

BYLAWS OF THE BOARD OF DIRECTORS

OF

**WEST TRAVIS COUNTY
PUBLIC UTILITY AGENCY**

(Updated December 18, 2014)

I. AUTHORITY

All functions and actions of the Board of Directors shall be conducted in accordance with applicable provisions of the concurrent ordinance creating the West Travis County Public Utility Agency (the “Agency”) and adopted by Hays County, the City of Bee Cave and West Travis County Municipal Utility District No. 5 (the “Concurrent Ordinance”), the Texas Local Government Code, the Texas Administrative Code, the Texas Open Meetings Act (Government Code Chapter 551), and any other applicable state statute or agency regulation.

The Agency has all the powers, other than the power to tax, that a municipality has with respect to a facility owned by the municipality. Such powers include contracting and acquisition powers conferred by Chapter 1502 of the Texas Government Code.

II. CONCURRENT ORDINANCE CONTROLS

All Agency rules or policies, including these Bylaws, must be consistent with the Concurrent Ordinance. The Agency Board of Directors may not adopt any amendment to these Bylaws that conflicts with any provision contained in the Concurrent Ordinance. If any bylaw, rule or policy of the Agency is in conflict with the Concurrent Ordinance, the provisions in the Concurrent Ordinance will be the controlling authority.

III. MISSION

The following is the mission of the Agency Board of Directors:

- To acquire ownership of the West Travis County Water and Wastewater System (the “System”) from the Lower Colorado River Authority (the “LCRA”).
- To provide reliable and cost-effective water and wastewater services to the Agency’s service area.
- To plan and manage the Agency’s systems in a manner that ensures growth pays for itself to the greatest extent possible.

IV. RESPONSIBILITIES

A. General

The Board of Directors will manage and control all of the affairs of the Agency. The Board is endowed with all powers, authority, and rights that permit it to accomplish its statutory purposes which include the collection, transportation, treatment or disposal of wastewater, or the conservation, storage, transportation, treatment or distribution of water. The Board is responsible for defining objectives, setting policy, and providing management oversight over all aspects of Agency operations.

B. Policy

The Board will establish rules and policies for the governance of the Agency.

C. Personnel

The Board will employ professional personnel in accordance with the requirements of the position. The Board will in its sole discretion review and establish personnel policies.

D. Budget/Finance

The Board will adopt the budget, and set service rates, and other fees and charges. The Board will also set policy regarding financial procedures and reports, bond issuance and investment policy.

E. Facilities Planning

The Board will adopt policies for construction of new capital projects and maintenance of existing facilities

F. Delegation

The Board may in its sole discretion and as allowed by state statute, regulations and/or the Concurrent Ordinance, delegate any responsibilities of the Board to Agency consultants.

V. FINANCIAL

A. Installment Purchase Agreement Payment Obligations

1. The Agency has agreed to purchase the System from the LCRA pursuant to the Installment Purchase Agreement by making periodic payments to the LCRA beginning in 2012 and ending in 2019, unless prepaid at the option of the Agency. Under the terms of the Installment Purchase Agreement, periodic payments will consist of Equity Payments and Contract Payments:
 - a. Equity Payments are to be paid from the proceeds of bonds issued by the Agency. In exchange for each Equity Payment, the LCRA will convey title to and interest in the retail distribution and collection portion of the System together with capacity in the System's treatment facilities to the Agency in an amount that is proportionate to the ratio of such Equity Payment to the aggregate amount of all Equity Payments. Additionally, in exchange for the first Equity Payment, the LCRA will convey the System's retail

distribution and collection facilities to the Agency.

- b. Contract Payments will be paid from current revenues of the Agency received from each of the following: Hays County, the City of Bee Cave and West Travis County Municipal Utility District No. 5 (individually a “Public Entity” or collectively the “Public Entities”), pursuant to the Participant Agreements (defined below). Contract Payments will cover the cost of water and wastewater services provided by the LCRA.
2. The Agency anticipates four Equity Payments to be financed by the Agency through the issuance of its contract revenue bonds, and expected to be paid in 2012, 2014, 2015 and 2019.
3. Agency payment obligations to the LCRA will constitute a current operating and maintenance expense of the Agency. Pursuant to Chapter 572 of the Texas Local Government Code, operation and maintenance expenses are a first lien on and charge against pledged revenues.
4. Payment obligations of the Public Entities, pursuant to their respective Participant Agreements will constitute current operation and maintenance expenses of the respective utility systems of the Public Entities.

B. Participant Agreements

The Agency will enter into supply and service contracts (the “Participant Agreements”) with each Public Entity to secure the Agency’s pecuniary obligations under the Installment Purchase Agreement. The Participant Agreements will contain the following terms:

1. The Public Entities will agree to conditional purchase, and the Agency will agree to conditional sale, of each Public Entity’s water distribution and sanitary sewer collection facilities pursuant to the authority conferred under statute applicable to the respective Public Entity.
2. The Public Entities will obtain water and wastewater services from the Agency.
3. The Agency will retain the System water supply and wastewater treatment facilities.
4. Each Public Entity will agree to pay annual payments to the Agency in an amount sufficient to cover (i) the Agency’s payments to the LCRA under the Installment Purchase Agreement; (ii) debt service and related bond requirements on Agency bonds issued to finance Equity Payments and any additional bonds issued to finance Agency System improvements; and (iii)

water supply services and wastewater treatment services from the Agency System.

C. Issuance of Contract Revenue Bonds

To finance the acquisition of the System from the LCRA, the Agency will issue contract revenue bonds pursuant to Chapter 572 of the Texas Local Government Code. Such contract revenue bonds will be secured by payments from each of the Public Entities pursuant to the Participant Agreements.

Payments by the Agency of debt service on any Agency bonds shall be paid only after payment of operation and maintenance expenses, including any annual installments of the purchase price required under the Installment Purchase Agreement.

D. Operational Control and Ratemaking Authority

Pursuant to the Installment Purchase Agreement, the LCRA will transfer to the Agency and the Public Entities operational control and ratemaking authority with respect to the System on March 19, 2012.

VI. BOARD MEMBERS

A. Concurrent Ordinance

The appointment of the Agency Board of Directors, term of office of Agency Directors, and designation of Ex-Officio Board members are governed solely by the Concurrent Ordinance.

B. Appointment of Directors

The Board of Directors shall initially consist of three (3) places (the “Initial Directors”), with one director appointed from each of the Public Entities. Two additional places on the Board may be created by an affirmative vote of each of the participating entities that appointed the Initial Directors, and shall be performed simultaneously (the “Additional Directors”). The first of the two Additional Directors shall reside in Hays County and shall be recommended by Hays County. The second of the two Additional Directors shall reside in Travis County and shall be recommended by the City of Bee Cave. The Additional Directors shall be considered duly appointed as Directors at the time the last of each of the Public Entities that appointed one of the Initial Directors affirms the appointment of the Additional Directors.

C. Term of Office

Initial Directors shall serve an initial term until the end of the fiscal year ending September 30, 2016. The initial term for each Additional Director shall last until the end of the fiscal year ending September 30, 2014. Following the initial terms of the Initial Directors and Additional Directors, the term of office for each Director shall be four years, and the term for each Director position shall begin on the date a Director is first appointed to the position.

Any Initial Director may be removed from the Board of Directors at any time, with or without cause, by the Public Entity that appointed such Initial Director. Any Additional Director may be removed by an affirmative vote of the Public Entity that recommended the Additional Director.

D. Ex-Officio Board Members

If any of the following representatives of a Public Entity are not serving as a Director on the Agency Board of Directors, he or she, or their designee, shall be entitled to serve as an ex-officio, non-voting member of the Board of Directors: (1) the Hays County Judge; (2) the City of Bee Cave City Administrator; and (3) the Chair of the Board of Directors of West Travis County Municipal Utility District No. 5.

Any person designated as an ex-officio member of the Board of Directors is entitled to notice of, and to attend, any meeting of the Board of Directors.

E. Board Officers

1. Officers. The Board shall elect a Chair, Vice Chair, Secretary, and a Treasurer who shall be members of the Board. Officers shall be elected by a majority of the Board members. A majority of the Board members may call for an election of officers at any time; provided, however, the Board, at a minimum, shall elect officers at the regular November Board meeting of even numbered years..
2. Duties. Board officers shall not hold more than one office at a time, except that the Board Secretary may also serve as Board Treasurer. A vacancy among officers of the Board shall be filled by action of the Board.
 - a. President: The Chief Executive Officer of the Agency who presides over all Board meetings and provides leadership and direction in all matters. His/her duties include but are not limited to:
 - Ensuring Directors act in accordance with applicable laws and regulations and Agency rules and policies.

- Conducting meetings smoothly and expeditiously ensuring adherence to the agenda; limiting discussions to a reasonable time; encouraging participation; and striving for punctuality.
- Acting as Agency spokesperson.

b. Vice President

- Carries out all duties of the Chair in his/her absence.

c. Secretary/Treasurer

- Records, amends, and maintains meeting minutes.
- Is responsible for seeing that all records and books of the Agency are properly kept.

F. Expenses

Each Director is also entitled to receive reimbursement of actual expenses reasonably and necessarily incurred while engaging in activities on behalf of the Agency, subject to approval by the Board.

G. Vacancies, Resignation and Disqualification

1. Vacancies

Any vacancy on the Board of Directors shall be filled pursuant to the appointment procedures set out in the Concurrent Ordinance.

2. Resignation

Board members may resign their positions at any time. Any Board member desiring to resign shall submit his/her resignation in writing to the Chair of the Board.

3. Disqualification

It is the responsibility of an individual Board member to notify the Chair of the Board if for any reason he/she becomes unqualified to serve pursuant to the Agency Code of Ethics or any other applicable law or regulation.

H. Conduct

Board members will conduct themselves in accordance with the Agency's adopted Code of Ethics.

VII. MEETINGS

A. General

The President shall call meetings of the Board as necessary for the conduct of business. The District's regular meeting shall occur on the third Thursday of each month at 9:00 a.m. at the location designated in the posted notice. All meetings shall be conducted in accordance with the Open Meetings Act Chapter 551, Texas Government Code.

B. Quorum

A majority of the membership of the Board constitutes a quorum for any meeting, and a concurrence of a majority of the entire membership of the Board is sufficient for transacting any business of the Agency.

C. Agenda

The President will set the agenda for each meeting of the Board. The agenda will be prepared, filed, and posted as required by law.

The following agenda requests shall be granted:

1. Agenda items requested by the President;
2. Agenda items presented in writing or submitted via electronic mail by a Director;
3. Agenda items requested by the General Manager or Legal Counsel;
4. Agenda items requested by third parties (i.e. by parties who are not officers or consultants of the Agency) will be granted at the discretion of the President.

Board members will receive a copy of the agenda in advance of each meeting. Factual information on other subjects may be provided in response to inquiries made by a Board member or a member of the general public. Deliberation on these subjects, however, is limited to placing a subject on the agenda for a subsequent meeting for which notice will be posted in advance.

D. Minutes

The Board shall keep a true and complete account of all meetings and proceedings, and verify and maintain minutes of these meetings on file permanently. Minutes may be taken by a member of the Board or by a staff member, and the final copy will be verified by majority vote at a regularly

scheduled meeting. Minutes will contain at a minimum:

- Date, time, and location of the meeting;
- Names of the presiding officer and other members present;
- Names of the Board members who are absent;
- Names of visitors, special guests of the Board, and guests present;
- A brief summary of all business discussed or considered;
- A record of all motions and their disposition, including: person making the motion, person seconding the motion, and the outcome of the vote; and
- Copies of orders or other evidence of official action will be attached to the minutes unless indexed records are kept of such actions.

E. Emergency Meetings

Emergency meetings will be permitted only in instances of imminent threats to public health and safety or reasonably unforeseeable situations requiring immediate action by the Board. Emergency meetings will be held according to, and in compliance with, the requirements set forth in the Texas Open Meetings Act (Texas Government Code Chapter 551). The Board will call an emergency meeting only when absolutely necessary. In order to promote public involvement, the Board will provide notice at least 2 hours prior to the meeting and will clearly identify the reason for the meeting.

F. Meeting Procedures

The Board Chair or (Vice Chair in his/her absence) will preside over all meetings and ensure that they are conducted in accordance with these Bylaws and the Texas Open Meetings Act. The rules contained in "Roberts Rules of Order Newly Revised" 1990 Edition shall govern the meetings in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any other special rules the Board shall adopt.

G. Executive Sessions

A meeting may be closed to the public under certain limited circumstances. Generally, these circumstances include certain negotiations, consultation with the Board's attorney, and consideration of personnel matters, real property transactions, and security deployment. If a closed or executive session is held, the following procedures will be followed:

- The Board will first convene in open session.
- The presiding officer will announce that an executive session is to be held and identify the section of the Open Meetings Act that authorizes the executive session. For example, the Chair states, "The Board of Directors will now meet in executive session as authorized

under Section 551.072 of the Texas Government Code, to discuss the purchase, exchange, lease, or value of real property."

- No action will be taken during an executive session.
- At the conclusion of an executive session, the Board will reconvene in open session. The Board will be in open session before taking any final action, decision, or vote, even on matters considered in an executive session.

VIII. DISSOLUTION

The Agency is a constituted authority and public instrumentality within the meaning of the regulations and rulings promulgated by the Internal Revenue Service pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code), and is authorized to issue bonds on behalf of the Public Entities. No part of the net earnings of the Agency may inure to the benefit of any private entity (except that reasonable compensation may be paid for personal services rendered to or for the Agency in effecting one or more of its purposes). Upon dissolution of the Agency, after paying its debts and other obligations, all assets of the Agency shall be distributed only to a conservation and reclamation district or other political subdivision to be created as a successor in interest to the Agency, or in the absence of such a successor in interest, to the Public Entities in the manner to be determined by the Board.

IX. AMENDMENTS TO BYLAWS

To the extent that no amendment conflicts with any provision of the Concurrent Ordinance, these Bylaws may be amended at any regular meeting at which the change is listed on the agenda by a vote of the majority of the entire membership of the Board. In making such amendment, the members shall specify the exact wording of any changes to be made.