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

Section 10.7. Headings. The headings used in these Bylaws are used for convenience and shall not be considered in construing these Bylaws.

Section 10.8. Power of Attorney. A person may execute any instrument related to the Authority by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary of the Authority to be kept with the Authority records.

Section 10.9. Parties Bound. These Bylaws shall be binding upon and inure to the benefit of the Directors, officers, committee members, employees, and agents of the Authority and their respective heirs, executors, administrators, legal representatives, successors, and assigns, except as otherwise provided in these Bylaws.

Section 10.10. Approval or Advice and Consent of the Governing Body. To the extent that these Bylaws refer to approval by a Sponsor or refer to advice and consent by a Sponsor, such approval or advice and consent shall be evidenced by a certified copy of a resolution, order, motion, or other official action duly adopted of the governing body of the Sponsor.

ARTICLE 11

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 11.1. Right to Indemnification.

A. Definitions. In this Article:

1. *Covered person* includes current and former Directors, committee members, and employees of the Authority, and the estate of a current or former Director, committee member or employee of the Authority.

2. *Loss* means a sum of money which a covered person is legally obligated to pay.

3. *Proceeding* means any threatened, pending or completed claim, action, suit or civil, criminal, administrative, arbitrate or investigative proceeding.

B. *Coverage generally.* To the fullest extent permitted by law, the Authority shall indemnify and defend a covered person in accordance with this section from and against a loss arising in connection with a proceeding relating to an act or omission of the covered person during the course and scope of the covered person's office or employment for the Authority.

C. *Additional coverage.* In addition to the coverage described in subsection B of this section, the Authority will pay the following:

1. The Authority's expenses in investigating and defending the proceeding;
2. Court costs assessed against a covered person;
3. Reasonable expenses of the covered person incurred at the Authority's request or with the Authority's approval; and
4. Attorney's fees ordered by a court to be paid by the covered person.

D. *Criteria for coverage.* To be entitled to coverage under this section, a covered person must:

1. Notify the Executive Director or Authority legal counsel in writing as soon as practicable, but not later than three working days, after receipt of written notice of a proceeding;
2. Cooperate with the Authority in the conduct of the proceeding, negotiation of settlements, and enforcement of any rights of the Authority or the covered person against any claimant;
3. Attend depositions, hearings and trials, and assist in securing evidence and obtaining the attendance of witnesses;
4. Not, except with the consent of the Executive Director or Authority legal counsel, enter into any agreement or stipulation concerning a proceeding;
5. Not, except with the consent of the Executive Director or Authority legal counsel, or upon request of a public officer at the scene of an accident, give any oral or written statement concerning the accident; and
6. Not, except at the covered person's own cost, voluntarily make any payment, assume any obligation or incur any expense in connection with a proceeding without the consent of the Executive Director or Authority legal counsel.

E. *Exemptions.* Coverage under this section will not apply to a claim or suit brought against a covered person:

1. By the Authority;
2. Arising from the intentional or knowing violation of a penal statute or law committed by or with the knowledge and consent of the covered person, or arising from a fraudulent act committed by or at the direction of the covered person;
3. If the covered person joins or attempts to join a proceeding against the Authority or an officer or employee of the Authority with a proceeding against the covered person; or
4. If the covered person fails to comply with subsection D of this section.

F. *Investigation, negotiation, settlement.* The Authority may investigate, retain counsel, negotiate and settle any proceeding as it determines to be reasonable and prudent.

G. *Subrogation of rights.* A covered person, in accepting coverage under this section, agrees to allow the Authority to be subrogated to any rights of the covered person to the extent of the Authority's obligations and payments under this section.

H. *Conflict of interest.* If the Executive Director or Authority legal counsel determines there is a conflict between the interests of the Authority and those of a covered person involved in a proceeding, the Authority may designate and pay the reasonable fees of a separate attorney to represent the covered person.

I. *Disciplinary action.* Nothing in this section will affect the Authority's right to take disciplinary action against a covered person for conduct otherwise indemnified or defended by the Authority under this section.

Section 11.2. Non-exclusivity of Rights. The right to indemnification conferred in this Article XI shall not be exclusive of any other right which a covered person may have or hereafter acquire under any law (common or statutory), these Bylaws, written agreement with the Authority, vote of disinterested Directors or otherwise.

Section 11.3. Insurance. The Authority may purchase and maintain insurance, at its expense, to protect itself and any covered person against any expense, liability or loss, whether or not the Authority would have the power to indemnify such person against such expense, liability or loss under this Article.

Section 11.4. Notification. The Executive Director will report any indemnification of a covered person under this Article to the Board.

Section 11.5. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Authority shall nevertheless indemnify and hold harmless each covered person with respect to a proceeding to the extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE 12 CODE OF ETHICS

Section 12.1. Purposes.

A. This Code of Ethics is adopted as part of the Authority's Bylaws for the following purposes: 1) to establish policies to promote and maintain public confidence in the Authority; 2) to establish high ethical standards for official conduct by Directors and officers; and 3) to encourage compliance with the standards of conduct.

B. It is the policy of the Authority that Directors and officers 1) conduct themselves in a manner consistent with sound business and ethical practices; 2) consider the public interest foremost in conducting Authority business; and 3) avoid both impropriety and the appearance of impropriety with respect to Authority business in their official and personal affairs.

Section 12.2. Compliance with Ethics Policies. It is the Authority's policy that Directors and officers shall comply with all of the following:

A. Conduct themselves in a manner consistent with sound business and ethical practices;

B. Consider the public interest foremost in conducting Authority business; and

C. Avoid impropriety and the appearance of impropriety with respect to Authority business in their public and personal affairs.

Section 12.3. Prohibited Acts. Except with the prior approval of the Board, no Director, officer, or committee member of the Authority shall do any of the following:

A. Any act in violation of these Bylaws or a binding obligation of the Authority;

B. Any act with the intention of harming the Authority or any of its operations;

C. Any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Authority;

D. Receive an improper personal benefit from the operation of the Authority;

E. Use the assets of the Authority, directly or indirectly, for any purpose other than carrying on the business of the Authority;

F. Wrongfully transfer or dispose of Authority property, including intangible property such as good will;

G. Use the name of the Authority (or any substantially similar name) or any trademark or trade name adopted by the Authority, except on behalf of the Authority in the ordinary course of the Authority's business; or

H. Except as required by law, disclose any Authority business practices, trade secrets, or any other information not generally available to the public to any person not authorized to receive it.

Section 12.4. Compliance with Ethics-Related Laws. Directors and officers shall comply with all of the following:

A. Chapter 171, Texas Local Government Code, relating to conflicts of interests with a business entity or real property in which an official has a substantial interest;

B. Chapter 176, Texas Local Government Code, relating to the filing by an officer of a conflicts disclosure statement with respect to a vendor with which the officer has a business relationship.

C. Chapter 573, Texas Government Code, prohibiting participation by a Director or officer in personnel actions involving a person related to the Director or officer.

D. Article III, Section 52, of the Texas Constitution, relating to the prohibition on granting public money or things of value to any individual, association or corporation.

E. Chapter 36, Texas Penal Code, relating to the solicitation or acceptance of an improper benefit in connection with an exercise of discretion by a public servant.

ARTICLE 13 AMENDMENTS

To be effective, a proposal to alter, amend, or repeal these Bylaws must be approved by the affirmative vote of a majority of all of the Directors at any regular meeting, or at any special meeting if notice of the proposal is contained in the notice of the special meeting.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Board of Directors of the Alliance Regional Water Authority and that the foregoing Bylaws constitute the Bylaws of the Authority. These Bylaws were approved and duly adopted at a meeting of the Board of Directors held on _____, 2018.

DATED: _____, 2018.

ALLIANCE REGIONAL WATER AUTHORITY

Secretary, Board of Directors

BYLAWS

OF THE

**HAYS CALDWELL PUBLIC UTILITY AGENCY ALLIANCE REGIONAL WATER
AUTHORITY**

A Texas Public Utility Agency

(Created by the Legislature of the State of Texas as a regional water authority in Bexar, Caldwell, Comal, Guadalupe, and Hays Counties, under and essential to accomplish the purposes of Article XVI, Section 59 of the Texas Constitution duly constituted agency and political subdivision of the State of Texas by concurrent ordinances approved by the authority acting on behalf of the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas and the Canyon Regional Water Authority)

Date of Adoption: January 30, 2007 _____, 2018

BYLAWS
OF
HAYS CALDWELL PUBLIC UTILITY AGENCY ALLIANCE REGIONAL WATER
AUTHORITY

ARTICLE 1
DEFINITIONS AND GENERAL PROVISIONS OFFICES

Section 1.1 Definitions. Unless the context clearly indicates a different meaning, the terms below shall have the following meanings in these Bylaws:

- A. “Authority” means the Alliance Regional Water Authority.
- B. “Board” means the board of directors of the Authority.
- C. “Customer” means a local government or private entity that is not a Sponsor and which has a contract with the Authority for water or wastewater services.
- D. “Director” means a member of the Board.
- E. “District” means any district, authority or other entity created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, regardless of the manner of creation.
- F. “Enabling Act” means the Authority’s enabling legislation (Act of May 28, 2017, 85th Leg., R.S., ch. 806, 2017 Tex. Gen. Laws _____) and codified in Chapter 11010 of the Texas Special District Local Laws Code.
- G. “Executive Director” means the person appointed by the Board as the chief executive officer of the Authority.
- H. “Local government” means:
 - 1. a municipality, county, district, or other political subdivision of this state;
 - 2. a local government corporation;
 - 3. a nonprofit corporation created to act on behalf of a local government; or
 - 4. a combination of two or more of the entities described by this subsection.
- I. “Open Meetings Act” means the State Open Meetings Act, Chapter 551, Texas Government Code, as amended.
- J. “Private entity” includes an individual, corporation, organization, business trust, estate, trust, partnership, and association and any other legal entity that is not a local government or a governmental body or agency.
- K. “Public Information Act” means the State Public Information Act, Chapter 552, Texas Government Code, as amended.
- L. “Sponsor” means:
 - 1. the City of Kyle;
 - 2. the City of San Marcos;

3. the City of Buda;
4. the Canyon Regional Water Authority; and
5. any other local government or private entity added to the Authority as a Sponsor under Section 11010.005 of the Enabling Act.

M. “State” means the State of Texas.

N. “Water” includes:

1. groundwater, percolating or otherwise, notwithstanding the quality of the groundwater;
2. any surface water, naturally or artificially impounded or in a navigable or nonnavigable watercourse; and
3. municipal wastewater or industrial wastewater, including municipal wastewater or industrial wastewater that has been treated to a quality suitable for reuse for a beneficial use.

Section 1.2 Authority Territory. The Authority is composed of the territory:

(A) of the Sponsors, including territory within the municipal boundaries of a Sponsor that is a municipality;

(B) located in the service areas of the Sponsors as provided by the Sponsors’ respective certificates of convenience and necessity; and

(C) added to and not excluded from the Authority in accordance with applicable law.

~~Section 1.1~~Section 1.3 Principal Business Office. ~~The principal business office and mailing address of the Authority is 630 East Hopkins Street, San Marcos, TX 78666.~~Hays Caldwell Public Utility Agency (the “Agency”) in the State of Texas (the “State”) shall be located at Kyle City Hall, Kyle, Texas 78640. The Agency Authority may have such other offices, either in Texas or elsewhere, as the Board of Directors may determine. The Board of Directors may change the location of any office of the Agency Authority.

~~Section 1.2 Registered Office and Registered Agent.~~ The Agency shall comply with the requirements of Chapter 422, Texas Local Government Code, as amended (the “Act”), and shall maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Agency’s principal office in Texas. The Board of Directors may change the registered office and the registered agent.

ARTICLE 2 NO MEMBERS

~~No Members.~~ The Agency shall have no members.

~~ARTICLE 3~~ARTICLE 2
PURPOSES AND POWERS

~~Section 3.1~~Section 2.1 Purposes. ~~The Agency Authority is organized and will be operated exclusively for the purposes set forth in the Act created to serve a public use and benefit, and to benefit land and property included in the territory of the Authority through the works and projects to be accomplished by the Authority under powers conferred by Article XVI, Section 59 of the Texas Constitution, and powers granted under the Enabling Act. The Agency is organized for the purpose of aiding, assisting, and acting as a separate agency, political subdivision of the State of Texas and political entity and corporate body in accordance with the Act, as created by concurrent ordinances adopted by the cities of San Marcos (herein "San Marcos"), Kyle (herein "Kyle"), and Buda (herein "Buda"), and the Canyon Regional Water Authority (herein "CRWA") [individually a "Sponsor" and collectively the "Sponsors"] to (i) achieve economies of scale in providing essential water and sewage systems to the public, (ii) promote the orderly economic development of the State, and (iii) provide environmentally sound protection of the State's future water and wastewater needs.~~

Section 2.2 Powers and Duties. ~~The Agency Authority is a public utility agency regional water authority pursuant to the Act and is authorized to exercise all powers privileges and rights conferred on a public utility agency conservation and reclamation districts under Article XVI, Section 59 of the Texas Constitution, and all powers conferred on the Authority by the Enabling Act, and all powers and rights incidental in carrying out the purposes for which the Agency is formed including without limitation, the following:~~

A. The general powers and duties as described in Section 11010.101 of the Enabling Act, including without limitation, ownership of water and wastewater facilities, ownership of interests in sources of water supply, and financing through bonds, notes, and other obligations;

B. The authority to adopt and enforce policies, rules and bylaws as described in Section 11010.102 of the Enabling Act;

C. The power of eminent domain as described in Section 11010.103 of the Enabling Act;

D. The authority to adopt and enforce water conservation or drought contingency plans as described in Section 11010.104 of the Enabling Act;

E. The authority to acquire utility facilities from a Sponsor as described in Section 11010.105 of the Enabling Act;

F. The authority to enter into contracts as described in Sections 11010.106 and 11010.107 of the Enabling Act;

G. The authority to set rates and fees as described in Section 11010.108 The power of eminent domain as described in Section 11010.103 of the Enabling Act;

H. The authority to accept gifts and grants as described in Section 11010.152 of the Enabling Act; and

I. The authority to issue bonds, notes or other obligations as described in Sections 11010.201 through 11010.205 of the Enabling Act and under other applicable law.

~~Section 3.2~~

~~Section 3.3—The Agency shall have and exercise all of the rights, powers, privileges, and functions given by the general laws of Texas to a public utility agency created pursuant to the Act.~~

~~Section 3.4 The Agency shall have all other powers of a like or different nature not prohibited by law which are available to political subdivisions in Texas and which are necessary or useful to enable the Agency to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created, provided that the Agency shall not issue bonds or notes or incur debt for a particular project without the consent of those Sponsors who are entering into a contract with the Agency for the particular project.~~

~~Section 3.5—The Agency was created for the public purposes stated in the Act and will be operated not for profit. The Agency shall not permit any part of the net earnings of the Agency to inure to the benefit of any private individual, except that reasonable compensation may be paid for personal services rendered to or for the Agency affecting one or more of its purposes.~~

~~ARTICLE 4~~ARTICLE 3

~~BOARD OF DIRECTORS; COMMITTEES~~

~~Section 4.1~~Section 3.1 Role of the Board; Appointment, Classes, Powers, Number, and Term of Office of Directors.

A. The Authority is governed by the Board. The Board is responsible for the management, operation, and control of the Authority. All powers of the Agency shall be vested in the Board of Directors (the “Board”). The Board shall initially consist of thirteen (13) persons. The Agency’s directors (the “Director” or “Directors”) shall be appointed by position to the Board by the Sponsors in accordance with concurrent ordinances (together, the “Ordinance”) creating the Agency adopted by each Sponsor in accordance with Section 422.055 of the Act. The Chair of the Board shall be selected by the Board from among the Directors. The City of San Marcos, Texas appoints five (5) Directors, Canyon Regional Water Authority appoints four (4) Directors, the City of Kyle, Texas appoints three (3) Directors, and the City of Buda, Texas appoints one (1) Director. The composition of the Board shall be based upon the amount of water acquired for each Sponsor pursuant to the terms of the water supply contracts and shall be revised as necessary.

B. The number of Directors is set at thirteen. The Directors are apportioned among the Sponsors based on the amount of water contracted to be supplied to the Sponsors under the terms of the Authority’s Regional Water Supply Contract, as follows: The City of San Marcos appoints five Directors, Canyon Regional Water Authority appoints four Directors, the City of Kyle appoints three Directors, and the City of Buda appoints one Director. Each initial Director shall serve for a term which expires on the date set forth in the Ordinance, or until his or her successor is appointed by a Sponsor, unless such Director has been appointed to fill an unexpired term in which case the term of the Director shall expire on the expiration date of the term of the Director whose position he or she was appointed to fill. The terms of Directors appointed by the Sponsors subsequent to the initial Directors shall expire on the date which is at least two (2) years

~~after the date of the appointment of that Director. The appointment of Directors by each Sponsor may be evidenced by minute entry or by adoption of an ordinance or resolution. The terms of Directors shall expire on September 30. Any Director may be removed from office at any time, with or without cause, by the Sponsor who appointed that Director. The number of Directors or expiration date of the terms may be increased or decreased only by an amendment to these Bylaws and with the written consent of all of the Sponsors. The Sponsors which appoint more than one member to the Board shall appoint members with staggered terms that expire on September 30. Directors, unless removed from office by the Sponsor who appointed them, shall continue to perform the duties of their offices until their successors are appointed and duly qualified~~

C. Unless replaced by a Sponsor, directors of the Hays Caldwell Public Utility Agency serving on the effective date of the Enabling Act shall serve as the temporary Directors of the Authority until the initial Directors appointed under subsection F. below take office on May 1, 2018.

A-D. Action by a Sponsor to appoint or remove a Director shall be in the form of a minute entry, ordinance or resolution approved by the Sponsor's governing body.

B-E. To be eligible to serve as a Director, a person must be at least 18 years of age, and must be either a resident of the territory located in the Authority, or an employee of a Sponsor. A Director who also serves on the governing body of a Sponsor is not a dual officeholder and is not prohibited by the common law doctrine of incompatibility from serving on both the Board and the governing body. Service on the Board by a public officeholder is an additional duty of that person's office.

F. The Sponsors shall appoint the initial Directors not earlier than April 1, 2018, and not later than April 30, 2018. As soon as practicable after the initial Directors have been appointed, the initial Directors shall draw lots to determine which Directors serve a one-year term expiring April 30, 2019, which Directors serve a two-year term expiring April 30, 2020, and which Directors serve a three-year term expiring April 30, 2021. The lots must be split into thirds or as near to thirds as possible. Thereafter, the Directors shall serve staggered three-year terms, and the Sponsors shall appoint Directors not earlier than April 1 and not later than April 30 of the year in which the respective terms of the Directors expire. A Director's term begins on May 1 of the year the Director is appointed. A Director may not serve more than five full consecutive terms as a Director.

G. A Sponsor that appoints a Director may remove the Director from office at any time, with or without cause.

H. If there is a vacancy on the Board, the governing body of the Sponsor that appointed the Director who vacated the office shall appoint a Director to serve the remainder of the term.

I. After the addition or removal of a Sponsor under Subchapter A of the Enabling Act, the Board by rule shall reapportion the Directors among the Sponsors based on the amount of water contracted to be supplied to each Sponsor under the terms of the Authority's water supply contracts with the Sponsors.

~~B.J.~~ In connection with a change to the amount of water contracted to be supplied by the Authority to the Sponsors under the terms of the Authority's water supply contracts with the Sponsors, the Board shall determine whether a change in the number of Directors or in the apportionment of Directors among the Sponsors is appropriate. If the Board determines such a change is appropriate, the Board by rule shall proceed to make the change.

K. The Board by rule may increase or decrease the number of Directors on the Board, subject to a minimum of seven Directors and a maximum of 17 Directors, and subject to the requirement that each Sponsor is entitled to appoint at least one director.

~~D.L.~~ Before the Board reapportions the Directors among the Sponsors for any reason, or increases or decreases the number of Directors on the Board for any reason, the Board will ask the Executive Director for a recommendation on the proposed change.

~~Section 4.2~~Section 3.2 *Regular Meetings of Board.* The Board ~~may~~will hold its regular meetings ~~and may have an office and keep the books of the Agency at such place or places as the Board may from time to time determine; provided, however, in the absence of any such determination, such place shall be the registered office of the Agency in the State of Texas.~~ Meetings of the Board shall be subject to applicable provisions of the State Open Meetings Act, Chapter 551, as amended, Texas Government Code (the "Open Meetings Act").

~~Section 4.3~~ *Annual Meetings.* ~~The annual meeting of the Board shall be held at the time and at the location designated by the resolution of the Board for the purpose of transacting such business as may be brought before the Board at the meeting.~~

~~Section 4.4~~ *Regular Meetings.* ~~Regular meetings of the Board shall be held at such times and places as shall be designated, from time to time, by resolution of the Board.~~

~~Section 4.5~~Section 3.3 *Special and Emergency Board Meetings.*

A. Special and emergency meetings of the Board shall be held whenever called by the Chair or the Secretary ~~of the Board, or by a majority of the~~ at the written request of three Directors; ~~to the extent permitted by the Open Meetings Act.~~

B. The ~~Secretary~~ Authority shall give notice of each special meeting to each Director ~~and to any ex-officio directors~~ in person or by facsimile, mail, or electronic mail.

C. The ~~Secretary~~ Authority shall give notice of each emergency meeting to each Director ~~and to any ex-officio directors~~ in person or by facsimile, mail, or electronic mail. The notice on its face shall describe the emergency that gave rise to the need for the meeting.

D. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the ~~Agency~~ Authority may be considered and acted upon at a special or emergency meeting. ~~At any meeting at which every Director shall be present, even though without any personal notice, any matter pertaining to the purposes of the Agency may be considered and acted upon.~~

~~Section 4.6~~Section 3.4 *Quorum; Required Vote; Super Majority.*

A. ~~Seven~~ A majority of all of the Directors shall constitute a quorum of the Board. The Board may not conduct business unless a quorum of the Board is present, either in person or by telephone conference call or videoconference to the extent permitted under the Open Meetings Act. If at any meeting of the Board there is less than a quorum present, a majority of those present may ~~adjourn~~ continue the meeting ~~from time to a time~~ not later than the day immediately following the date for which notice of the meeting was given.

B. ~~Except as hereinafter provided, the~~ aet concurrence of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the aet concurrence of a greater number is required by law, or by these Bylaws.

C. The concurrence of ~~seven (7) or more~~ a majority of all of the Directors (by voting in favor of a matter at a Board meeting at which a quorum of the Board is in attendance) shall be required for any of the following actions:

1. The award of a construction contract in an amount greater than \$100,000.
2. Approving a contract for the supply of water by the Authority~~Agency~~.
3. Hiring or firing an general manager~~Executive Director of the Agency~~.
4. ~~As further provided in Article XIII hereof, a~~ proposal to amend these Bylaws.
5. Creation of a committee.
6. Removal of an officer of the Board.
7. Adoption of an emergency rule
8. A change in the apportionment of Directors among the Sponsors.
- 4.9. Any waiver of confidentiality or privilege related to any attorney-client communication between any legal counsel of the Authority and the Board, any committee, or any officer, Director, committee member, employee or agent of the Authority.

D. The concurrence of ~~nine (9) or more~~ at least two-thirds of all of the Directors (~~by voting in favor of a matter at a Board meeting at which a quorum of the Board is in attendance~~) shall be required to authorize the issuance of bonds, notes or other obligations creating debt.~~for any of the following actions:~~

1. ~~Authorizing the issuance of bonds or the approval of a promissory note or other instrument creating debt.~~
2. ~~Creation of an Executive Committee.~~

E. A Director who is present at a meeting of the Board at which any Agency~~Authority~~ action is taken shall be presumed to have assented to such action unless his or her dissent or abstention ~~shall be~~ is entered in the minutes of the meeting, or unless the Director files his or her written dissent or abstention to such action with the person acting as the secretary of the meeting

before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

Section 3.5 Open Meetings Act. All meetings of the Board shall be subject to applicable provisions of the Open Meetings Act.

~~Section 4.7~~ Section 3.6 Conduct of Business.

A. At ~~the~~ meetings of the Board, matters ~~pertaining to the purposes of the Agency~~ shall be considered in such order as the Board may determine from time to time ~~the Board may determine~~.

B. At ~~all~~ meetings of the Board, the Chair~~person~~ shall preside, and in the absence of the Chair~~person~~, the Vice Chair~~person~~ shall preside. In the absence of the Chair~~person~~ and the Vice Chair~~person~~, the Board shall choose an acting chairperson ~~shall be chosen by the Board~~ for that meeting from among the Directors present.

~~C. The Secretary of the Agency shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting.~~

~~D.C.~~ Each Director is entitled to one vote on any issue before the Board.

~~E. The Board shall appoint a General Manager and designate the duties and responsibilities of the General Manager or other designee pursuant to a resolution.~~

~~Section 4.8~~ Section 3.7 Executive Administrative and Technical Committee; Other Committees. The Board may, by resolution passed by ~~at least nine (9)~~ a majority of all of the Directors, ~~designate three (3) or more Directors to constitute~~ create an executive administrative and technical committee consisting of three or more Directors or other type of committee. To the extent provided in the authorizing resolution, ~~the~~ a committee may exercise the powers designated delegated by the Board in the management of the Agency Authority, ~~except where Any such delegated powers shall not extend, however, to matters for which~~ action of the Board is required by statute or in these Bylaws. ~~The~~ A committee shall address the matters and act in the manner provided in the authorizing resolution. ~~Each~~ The committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such the minutes to be recorded in books kept for that purpose maintained in the office of the Agency Authority, and shall report ~~the same on its activities~~ to the Board from time to time. ~~The Authority Committees authorized to exercise the powers of the Board~~ shall give notice of any meeting of the committee in the manner required for a meeting of the Board under the Open Meetings Act and these Bylaws.

~~Section 4.9 Compensation of Directors.~~ Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, that Directors may be reimbursed for expenses which are reasonable and necessary in carrying out the Agency's purposes in accordance with written policies approved by the Board.

Section 3.8 Advisory Committee. The Board may, by resolution, establish an Advisory Committee composed of persons who are, in the judgment of the Board, qualified to advise with respect to the activities of the Agency Authority. Members of the Advisory Committee shall serve

for a term of one ~~(1)~~ year or ~~such for a~~ longer term ~~as may be~~ fixed by the Board, not to exceed four ~~(4)~~ years. Advisory Committee members shall be appointed by the Board, and may be removed by the Board at any time with or without cause. The number of members of the Advisory Committee shall be fixed from time to time by the Board. The officers and Directors of the Agency Authority may consult with the Advisory Committee from time to time with respect to the activities of the Agency Authority, but the Advisory Committee shall in no way restrict the powers of the Board nor limit its responsibilities or obligations. The Advisory Committee shall have no responsibility for the management of the affairs of the Agency Authority. ~~Advisory Committee members shall not receive any salary or compensation for their services as Advisory Committee members; provided, that nothing contained herein shall be construed to preclude any Advisory Committee members may be reimbursed for expenses which are reasonable and necessary in carrying out the Agency's purposes in accordance with written policies approved by the Board~~

Section 3.9 Other Committees.

A. Standing Committees. The Board may, by resolution, create a standing committee of Directors to address one or more topics of an ongoing nature in the management of the Authority. The resolution shall specify the number of committee members, and it may include a delegation of authority to the committee in matters for which action of the Board is not required by statute or in these Bylaws. A committee shall consist of Directors as voting members, and it may include persons who are not Directors as non-voting members. Committee members shall be appointed by the Board, and may be removed by the Board at any time with or without cause. The committee shall address the topics and act in the manner provided in the resolution. The committee shall keep minutes of its meetings, which shall be maintained in the office of the Authority, and shall report on its activities to the Board from time to time. If the committee is authorized to take action on behalf of the Authority, the Authority shall give notice of the committee's meetings in accordance with the Open Meetings Act.

B. Temporary Committees. The Board may, by resolution or by motion and vote, designate three or more Directors, as voting members, and one or more persons who are not Directors as non-voting members, to constitute a temporary committee to address one or more topics. A temporary committee will function only in an advisory role to the Board. The Board may limit the duration of a temporary committee, and may remove or add members. A temporary committee will report on its activities to the Board, but it is not required to keep minutes of its meetings. Because of its purely advisory role, notice of a temporary committee's meetings under the Open Meetings Act is not required.

~~Section 4.10~~Section 3.10 Executive Director. The Board shall appoint an Executive Director and designate the duties and responsibilities of the Executive Director pursuant to a resolution. The resolution may approve an employment agreement in which the duties and responsibilities are designated. The concurrence of at least two-thirds of all of the Directors shall be required to appoint or terminate an Executive Director.

~~Section 4.11 Ex officio Directors.~~ Sponsors may appoint ~~ex officio non voting members to the Board. Ex officio non voting directors shall be given notice of meetings in the same manner as a voting Director and may attend any meeting of the Board and participate in discussion of the matters before the Board for consideration but shall not have the right to vote on Board matters.~~

~~Section 4.12 Director's Reliance on Consultant Information.~~ A Director shall not be liable if, while acting in good faith and with ordinary care, he or she relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Agency or another person that were prepared or presented by:

- ~~(1) one or more other officers or employees of the Agency;~~
- ~~(2) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or~~
- ~~(3) a committee of the Board of which the Director is not a member.~~

~~ARTICLE 5~~ARTICLE 4 BOARD OFFICERS

~~Section 5.1~~Section 4.1 Titles and Term of Office.

A. The officers of the ~~Agency~~Board shall be a ~~e~~Chairperson of the ~~Board~~, one or more ~~v~~Vice ~~e~~Chairpersons of the ~~Board~~, a ~~s~~Secretary, a ~~t~~Treasurer, and such other officers as the Board may from time to time elect or appoint. One person may not hold more than one office, except that a person may serve as both ~~s~~Secretary and ~~t~~Treasurer.

A.B. At the first meeting of the Board after May 1st of each year, the Board shall elect officers from among the Directors. The term of office for each officer ~~(other than the Chairperson)~~ shall ~~be one year commence on the date of such officer's election and terminate on the earlier of: two (2) years; the date that unless~~ the officer is replaced by the Board; or, ~~if the officer is a member of the Board, the date that the officer~~ is no longer a ~~member of the Board~~Director for any reason.

B.C. All officers shall be subject to removal, with or without cause, at any time by a vote of a majority of all of the ~~whole Board~~Directors ~~then appointed and serving.~~

C.D. A vacancy in the office of any officer shall be filled by the Board for the remainder of the current term of office.

~~Section 5.2~~Section 4.2 Powers and Duties of the Chairperson. The Chairperson shall ~~be a member of the Board and shall~~ preside at all meetings of the Board. He or she shall have such duties as are assigned by the Board. ~~The Chairperson may call special or emergency meetings of the Board.~~

~~Section 5.3~~Section 4.3 Powers and Duties of the Vice Chairperson. ~~The Vice Chairperson shall be a member of the Board.~~ The Vice Chairperson shall perform the duties and exercise the powers of the Chairperson upon the Chairperson's death, absence, disability, or resignation, or upon the Chairperson's inability to perform the duties of his or her office. Any action taken by the Vice Chairperson in the performance of the duties of the Chairperson shall be conclusive evidence of the absence or inability to act of the Chairperson at the time such action was taken.

~~Section 5.4~~Section 4.4 Treasurer. The Treasurer shall have custody of all the funds and securities of the ~~Agency~~Authority which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the ~~Agency~~Authority, for collection, checks, notes and other obligations and shall deposit the same to the credit of the ~~Agency~~Authority in ~~such a~~ bank or banks

or depositories ~~as shall be~~ designated ~~in the manner prescribed~~ by the Board; he or she may sign all receipts and vouchers for payments made to the Agency Authority, either alone or jointly with ~~such another officer as is~~ designated by the Board; whenever required by the Board, he or she shall render a statement of ~~his or her case~~ the Authority's accounts; he or she shall enter or cause to be entered regularly in the books of the Agency Authority to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Agency Authority; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require. The Treasurer may, with approval of the Board, delegate any or all of these duties on an interim or ongoing basis to another Director, the Executive Director, or a member of the Authority staff.

~~Section 5.5~~ Section 4.5 *Secretary.* The Secretary shall act as secretary of all meetings of the Board and keep the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; ~~in furtherance of the purposes of the Agency,~~ he or she may ~~sign with the Chairperson in the name of the Agency and/or~~ attest the signatures of the Chair on ~~thereof,~~ all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Authority Agency; he or she shall have charge of the Agency Authority's books, records, documents and instruments; (except the books of account and financial records and securities of which the Treasurer shall have custody and charge), and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director ~~upon application~~ at the office of the Agency Authority during business hours; and, he or she shall ~~in general~~ perform all duties incident to the office of Secretary subject to the control of the Board. The Secretary may, with approval of the Board, delegate any or all of these duties on an interim or ongoing basis to another Director, the Executive Director, or a member of the Authority staff.

~~Section 5.6~~ Section 4.6 *No Compensation; Reimbursement for Expenses.* ~~Board members~~ Directors, even in their capacity as officers, are not entitled to compensation. ~~Board members shall be entitled to reimbursement for expenses which are reasonable and necessary in carrying out the Agency's purposes. The Board shall adopt a resolution describing expenses that are subject to reimbursement and the process for obtaining reimbursement.~~

~~Section 5.7~~ Section 4.7 *Officer's Reliance on Consultant Information.* ~~In the discharge of a duty imposed or power conferred on an officer of the Agency, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Agency or another person that were prepared or presented by:~~

- ~~(1) one or more other officers or employees of the Agency, including members of the Board;~~
- ~~or~~
- A. legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

~~ARTICLE VI~~ARTICLE 5
TRANSACTIONS OF THE AGENCYAUTHORITY

~~Section 6.1~~Section 5.1 *Contracts.* The Board ~~of Directors~~ may authorize a committee or any officer or agent of the Agency Authority to enter intoapprove a contract, and may authorize an officer, a Director or the Executive Director to ~~or~~ execute and deliver any instrument in the name of and on behalf of the Agency Authority. This authority may be limited to a specific contract or instrument or it may extend to any number and ~~type~~ category of possible contracts and instruments. Approval by the Board, however, shall be required for any contract such as a water supply contract that serves as a basis for issuance of bonds, notes or other obligations creating debt.

~~Section 6.2~~Section 5.2 *Deposits.* All funds of the Agency Authority shall be deposited to the credit of the Agency Authority in banks, trust companies, or other depositories that the Board ~~of Directors~~ selects.

~~Section 6.3~~ *Gifts.* ~~The Board of Directors may accept on behalf of the Agency any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Agency. The Board of Directors may make gifts and give charitable contributions that are not prohibited by these Bylaws, state law, or any requirements for maintaining the Agency's federal and state tax status.~~

~~Section 6.4~~Section 5.3 *Potential Conflicts of Interest.* The Agency Authority shall not make any loan to a Director or officer of the Agency. ~~A Director, officer, or committee member of the Agency may lend money to and otherwise transact business with the Agency except as otherwise provided by these Bylaws and all applicable laws. Such a person transacting business with the Agency has the same rights and obligations relating to those matters as other persons transacting business with the Agency. The Agency Authority, and shall not borrow money from or otherwise transact business with a Director, officer, or committee member of the Agency Authority unless the transaction is described fully in a legally binding instrument, and is in the best interests of the Agency Authority, is accompanied by. The Agency shall not borrow money from or otherwise transact business with a Director, officer, or committee member of the Agency without full disclosure of all relevant facts, and without the approval of~~ is approved by the Board of Directors, not including the vote of any person having a personal interest in the transaction.

~~Section 6.5~~ *Prohibited Acts.* ~~As long as the Agency is in existence, and except with the prior approval of the Board of Directors, no Director, officer, or committee member of the Agency shall:~~

- ~~(1) do any act in violation of these Bylaws or a binding obligation of the Agency;~~
- ~~(2) do any act with the intention of harming the Agency or any of its operations;~~
- ~~(3) do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Agency;~~
- ~~(4) receive an improper personal benefit from the operation of the Agency;~~
- ~~(5) use the assets of the Agency, directly or indirectly, for any purpose other than carrying on the business of the Agency;~~

- ~~(6) wrongfully transfer or dispose of Agency property, including intangible property such as good will;~~
- ~~(7) use the name of the Agency (or any substantially similar name) or any trademark or trade name adopted by the Agency, except on behalf of the Agency in the ordinary course of the Agency's business; or~~
- ~~(8) except as required by law, disclose any of the Agency business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.~~

~~Section 6.6~~Section 5.4 *Issuance of Bonds.* The Authority may issue bonds, notes and other obligations as provided in the Enabling Act or under other applicable law. The issuance of bonds, notes or other obligations by the ~~Agency~~ Authority under the Act must be approved by a supermajority of the Board in accordance with ~~Section 3.4.D4.6D.2~~.

~~ARTICLE VI~~ARTICLE 6

~~ARTICLE VI~~ADOPTION AND ENFORCEMENT OF RULES

Section 6.1 *Matters Addressed in Rules.* The Board may adopt and enforce rules as the Board deems them necessary to implement the Enabling Act, including without limitation the following:

- A. Rules governing procedures before the Board;
- B. Rules the Enabling Act requires the Board to adopt;
- C. Rules to preserve the sanitary condition of all water controlled by the Authority;
- D. Rules to prevent waste or the unauthorized use of water;
- E. Rules to require adoption and implementation of water conservation plans and drought contingency plans for the Authority or any portion of the Authority; and
- F. Rules regarding implementation, enforcement, and any other matters related to the exercise of the rights, powers, privileges, and functions conferred on the Authority by the Enabling Act for the provision of water and wastewater service.

Section 6.2 *Notice and Public Hearing on Certain Rules.* Prior to adopting or revising a rule that directly affects one or more Sponsors or Customers, the Authority will provide ten days' written notice of the meeting at which the rule will be considered to each Sponsor and Customer, and the Board will hold a public hearing on the proposed rule at that meeting. The notice will include the text and an explanation of the proposed rule, and a statement that written comments on the rule can be submitted before or at the meeting and verbal comments can be made during the public hearing at the meeting.

Section 6.3 *Notice and Public Hearing on Other Rules.* This section applies to all rules other than those covered under Section 6.2 above or Section 6.4 below. Prior to adopting or revising a rule, the Authority will provide 72 hours' written notice of the meeting at which the rule

will be considered to each Sponsor and Customer, and the Board will hold a public hearing on the proposed rule at that meeting. The notice will include the text and an explanation of the proposed rule, and a statement that written comments on the rule can be submitted before or at the meeting and verbal comments can be made during the public hearing at the meeting.

Section 6.4 Emergency Rules.

- A. The Board may adopt an emergency rule in circumstances in which immediate action is needed in response to an imminent threat to public health and safety, or to a reasonably unforeseeable situation.
- B. Prior to adopting an emergency rule that directly affects one or more Sponsors or Customers, the Authority will provide at least two hours' written notice of the meeting at which the rule will be considered to each Director and to the public, and the Board will hold a public hearing on the proposed rule at that meeting. The notice will include the text and an explanation of the proposed rule, and a statement that written comments on the rule can be submitted before or at the meeting and verbal comments can be made during the public hearing at the meeting.
- C. An emergency rule will be effective for a period not to exceed 120 days, and may be renewed by the Board once for not more than 60 days. An emergency rule is effective immediately upon adoption by the Board.

Section 6.5 Notice of Rules. The Authority will provide written notice of the adoption of rules to each Sponsor and Customer. The notice will include the full text and the effective date of the rule.

Section 6.6 Enforcement of Rules. The Authority may enforce its rules against any person by any or all of the following:

- A. Suit for injunction or mandatory injunction in a court of competent jurisdiction.
- B. Suit for damages or other appropriate remedy in a court of competent jurisdiction.
- C. Exercising any right of the Authority in a contract between the Authority and a Sponsor or Customer, including, without limitation, withholding or suspending the provision of water or wastewater services to a Sponsor or Customer.

~~ARTICLE VI~~ARTICLE 7
BOOKS AND RECORDS

~~Section 9.1~~Section 7.1 Required Books and Records. The ~~Agency~~Authority shall keep correct and complete books and records of account. The ~~Agency~~Authority's books and records shall include the following:

- ~~(1)A.~~ a copy of these Bylaws, ~~and including any amended versions or amendments to~~ these Bylaws;

- ~~(2)~~B. mMinutes of ~~the proceedings~~meetings of the Board ~~of Directors~~ and committees having any of the authority of the Board ~~of Directors~~;
- ~~(3)~~C. aA list of the names and addresses of the Directors, officers, and any committee members of the Agency Authority; and
- ~~(4)~~D. aAll rulings, letters, and other documents relating to the Agency Authority's federal, state, and local tax status.

~~Section 9.2~~Section 7.2 *Inspection and Copying*. The Agency Authority's books and records shall be subject to applicable provisions of the State Public Information Act, ~~Chapter 552, as amended, Texas Government Code (the "Public Information Act")~~. The Board ~~of Directors~~ may establish policies and reasonable fees for providing access to and copying of the Agency Authority's books and records in accordance with the Public Information Act.

ARTICLE 8 ADDING AND REMOVING SPONSORS

Section 8.1 *Method of Adding Sponsors.*

A. The governing body of a local government or a private entity, including a water supply corporation, may petition the Board to add that local government or private entity as a Sponsor.

B. A petition under Subsection A must be submitted in writing to the Executive Director on the form approved by Board rule.

C. On receipt of a petition under Subsection A, the Board shall set a hearing on the petition and provide notice of the date, time, place, and purpose of the hearing to the Sponsors, and to the petitioning local government or private entity.

D. At the hearing, the Board shall determine whether the local government or private entity will benefit from being added to the Authority as a Sponsor, and whether it is in the best interest of the Authority to add the local government or private entity to the Authority as a Sponsor.

E. If, after a hearing on the petition, the Board determines that the local government or private entity should be added to the Authority as a Sponsor, the Board shall issue an order:

1. adding the local government or private entity to the Authority
2. adding the local government's or private entity's territory or service area to the territory of the Authority;
3. making the local government's or private entity's territory or service area subject to the privileges, duties, assets, and financial obligations of the Authority to the same degree as other Sponsors already included in the Authority; and
4. stating the proposed effective date of the order.

F. An order issued under Subsection E takes effect on the proposed effective date

except as otherwise provided by this section. If the subject of the order is a local government, the proposed effective date must allow enough time for the local government to comply with Subsections G and H.

G. A local government that is the subject of an order issued under Subsection E shall publish notice of the Authority's proposal to add the local government to the Authority as a Sponsor. The notice must:

1. be published in a newspaper of general circulation in the county in which the local government is located;
2. be published at least once per week for two consecutive weeks and with the first publication appearing on or before the 14th day before the proposed effective date of the order;
3. state the proposed effective date of the order adding the local government to the Authority as a Sponsor; and
4. include information regarding the right of the local government's voters to petition the governing body of the local government to call an election on the question of authorizing the addition of the local government to the Authority as a Sponsor and the method of making the petition.

H. If the governing body of the local government, before the proposed effective date of the order, receives a petition calling for an election on the question of authorizing the addition of the local government to the Authority as a Sponsor that is signed by at least 10 percent of the local government's registered voters, the governing body shall order a special election on the question. Section 41.001(a), Election Code, does not apply to an election ordered under this subsection.

I. On receipt of a qualifying petition under Subsection H, the effective date of the order issued under Subsection E is suspended until after the date of the election and the governing body of the local government shall notify the Board of the petition and suspension.

J. If a majority of voters voting in an election held under this section vote in favor of the addition of the local government to the Authority as a Sponsor, the order issued under Subsection E takes effect on the date the result is declared. If a majority of voters voting in the election vote against the addition of the local government to the Authority as a Sponsor, the order issued under Subsection E is ineffective.

Section 8.2 Method of Removing Sponsors.

A. The governing body of a local government or private entity that is a Sponsor of the Authority may petition the Board to be removed from the Authority as a Sponsor.

B. A petition under Subsection A must be submitted in the manner and form required by Board rule.

C. After receiving a petition under Subsection A, the Board shall decide whether the

petitioning Sponsor should be removed from the Authority as a Sponsor and shall by order approve, conditionally approve, or disapprove the petition.

D. The Board may not approve a petition submitted to the Board under this section if that action would impair or violate or conflict with the terms of any outstanding bonds, notes, or other obligations of the Authority.

E. An order issued under Subsection C that approves or conditionally approves a Sponsor's petition to be removed from the Authority as a Sponsor must address:

1. all matters related to the removal as determined by the Board, including the removal of the territory of the Sponsor and territory located in the service area of the Sponsor as provided by the Sponsor's certificate of convenience and necessity; and

2. if applicable, any conditions imposed by the Board that the petitioning Sponsor must satisfy before the Board approves the petition, which may include:

a. payment by the petitioning Sponsor of all bonds, notes, or other obligations issued by the Authority on behalf of the Sponsor;

b. payment by the petitioning Sponsor of the Sponsor's pro rata share of any bond, note, or other obligation issued by the Authority, other than the bonds, notes, or other obligations described by Paragraph a, if the payment is allowed under the terms of the bond, note, or other obligation;

c. conditions related to the ownership or transfer of ownership of real property, facilities, equipment, personnel, and supplies; and

d. conditions the Authority considers necessary for the winding up of activities in connection with the removal of the petitioning Sponsor as a Sponsor from the Authority.

F. If the Board by order conditionally approves a Sponsor's petition under Subsection C, the petitioning Sponsor remains a Sponsor and shall make all payments owed to the Authority when due and shall satisfy all conditions included in the order. The Board shall approve the petition immediately after all required payments to the Authority are received and all conditions included in the order are satisfied as determined by the Board

G. The removal of a local government or private entity from the Authority as a Sponsor under this section does not prohibit the local government or private entity from contracting with the Authority for the provision of water supply, wastewater treatment, or other services provided by the Authority.

ARTICLE VIII DISSOLUTION

~~In the event of dissolution of the Agency, any interest in any funds or property of any kind, real, personal or mixed, held by the Agency, shall not be transferred to private ownership, but upon such dissolution, the Board shall, after paying or making provision for payment of the Agency's pecuniary obligations and liabilities, distribute ownership of the Agency's remaining assets to each~~

~~Sponsor proportionally in accordance with the percentage of the water of the Agency that each Sponsor has contracted to take in the fiscal year immediately preceding the date of dissolution.~~

~~ARTICLE IX~~ARTICLE 9

NOTICES

~~Section 9.1~~ *Delivery of Notice to a Director, Officer or Committee Member.* ~~Subject to Section 4.12,~~ any notice required or permitted by these Bylaws to be given to a Director, officer, or member of a committee of the ~~Agency~~Authority may be given in person or by facsimile, mail, or electronic mail. ~~If mailed, a notice shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears on the records of the Agency, with postage prepaid. If transmitted by facsimile or electronic mail, notice is deemed to be delivered on successful transmission of the facsimile or electronic mail.~~ A person may change his or her contact information by giving written notice to the ~~S~~ecretary.

~~Section 9.2~~ *Notice to a Sponsor or Customer.* Any notice required or permitted by these Bylaws to be given to a Sponsor or a Customer shall be given to the ~~presiding officer of the Sponsor's or Customer's governing body and to the Sponsor's or Customer's chief executive officer.~~ A notice may be given in person or by facsimile, mail, or electronic mail.

~~Section 11.1~~Section 9.3 *Delivery of Notices.* If a notice is mailed, it shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears on the records of the Authority, with postage prepaid. If transmitted by facsimile or electronic mail, a notice is deemed to be delivered on successful transmission of the facsimile or electronic mail of the Agency.

~~Section 11.2~~Section 9.4 *Signed Waiver of Notice.* Whenever any notice is required to be given under the provisions of these Bylaws, a waiver in writing signed by a person entitled to receive a notice shall be deemed equivalent to the giving of the notice. A waiver of notice shall be effective whether signed before or after the time stated in the notice being waived.

~~Section 11.3~~Section 9.5 *Waiver of Notice by Attendance.* The attendance of a person at a meeting shall constitute a waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE XARTICLE 10

MISCELLANEOUS PROVISIONS

~~Section 12.1~~Section 10.1 *Fiscal Year.* The fiscal year of the ~~Agency~~Authority shall begin October 1 of each year.

~~Section 12.2~~Section 10.2 *Seal.* The seal of the ~~Agency~~Authority shall be such as from time to time may be approved by the Board.

~~Section 12.3~~Section 10.3 *Resignations.* Any Director, ~~or officer or Advisory Director~~ may resign at any time. ~~Such A~~ resignations shall be made in writing and shall take effect at the ~~date and~~ time specified therein, or, if no ~~date and~~ time be specified, at the time of its receipt by the

Chair~~person~~ or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

~~Section 12.4~~Section 10.4 Gender. References herein to the ~~mascu~~~~line~~ ~~one~~ gender shall also refer to the ~~feminine~~ ~~other~~ gender in all appropriate cases and vice versa.

~~Section 12.5~~ ~~Appropriations and Grants~~. ~~The Agency shall have the power to request and accept any appropriation, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.~~

~~Section 12.6~~Section 10.5 Legal Authorities Governing Construction of Bylaws. These Bylaws shall be construed in accordance with the laws of the State of Texas, including the Enabling Act, the Open Meetings Act, and the Public Information Act. All references in these Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

~~Section 12.7~~Section 10.6 Legal Construction~~Severability~~. If any Bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision, and these Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

~~Section 12.8~~Section 10.7 Headings. The headings used in these Bylaws are used for convenience and shall not be considered in construing ~~the terms of~~ these Bylaws.

~~Section 12.9~~Section 10.8 Power of Attorney. A person may execute any instrument related to the Agency Authority by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary of the Agency Authority to be kept with the Agency Authority records.

~~Section 12.10~~Section 10.9 Parties Bound. These Bylaws shall be binding upon and inure to the benefit of the Directors, officers, committee members, employees, and agents of the Agency Authority and their respective heirs, executors, administrators, legal representatives, successors, and assigns, except as otherwise provided in these Bylaws.

~~Section 12.11~~Section 10.10 Approval or Advice and Consent of the Governing Body. To the extent that these Bylaws refer to approval by ~~the a~~ Sponsors or refer to advice and consent by ~~the a~~ Sponsors, such approval or advice and consent shall be evidenced by a certified copy of a resolution, order, motion, or other official action duly adopted ~~by each of~~ the governing body of the Sponsors.

~~Section 12.12~~ Organization Control. ~~The Sponsors may, at their sole discretion, at any time, alter the nature, organization, programs or activities of the Agency (including the power to terminate the Agency), subject to any limitation on the impairment of contracts entered into by the Agency.~~

~~ARTICLE XI~~ARTICLE 11

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

~~Section 13.1~~Section 11.1 Right to Indemnification.

A. *Definitions.* In this Article:

~~(1)~~A. *Covered person* includes current and former Directors, ~~ex officio directors,~~ committee members, and employees of the Agency Authority, and the estate of a current or former Director, ~~ex officio director,~~ committee member or employee of the Agency Authority.

~~(2)~~B. *Loss* means a sum of money which a covered person is legally obligated to pay.

~~(3)~~C. *Proceeding* means any threatened, pending or completed claim, action, suit or civil, criminal, administrative, arbitrative or investigative proceeding.

B. *Coverage generally.* To the fullest extent permitted by law, the Agency Authority shall indemnify and defend a covered person in accordance with this section from and against a loss arising in connection with a proceeding relating to an act or omission of the covered person during the course and scope of the covered person's office or employment for the Agency Authority.

C. *Additional coverage.* In addition to the coverage described in subsection B of this section, the Agency Authority will pay the following:

~~(1)~~A. The Agency Authority's expenses in investigating and defending the proceeding;

~~(2)~~B. Court costs assessed against a covered person;

~~(3)~~C. Reasonable expenses of the covered person incurred at the Agency Authority's request or with the Agency Authority's approval; and

~~(4)~~D. Attorney's fees ordered by a court to be paid by the covered person.

D. *Criteria for coverage.* To be entitled to coverage under this section, a covered person must:

~~(1)~~A. Notify the ~~Agency's General Manager~~Executive Director or Authority legal counsel in writing as soon as practicable, but not later than three working days, after receipt of written notice of a proceeding;

~~(2)~~B. Cooperate with the Agency Authority in the conduct of the proceeding, negotiation of settlements, and enforcement of any rights of the Agency Authority or the covered person against any claimant;

~~(3)~~C. Attend depositions, hearings and trials, and assist in securing evidence and obtaining the attendance of witnesses;

~~(4)~~D. Not, except with the consent of the ~~Agency's General Manager~~Executive Director or Authority legal counsel, enter into any agreement or stipulation concerning a proceeding;

~~(5)~~E. Not, except with the consent of the ~~Agency's General Manager~~Executive Director or Authority legal counsel, or upon request of a public officer at the scene of an accident, give any oral or written statement concerning the accident; and

~~(6)~~F. Not, except at the covered person's own cost, voluntarily make any payment, assume any obligation or incur any expense in connection with a proceeding without the consent of the ~~Agency's General Manager~~Executive Director or Authority legal counsel.

E. *Exemptions.* Coverage under this section will not apply to a claim or suit brought against a covered person:

~~(1)~~A. By the ~~Agency~~Authority;

~~(2)~~B. Arising from the intentional or knowing violation of a penal statute or law committed by or with the knowledge and consent of the covered person, or arising from a fraudulent act committed by or at the direction of the covered person;

~~(3)~~C. If the covered person joins or attempts to join a proceeding against the ~~Agency~~Authority or an officer or employee of the ~~Agency~~Authority with a proceeding against the covered person; or

~~(4)~~D. If the covered person fails to comply with subsection (e) of this section.

F. *Investigation, negotiation, settlement.* The ~~Agency~~Authority may investigate, retain counsel, negotiate and settle any proceeding as it determines to be reasonable and prudent.

G. *Subrogation of rights.* A covered person, in accepting coverage under this section, agrees to allow the ~~Agency~~Authority to be subrogated to any rights of the covered person to the extent of the ~~Agency~~Authority's obligations and payments under this section.

H. *Conflict of interest.* If the ~~Agency's General Manager~~Executive Director or ~~Authority~~ legal counsel determines there is a conflict between the interests of the ~~Agency~~Authority and those of a covered person involved in a proceeding, the ~~Agency~~Authority may designate and pay the reasonable fees of a separate attorney to represent the covered person.

Disciplinary action. Nothing in this section will affect the ~~Agency~~Authority's right to take disciplinary action against a covered person for conduct otherwise indemnified or defended by the ~~Agency~~Authority under this section.

~~Section 13.2~~Section 11.2 *Non-exclusivity of Rights.* The right to indemnification conferred in this Article XI shall not be exclusive of any other right which a covered person may have or hereafter acquire under any law (common or statutory), these Bylaws, written agreement with the ~~Agency~~Authority, vote of disinterested Directors or otherwise.

~~Section 13.3~~Section 11.3 *Insurance.* The ~~Agency~~Authority may purchase and maintain insurance, at its expense, to protect itself and any covered person against any expense, liability or loss, whether or not the ~~Agency~~Authority would have the power to indemnify such person against such expense, liability or loss under this Article ~~XI~~.

~~Section 13.4~~Section 11.4 *Notification.* ~~Any~~The Executive Director will report any indemnification of a covered person ~~in accordance with~~under this Article ~~XI~~shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12-month period immediately following the date of the indemnification.

~~Section 13.5~~Savings Clause. If this Article ~~XI~~ or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Agency shall nevertheless indemnify and hold harmless each covered person with respect to a proceeding to the extent permitted by any applicable portion of this Article ~~XI~~ that shall not have been invalidated and to the fullest extent permitted by applicable law.

~~ARTICLE XI~~ARTICLE 12 CODE OF ETHICS

~~Section 14.1~~Section 12.1 *Policy and Purposes.*

A. This Code of Ethics is adopted as part of the Authority's Bylaws for the following purposes: 1) to establish policies to promote and maintain public confidence in the Authority; 2) to establish high ethical standards for official conduct by Directors and officers; and 3) to encourage compliance with the standards of conduct.~~It is the policy of the Agency that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Agency; and that the Board establish policies to control and manage the affairs of the Agency fairly, impartially, and without discrimination.~~

B. It is the policy of the Authority that Directors and officers 1) conduct themselves in a manner consistent with sound business and ethical practices; 2) consider the public interest foremost in conducting Authority business; and 3) avoid both impropriety and the appearance of impropriety with respect to Authority business in their official and personal affairs.~~This Code of Ethics has been adopted as part of the Agency's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.~~

Section 12.2 *Compliance with Ethics Policies.* It is the Authority's policy that Directors and officers shall comply with all of the following:

A. Conduct themselves in a manner consistent with sound business and ethical practices;

B. Consider the public interest foremost in conducting Authority business; and

C. Avoid impropriety and the appearance of impropriety with respect to Authority business in their public and personal affairs.

Section 12.3 Prohibited Acts. Except with the prior approval of the Board, no Director, officer, or committee member of the Authority shall do any of the following:

- A. Any act in violation of these Bylaws or a binding obligation of the Authority;
- B. Any act with the intention of harming the Authority or any of its operations;
- C. Any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Authority;
- D. Receive an improper personal benefit from the operation of the Authority;
- E. Use the assets of the Authority, directly or indirectly, for any purpose other than carrying on the business of the Authority;
- F. Wrongfully transfer or dispose of Authority property, including intangible property such as good will;
- G. Use the name of the Authority (or any substantially similar name) or any trademark or trade name adopted by the Authority, except on behalf of the Authority in the ordinary course of the Authority's business; or
- H. Except as required by law, disclose any Authority business practices, trade secrets, or any other information not generally available to the public to any person not authorized to receive it.

Section 12.4 Unlawful Acts Compliance with Ethics-Related Laws. ~~A Directors and or~~ officers shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another comply with all of the following:

- A. Chapter 171, Texas Local Government Code, relating to conflicts of interests with a business entity or real property in which an official has a substantial interest;
- B. Chapter 176, Texas Local Government Code, relating to the filing by an officer of a conflicts disclosure statement with respect to a vendor with which the officer has a business relationship.
- C. Chapter 573, Texas Government Code, prohibiting participation by a Director or officer in personnel actions involving a person related to the Director or officer.
- D. Article III, Section 52, of the Texas Constitution, relating to the prohibition on granting public money or things of value to any individual, association or corporation.

Section 14.2E. Chapter 36, Texas Penal Code, relating to the solicitation or acceptance of an improper benefit in connection with an exercise of discretion by a public servant.

~~(1) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;~~

~~(2)any benefit as consideration for the Director's or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or~~

~~(3)any benefit as consideration for a violation of a duty imposed by law on the Director or officer.~~

~~*Section 14.3 Nepotism.* No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity (marriage relationship) or within the third degree of consanguinity (blood relationship) to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.~~

~~ARTICLE XIII~~ARTICLE 13 AMENDMENTS

~~To be effective, a~~A proposal to alter, amend, or repeal these Bylaws ~~shall be made~~must be approved by the affirmative vote of a majority of all of the ~~full Board then appointed and serving~~Directors at any ~~annual or~~ regular meeting, or at any special meeting if notice of the ~~proposed amendment be is~~ contained in the notice of the special meeting. ~~However, any proposed change or amendment to the Bylaws must be approved by the governing bodies of all of the Sponsors in order to be effective.~~

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Board of Directors of the ~~Hays Caldwell Public Utility Agency~~Alliance Regional Water Authority and that the foregoing Bylaws constitute the Bylaws of the ~~Agency~~Authority. These Bylaws were approved ~~by the Sponsors by Resolutions dated _____, 2007,~~ and ~~were~~ duly adopted at a meeting of the Board of Directors held on ~~January __, 2007~~_____, 2017.

DATED: ~~January __, 2007~~_____, 2017.

~~HAYS CALDWELL PUBLIC UTILITY~~
~~AGENCY~~ALLIANCE REGIONAL WATER AUTHORITY

Secretary, Board of Directors

REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
Wednesday, January 10, 2018 at 3:00 P.M.
520 E. RR 150, Kyle, Texas 78640

- C.5** Discussion and possible direction to Staff regarding potential common utility facilities between the Authority and the Guadalupe-Blanco River Authority. ~
Graham Moore, P.E. Executive Director
-

Background/Information

Staff will update the committee on the recent discussions with GBRA regarding an agreement for common utility facilities.

Executive Committee Decisions Needed:

- Possible direction to Staff.

REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
Wednesday, January 10, 2018 at 3:00 P.M.
520 E. RR 150, Kyle, Texas 78640

- C.6** Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and CAPCOG activities.
~ *Graham Moore, P.E., Executive Director*
-

Gonzales County Underground Water Conservation District (GCUWCD)

The GCUWCD is scheduled to meet on January 9th. A verbal update on the meeting will be provided to the Committee.

Plum Creek Conservation District (PCCD)

The PCCD is scheduled to meet on January 16th.

Groundwater Management Area 13

No update.

Region L Planning Group

The next Region L meeting is scheduled for Thursday, February 15th with the Staff Work Group meeting scheduled for Thursday, February 1st.

Guadalupe-Blanco River Authority

No update.

Hays County Activities

No update.

CAPCOG Activities

The next CAPCOG Water Exploratory Committee is set for Thursday, January 18th.

Executive Committee decision needed:

- None.

REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
 Wednesday, January 10, 2018 at 3:00 P.M.
 520 E. RR 150, Kyle, Texas 78640

D. EXECUTIVE DIRECTOR REPORT

Board Meeting

- Reminder: the January Board meeting is scheduled for Wednesday, January 24th at 3:00 PM at the San Marcos Recreational Hall.
- Due to the recent change to Board appointments there will be a need for Officer Elections and appointments to the Executive Committee at the January meeting.

Consultant Invoices Paid

- Below is a report on the consultant invoices paid in December.

FY 16-17 CONSULTANT INVOICES PAID DECEMBER 2017						
Consultant	Total Authorized	Current Invoice	Invoiced-to-Date	% of Contract Invoiced	Remaining	Notes/ Anomalies
Mark B. Taylor	\$90,000.00	\$0.00	\$72,187.50	80%	\$17,812.50	
LAN - Kyle/Buda Design	\$82,470.21	\$0.00	\$45,214.83	55%	\$37,255.38	
Carls, McDonald & Dalrymple, LLP	\$30,000.00	\$0.00	\$5,823.00	19%	\$24,177.00	
CMD - PCCD	\$39,369.76	\$0.00	\$28,549.84	73%	\$10,819.92	
RW Harden	\$25,000.00	\$0.00	\$11,876.25	48%	\$13,123.75	
RWH - PCCD	\$17,825.05	\$0.00	\$16,002.25	90%	\$1,822.80	
Tx Solutions Group	\$90,000.00	\$0.00	\$90,000.00	100%	\$0.00	
Gap Strategies	\$75,000.00	\$2,352.00	\$62,181.66	83%	\$12,818.34	
Atchley & Associates	\$14,750.00	\$0.00	\$14,669.00	99%	\$81.00	
BGE - Ph 1A Final Design	\$295,040.48	\$0.00	\$277,409.60	94%	\$17,630.88	
AECOM - DPR Study	\$46,574.78	\$0.00	\$46,243.78	99%	\$331.00	
K Friese - Route Study	\$253,562.04	\$0.00	\$239,818.84	95%	\$13,743.20	
LNV - Wellfield Prelim	\$58,870.00	\$0.00	\$25,228.75	43%	\$33,641.25	
LAN - ROW Acquisition	\$212,650.00	\$0.00	\$157,433.59	74%	\$55,216.41	
Kent Alan Sick - ROW Legal	\$35,000.00	\$0.00	\$14,061.24	40%	\$20,938.76	
CobbFendley - SWIFT App	\$29,930.00	\$0.00	\$23,107.96	77%	\$6,822.04	
AECOM - Blanco Basin WW Study	\$41,880.00	\$0.00	\$41,880.00	100%	\$0.00	
Kimley-Horn Ph 1B Prgrm Dev	\$224,300.00	\$0.00	\$62,020.87	28%	\$162,279.13	
HDR - Common Facilities MOU	\$15,000.00	\$0.00	\$8,805.67	59%	\$6,194.33	
LNV - Ph 1A Observations	\$394,870.00	\$0.00	\$3,980.00	1%	\$390,890.00	
Total	\$2,072,092.32	\$2,352.00	\$1,246,494.63		\$825,597.69	

REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
 Wednesday, January 10, 2018 at 3:00 P.M.
 520 E. RR 150, Kyle, Texas 78640

FY 17-18 CONSULTANT INVOICES PAID DECEMBER 2017						
Consultant	Total Authorized	Current Invoice	Invoiced-to-Date	% of Contract Invoiced	Remaining	Notes/Anomalies
Mark B. Taylor	\$90,000.00	\$10,155.00	\$19,550.00	22%	\$70,450.00	
LAN - Kyle/Buda Design	\$172,807.63	\$13,895.47	\$16,838.42	10%	\$155,969.21	
Carls, McDonald & Dalrymple, LLP	\$50,000.00	\$2,044.50	\$3,219.50	6%	\$46,780.50	
RW Harden	\$50,000.00	\$21,978.40	\$21,978.40	44%	\$28,021.60	
Tx Solutions Group	\$72,000.00	\$6,000.00	\$18,000.00	25%	\$54,000.00	
Gap Strategies	\$50,000.00	\$6,217.00	\$6,217.00	12%	\$43,783.00	
Atchley & Associates	\$15,500.00	\$0.00	\$0.00	0%	\$15,500.00	
BGE - Ph 1A Final Design	\$21,593.86	\$0.00	\$0.00	0%	\$21,593.86	
AECOM - DPR Study	\$331.00	\$331.00	\$331.00	100%	\$0.00	
LNV - Wellfield Prelim	\$33,641.25	\$4,044.25	\$4,044.25	12%	\$29,597.00	
LAN - ROW Acquisition	\$55,216.41	\$2,585.31	\$2,585.31	5%	\$52,631.10	
Kent Alan Sick - ROW Legal	\$20,938.76	\$0.00	\$0.00	0%	\$20,938.76	
Kimley-Horn Ph 1B Prgrm Dev	\$162,279.13	\$12,600.00	\$30,036.64	19%	\$132,242.49	
HDR - Common Facilities MOU	\$6,194.33	\$0.00	\$0.00	0%	\$6,194.33	
LNV - Ph 1A Observations	\$390,890.00	\$29,643.75	\$29,643.75	8%	\$361,246.25	
LNV - Env Svcs for Land Acquisition	\$9,100.00	\$6,825.00	\$6,825.00	75%	\$2,275.00	
LNV - GIS Svcs	\$60,000.00	\$0.00	\$0.00	0%	\$60,000.00	
Total	\$1,260,492.37	\$116,319.68	\$159,269.27		\$1,101,223.10	

Approved Change Orders

- No change orders were approved in December 2017.

CHANGE ORDERS APPROVED IN DECEMBER 2017				
Consultant	Original Authorization	Change Ordes to Date	Change Order Approved this Month	New Total Contract Amount
LAN - Kyle/Buda Design	\$ 475,900.00	\$ 187,088.96	\$ -	\$ 662,988.96
BGE - Ph 1A Final Design	\$ 390,152.00	\$ -	\$ -	\$ 390,152.00
LAN - ROW Acquisition	\$ 212,650.00	\$ -	\$ -	\$ 212,650.00
Kent Alan Sick - ROW Legal	\$ 35,000.00	\$ -	\$ -	\$ 35,000.00
LNV - Ph 1A Observations	\$ 394,870.00	\$ -	\$ -	\$ 394,870.00
LNV - Wellfield Prelim	\$ 58,870.00	\$ -	\$ -	\$ 58,870.00
Central Road & Utility - Phase 1A Segment A	\$1,718,117.99	\$ -	\$ -	\$ 1,718,117.99

REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
Wednesday, January 10, 2018 at 3:00 P.M.
520 E. RR 150, Kyle, Texas 78640

E. COMMITTEE MEMBER ITEMS – no action to be taken.

Background/Information

The Committee Members have an opportunity to make announcements or to request that items be added to future Board of Committee agendas.

REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
Wednesday, January 10, 2018 at 3:00 P.M.
520 E. RR 150, Kyle, Texas 78640

F.1 *Executive Session pursuant to the Government Code, Section 551.071 (Consultation with Attorney) and/or Section 551.072 and 551.073 (Real Property Deliberations) regarding:*

- A. *Water supply partnership options*
 - B. *Groundwater leases*
 - C. *Acquisition of real property for water supply project purposes*
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REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
Wednesday, January 10, 2018 at 3:00 P.M.
520 E. RR 150, Kyle, Texas 78640

F.2 Action from Executive Session on the following matters:

- A. *Water supply partnership options*
 - B. *Groundwater leases*
 - C. *Acquisition of real property for water supply project purposes*
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REGULAR MEETING
Alliance Regional Water Authority Executive Committee

COMMITTEE MEMBER PACKETS
Wednesday, January 10, 2018 at 3:00 P.M.
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G. ADJOURNMENT
