



## Travis County Commissioners Court Agenda Request

**Meeting Date:** November 18, 2014

**Prepared By/Phone Number:** Edith Moreida

**Elected/Appointed Official/Dept. Head:** Commissioner Margaret J. Gómez

**Commissioners Court Sponsor:** Commissioner Margaret J. Gómez

### **AGENDA LANGUAGE:**

- A. Consider and take appropriate action on a resolution approving an application to create the Central Texas Water Development Corporation and approve the Articles of Incorporation and Bylaws of the Corporation.**
  
- B. Consider and take appropriate action on an Interlocal Agreement with Hays County and the City of Leander providing for the creation of the Central Texas Water Development Corporation.**

### **BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:**

**Resolution (Creation of Water Development Corporation)  
Resolution Authorizing ILA with Hays County and the City of Leander  
Bylaws of the Central Texas Water Development Board  
Articles of Incorporation  
Intelocal Agreement**

DATE: November 18, 2014

TO: Travis County Commissioners Court

FROM: Pix Howell, AICP

Re: Central Texas Water Development Corporation

**Requested Motions:**

- A. Consider and take appropriate action on a resolution approving an application to create the Central Texas Water Development Corporation and approve the Articles of Incorporation and Bylaws of the Corporation.
  
- B. Consider and take appropriate action on an Interlocal Agreement with Hays County and the City of Leander providing for the creation of the Central Texas Water Development Corporation.

**Background:**

On July 1, 2014 the Commissioners Court heard a discussion regarding the formation of a Central Texas organization that would tackle water related issues for the region. The Court voted to move forward with this effort and since then further meetings and discussions with Commissioners and legal staff have taken place. The initial organization of the Central Texas Water Development Corporation (CTWDC) will consist of Travis County, Hays County and the City of Leander. Other Counties, Cities and public/private entity sponsors will follow.

The CTWDC will initially focus on identifying issues and options that surround water service. From rainwater, surface water, groundwater, conservation, desalinization, and the transmission, recharge and other options and policy that effect water service. The CTWDC can partner with both public and private entities but only Cities or Counties may have Board Seats. Each entity gets one representative with a maximum Executive Board size of 9 members. As the CTWDC grows the Executive Board seats may rotate to offer the greatest opportunity for representation.

## RESOLUTION

**A RESOLUTION OF THE COMMISSIONERS COURT OF THE COUNTY OF TRAVIS, TEXAS, ACCEPTING A PETITION FOR THE CREATION OF THE "CENTRAL TEXAS WATER DEVELOPMENT CORPORATION" ("CORPORATION"); MAKING FINDINGS OF FACT; APPROVING THE ARTICLES OF INCORPORATION AND BYLAWS OF THE CORPORATION; APPROVING THE DIRECTORS NAMED IN THE ARTICLES; AND PROVIDING FOR RELATED MATTERS.**

**Whereas**, the County of Travis, Texas ("County") will participate in a coalition of local governments and communities of interest for the purpose of educating and informing citizens and local. State and national officials regarding the need to promptly obtain additional water resources, plan for and develop alternative sources including surface water, groundwater, reuse water, and conservation, sufficient to sustain a healthy economy and serve the population increase;

**Whereas**, counties and incorporated cities are authorized to join together to create a development corporation to perform and serve their respective governmental functions and interests;

**Whereas**, it is reasonable and necessary for counties, having local communities that will be adversely impacted by the fact that currently available water supplies are not sufficient to support the anticipated future economic and population growth of the area;

**Whereas**, the Corporation can serve as a vehicle and instrument to educate and encourage state and federal action to obtain the water that is necessary for the near future of the area, and to acquire water and water facilities on behalf of some or all of the sponsoring local governments, and local communities that participate by contract, necessary for their future welfare; and

**Whereas**, the Corporation will be governed by a board of directors appointed by the sponsoring local governments, and will not have authority to create any debt or financial obligation for or on behalf of any of the members and of any sponsoring local government;

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF THE COUNY OF TRAVIS, TEXAS, THAT:**

**Section 1. Finding of Facts.** The above and foregoing recitals are incorporated herein as findings of fact.

**Section 2. Acceptance of Application.** The Application for the creation of the "Central Texas Water Development Corporation" is hereby accepted and approved.

**Section 3. Articles and Bylaws Approved.** The Articles of Incorporation and the Bylaws of the Central Texas Water Development Corporation spread on the minutes of this meeting are

hereby authorized and approved.

**Section 4. Approval of Directors.** The directors named in Article VIII of the Articles of Incorporation are hereby approved.

**Section 5. Open Meetings.** It is hereby officially found and determined that the meeting at which this resolution is adopted was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, *Chapt. 551, Tex. Gov't. Code.*

**Section 6. Effective Date.** This resolution is effective upon adoption by the Court.

PASSED AND ADOPTED this the \_\_\_ day of \_\_\_\_\_ 2014

**County of Travis, Texas**

**Attest:**

\_\_\_\_\_  
Samuel T. Biscoe, County Judge

\_\_\_\_\_  
Dana DeBeauvoir, County Clerk  
And Ex-Officio Clerk of the Travis  
County Commissioners Court

## RESOLUTION

### **A RESOLUTION OF THE COMMISSIONERS COURT OF THE COUNTY OF TRAVIS, TEXAS, APPROVING AND AUTHORIZING AN INTERLOCAL COOPERATION AGREEMENT BY AND BETWEEN THE COUNTY OF HAYS, THE COUNTY OF TRAVIS AND THE CITY OF LEANDER, TEXAS; MAKING FINDINGS OF FACT; AND PROVIDING FOR RELATED MATTERS.**

**Whereas**, the County of Travis, Texas (“Travis County”) is participating in a coalition of local governments and communities of interest to educate and inform citizens, and local, state and federal officials regarding insufficient water sources being available to provide for the continued economic and population growth of the area, the need to develop additional water sources, and to have the authority to develop and obtain water and water facilities to serve the local governments;

**Whereas**, cities, counties, municipal utility districts, water control and improvement districts, water supply corporations and related entities are joining together to identify, plan and obtain water action plans, water sources and water facilities;

**Whereas**, the County of Hays (“Hays County”), Travis County and the City of Leander, Texas (“Leander”), are joining together to serve as the sponsoring local governments and create the Central Texas Water Development Corporation (“Corporation”) to serve as a legal entity to promote and encourage immediate actions be taken to obtain additional water resources, and to function in a manner to enable other local governments to become sponsors of the Corporation and permit local governmental entities and communities to participate by contract;

**Whereas**, the participants in the Agreement (as hereinafter defined) anticipate and expect that other Texas counties and cities will join in and execute Agreements to participate and assist the accomplishment of the purposes of the Corporation and the Agreement; and

**Whereas**, Hays County, Travis County and Leander are entering into an Interlocal Cooperation Agreement Regarding Creation of the Central Texas Water Development Corporation (“Agreement”) as the basis for creating the Corporation to serve multiple local governments;

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF THE COUNTY OF TRAVIS, TEXAS, THAT:**

**Section 1. Finding of Facts.** The above and foregoing recitals are incorporated herein as findings of fact.

**Section 2. Approval of Interlocal Agreement.** The Interlocal Cooperation Agreement Regarding Creation of the Central Texas Water Development Corporation is hereby authorized and approved.

**Section 3. Open Meetings.** It is hereby officially found and determined that the meeting at which this resolution is adopted was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, *Chapt. 551, Tex. Gov't. Code.*

**Section 4. Effective Date.** This resolution is effective upon adoption by the Court.

PASSED AND ADOPTED this the 18th day of November 2014.

**County of Travis, Texas**

**Attest:**

\_\_\_\_\_  
Samuel T. Biscoe, County Judge

\_\_\_\_\_  
Dana DeBeauvoir, County Clerk  
And Ex-Officio Clerk of the Travis  
County Commissioners Court

**BYLAWS**  
*of the*  
**CENTRAL TEXAS WATER DEVELOPMENT CORPORATION**

**ARTICLE I**  
**PURPOSES**

**Section 1.01. General Purposes.** The Central Texas Water Development Corporation (“Corporation”) is organized for the purpose of aiding, assisting, and acting on behalf of the local governments that participate in the Corporation, in the performance of their governmental functions, to promote the common good and general welfare of area within the local governments and neighboring areas, to assist local governments, groups and entities to preserve valuable rights, serve as a legal entity to provide education and information programs regarding the present and future water needs of Central Texas and the State of Texas and the management, use conservation and development of water supplies; to recharge aquifers; to provide, or assist with the development of, plans for obtaining, additional water supplies, including, but not limited to, surface water, groundwater and alternatives for the reuse of water resources, and conservation; and to serve as a legal entity to organize, finance purchase an transfer, or hold, operate and sell, water assets and facilities, and the development and improvement of public water utilities, systems and infrastructure. The Corporation may plan, develop, coordinate, build, finance or otherwise provide facilities to transport water through any county. However, the Corporation shall not have the power to plan, develop, coordinate, build, finance, provide, or otherwise facilitate retail water, wastewater, or other services in a county or city that is a participant in the Corporation without the approval of the governing body of the participating city or county.

**Section 1.02. Implementation.** The Corporation is also organized to aid, assist and act on behalf of the local governments for the purposes set forth in Article IV of the Articles of Incorporation.

**Section 1.03. General Powers and Authority.** The Corporation is formed pursuant to the provisions of the Act to assist and act on behalf of the local governments and to engage in activities in the furtherance of the purposes of its creation, and it shall have and may exercise all incorporated under *Subchapter D, Chapt. 431, Tex. Trans. Code* (the “Act”), together with all powers, privileges, authority and functions given by state law to non-profit corporations, including, without limitation, the powers and authority given under *Art. 1396, 1.01 – 50.01, Vernon’s Annotated Texas Civil Statutes*. The Corporation is organized and created by the County of Hays, Texas, the County of Travis, Texas, and the City of Leander, Texas (the “Local Governments”) pursuant to and in compliance with *Chapt. 394, Tex. Loc. Gov’t. Code*, and may accept and admit additional local governments as participants by Interlocal Cooperation Agreement between each such additional participants and the Corporation, upon and after such

additional local governments complying with the requirements of *Subchapter D, Chapt. 431 and Chapt. 394*. The term “Local governments” shall have the meaning given in *Subchapter D, Chapt. 431 and Chapt. 394*, and the defined term “Local Governments” shall mean and include the above named local governments and each additional local government that becomes a participant of the Corporation. The term “Sponsor Participant” shall include those Local Governments named in Articles of Incorporation and local governments that elect to become Sponsor Participants and are approved by the board as a Sponsor Participant, as provided in these Bylaws.

**Section 1.04. Additional Powers and Authority.** The Corporation shall have all other powers of ta like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation 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 Corporation shall not issue bonds, notes or any debt obligation, or by contract undertake a financial obligation, that will not to be funded by funds available, grants, or by binding contractual commitments made by local governments and legal entities to purchase water or increments or portions of the water facilities that are purchased.

**Section 1.05. Governmental Body.** The Corporation is created as a local government corporation pursuant to the Act and shall be governmental unit within the meaning of *Subdivision (2), Sec. 101.001, Tex. Civ. Prac. & Rem. Code*. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, *Sec. 101.001 et seq., Tex. Civ. Prac. & Rem. Code*.

## ARTICLE II BOARD OF DIRECTORS

**Section 2.01. Appointment, Classes, Powers Number and Terms.** All powers of the Corporation shall be vested in the Board of Directors (the “Board”). The Board shall initially consist of three (3) Directors. The Directors of the Board may be increased to up to a maximum of nine (9) Directors. Upon the expiration of the initial term of office of the three Directors, each of the three Sponsor Participants shall appoint one member of its governing body to the Board. Thereafter, from time to time as the terms of those director positions expire each of the Sponsor Participants shall appoint one member of its governing body to the position of Director; provided that, if additional Local Governments become Sponsor Participants in number greater than the number of Director positions then provided, the Board will by lot from time to time, as the term of office of existing Board members expire, select one or more Board member positions that will rotate off the Board and be filled by a member of the governing body, of one or more other Sponsor Participants selected by the Board, appointed by the Sponsor Participant(s) selected.

If any Local Government that is a Sponsor Participant withdraws from its participation as Sponsor Participant, the Board shall afford Local Governments that are of the same category as the Withdrawing Sponsor Participant, e.g. County or incorporated city, and opportunity to be considered to fill the position of the withdrawing Sponsor Participant. If more than one Local Government desires to be considered for the vacated position, the Board, by majority vote, shall elect one of the Local Government candidates as the replacement for the departing Sponsor Participant. The newly elected Sponsor Participant shall then designate a member of its governing body as a Director to serve on the Board and fill the vacated Director position. If no Local Government that is the same category as the withdrawing Sponsor Participant, e.g. county or incorporated city, seeks to be considered to replace the withdrawing Sponsor Participant, the Board may elect a new Sponsor Participant from among any of the Local Governments that ask to be considered for the position; provided further, if no Local Government desires to be considered for the vacant Sponsor Participant position, the Board shall by majority vote fill the vacant Director position by appointing a Director who shall be a member of the governing body of one of the Local Governments.

If the number of Directors is increased to a number of Directors that is greater than the number of Sponsor Participants, or if the number of Director positions is increased to nine (9), the participants that are a County government, but not a Sponsor Participant, shall elect one Director who shall be a member of the governing body of one of the participating Local Governments that is a County, and the participants that are incorporated cities, but not a Sponsor Participant, shall elect one Director who shall be a member of the governing body of one of the participating Local Governments that is an incorporated city; provided that if no County other than a Sponsor Participant becomes a participant in the Corporation, both such Director positions shall be elected and appointed by the Local Governments that are incorporated cities but not Sponsor Participant. In each such election each of the Local Governments voting in such election shall have one vote for each Director election in which they are entitled to vote.

The terms of office of the Directors shall be two years, and the term for each such Director position shall begin on the date a Director is first appointed to the position and such term shall expire two years after the date of the appointment, or until his or her successor is appointed or elected as above provided; provided that if a Director is appointed to fill an unexpired term, the term of the Director shall expire of the expiration date of the term of the Director whose position he or she was appointed to fill. A Director shall be ineligible to continue to serve on the board and the Board position filled by such Director shall be vacant upon the termination of such Director's service as a member of the governing body of a Local Government. Any Director may be removed from office at any time, with or without cause, by the Local Government on whose governing body the Director serves. The number of Directors

may be increased or decreased by an amendment to the bylaws approved by majority vote of the Board and adopted by a majority vote of the Local Government a participants in the Corporation.

If any of the following persons of a Local Government are not serving as a member of the Board, he or she, or their designee shall be entitled to serve as an ex-officio, non-voting member of the Board: (1) the County Judge; or (2) the City Manager.

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

**Section 2.02. Meetings of Directors.** The Directors may hold their meetings and may have an office and keep the books of the Corporation at such place or places within Central Texas 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 Corporation in Austin, Travis County, Texas.

The Board shall meet in accordance with and give notice of each meeting of the Board for the same length of time and in the same manor and location as is required to be given by counties under *Chapt. 551, Tex. Gov't. Code* (the "Open Meetings Act"). An Agenda for each meeting of the Board shall be posted at the County Courthouse of each County in which the County is a participant in the Corporation. An agenda for each meeting of the Board may also be posted at the City Hall of each City in which the City is a participant in the Corporation.

The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to *Chapt. 552, Tex. Gov't. Code* (the "Open Records Act")

**Section 2.03. Annual Meetings.** The annual meeting of the Board shall be held at the time and at the location in designated by the Board, for the purposes of transacting such business as may be lawfully brought before the meeting.

**Section 2.04. Regular Meetings.** Regular meetings of the Board shall be held at such times and places as shall be designated, from time to time by the Board.

**Section 2.05. Special and Emergency Meetings.** Special and emergency meetings of the Board shall be held whenever called by the Chair or Secretary of the Board, or by two Directors who are serving terms of office at the time the meeting is called. The Secretary shall give notice of each special meeting in person, by telephone, fax, mail or telegraph at least three (3) days before the meeting to each Director and to the public in compliance with the Open Meetings Act. Notice of each emergency meeting shall also be given in the manner required under *Sec. 551.045, Tex. Loc. Gov't Code*. Unless otherwise indicated in the notice thereof, any and all

matters pertaining to the purposes of the corporation 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 notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act. The Secretary is authorized to post and give notices and designate others to post notice of meetings that are prepared by the Secretary, that are called in a manner authorized in these Bylaws.

**Section 2.06. Quorum.** A majority of the Directors holding office shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. If at any meeting of the board there is less than a quorum present, a majority of Directors present may adjourn the meeting from time to time. The act of a majority of the Directors holding office shall constitute the act of the Board, unless the vote of a greater number is required by law, the Articles of Incorporation, or by these Bylaws.

A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless his dissent is entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to Directors voting in favor of the action.

**Section 2.07. Conduct of Business.** At the meeting of the Board, agenda items shall be considered in such order as from time to time the Board may determine.

At all 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 Vice Chair, a chairperson for the meeting shall be chosen from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any qualified person to act as secretary of the meeting; provided that a member of the staff of any Local Government may be designated to take, record and prepare the minutes of the meeting.

**Section 2.08. Executive Committee, Other Committees.** The Board may, by resolution adopted by the affirmative vote of a majority of the Directors, designate two (2) or more Directors to constitute an executive committee or other type of committee. Such committee may consist of other persons representing parties that are participating in the Corporation. A committee shall act in the manner provided in the authorizing resolution. Each committee so designated shall keep regular minutes or the transactions of its meetings, cause such minutes to

be recorded in books kept for the purpose in the office of the Corporation, and shall report the same to the Board from time to time. Committees shall have advisory powers and shall not be authorized to exercise the powers of the Board.

**Section 2.09. Compensation of Directors.** Directors, as such, shall not receive any salary or compensation for their services as Directors; provided that nothing contained herein shall be construed to preclude any Director from receiving reimbursement for expenses reasonably incurred in performing the duties of Director.

**Section 2.10. 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 Corporation or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, or any ex-officio member of the Board;
- (b) legal counsel, public accountants, or other persons employed or otherwise retained by the Board, as to matters the officer reasonably believes are within the person's professional or expert competence; or
- (c) a Board committee of which the Director is not a member.

### **ARTICLE III OFFICERS**

**Section 3.01. Titles and Terms of Office.** The officers of the Corporation shall be a Chair of the Board, a vice chair of the Board, and a corporate secretary/treasurer. The officers of the Corporation may include a president, one or more vice presidents, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that neither the Chair of the Board nor the President shall hold the office of Secretary. The term of office for each officer shall be one year commencing with the date of the annual meeting of the Board at which each such officer is elected or appointed by the Board. The Chair is elected annually, by majority vote of the Directors then holding office, to serve a one year term of office. The authorization for president and vice president does not require the creation of such offices.

Officers elected or appointed by the Board shall be subject to removal by the Board at any time, with or without cause, by a majority vote of not less than three Directors.

A vacancy in the office of any officer elected or appointed by the Board shall be filled by the Board.

**Section 3.02. Powers and Duties of the Chairperson.** The Chair 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, and not inconsistent with state law. The Chair may call special or emergency meetings of the Board.

**Section 3.03. Powers and Duties of the Vice Chair.** The Vice Chair shall be a member of the Board. 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 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 of such action.

**Section 3.04. Powers and Duties of the President.** The President shall be the principal executive officer of the Corporation and, subject to the Board, he or she shall be in general charge of the properties and affairs of the Corporation. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, the President, Chair, or Vice Chair may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation. The Chair shall perform the duties of the President until such time, if any, that such office is budgeted, created and filled by Board appointment.

**Section 3.05. Vice Presidents.** A Vice President shall have such powers and duties as may be assigned to him or her by the Board or the President, including the performance of the duties of the President upon the death, absence, disability, or resignation of the President, or upon the President's inability to perform the duties of his or her office. Any action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time of such action.

**Section 3.06. Treasurer.** The Treasurer shall have custody of all the funds and securities of the Corporation, which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes other obligations and shall deposit the same to the credit of the Corporation in such 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 Corporation, either alone or jointly with such other officer as is designated by the Board; whenever required by the Board, he or she shall render a statement of each account; he or she shall enter or cause to be entered regularly in the books of the Corporation 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 Corporation; 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. With Board approval the Treasurer may contract with any Local Government to maintain such books, accounts and records, subject to the Treasurer's on-going review and approval.

**Section 3.07. Secretary.** The Secretary shall 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 Corporation and subject to the limitations contained in the Articles of Incorporation, he or she may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; he or she shall have charge of the Corporation'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 Corporation 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. With Board approval the Secretary may contract with a Local Government to maintain the minutes, books and records of the Corporation, subject to the Secretary's on-going review and approval. The Board may contract with a Local Government and, as authorized by such contract, appoint one or more employees of the Local Government as an Assistant Secretary. The Board may designate qualified persons to function as an Assistant Secretary(s).

**Section 3.08. Compensation.** Officers may be entitled to receive compensation for personal services that are necessary and reasonable in carrying out the Corporation's purposes as the Board may from time to time determine, provided, that in no event shall the salary or compensation be excessive. Board members, even in their capacity as officers, are not entitled to compensation except as otherwise provided in Article II, Section 9.

**Section 3.09. Officer's Reliance on Consultant Information.** In the discharge of a duty imposed or power conferred on an officer of the Corporation, 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 Corporation or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, or any ex-officio member or the Board;

- (b) legal counsel, public accounts, or other persons employed otherwise retained by the Board, as to matters the officer reasonably believes are within the person's professional or expert competence; or
- (c) a Board committee.

#### ARTICLE IV PARTICIPATION AND ASSESSMENTS

**Section 4.01. Participation in the Corporation.** The Sponsor Participants have elected to participate in the Corporation and have executed an Interlocal Cooperation Agreement by and among the three (3) Sponsor Participants. Other counties and incorporated cities may become Local Governments, participate in the Corporation and have the right to vote on issues for which such vote is provided for in the Articles of Incorporation and these Bylaws, by entering into an Interlocal Cooperation Agreement with Corporation. Local governments and quasi-governmental entities; other than counties and incorporated cities, eligible to enter into Interlocal Cooperation Agreement, may become non-voting participants by entering into an Interlocal Cooperation Agreement with the Corporation Agreement may participate in the corporation by executing a statement approved by the Board. The Sponsor Participants and other Local Governments (counties and incorporated cities that participate in the Corporation) shall be entitled to vote on all issues on which a vote of the participants is provided for in the Articles of Incorporation or these Bylaws. Representatives of participants that are not Local Governments shall be eligible to serve on any committee or advisory group established by the Board. A participant may withdraw from participation in the Corporation, or decrease its level of participation in the establishing participation in the Corporation, by giving written notice to the Board as provided in the applicable document establishing participation. If a Sponsor Participant withdraws as a member, or decreases its level of participation in the Corporation, the corresponding position on the Board will be filled by Board appointment of a Local Government in the same category as the Sponsor Participant being replaced, i.e. an incorporated city or county that commits to participating at the level required of a Sponsor Participant; provided that, if no eligible Local Government accepts the position, the resulting vacant Board position will be filled by election among the Local Government participants that are in the same category as the withdrawing Sponsor Participant.

**Section 4.02. Levels of Participation.** There shall be three categories or levels of participation in the Corporation, as provided in this Article IV, for the purpose of assisting the Corporation to Accomplish the purposes of the Corporation. The levels of participation are as follows:

- (a) **Sponsor Participants.** The Sponsor Participants shall be as defined in the Articles of Incorporation and these Bylaws. Additional Local Governments that commit to meet and

comply with the duties and obligations of Sponsor Participants, as established from time to time, may become sponsor participants upon approval by the Board.

(b) **Local Government Participants.** As required by statute, the Local Government participants shall be limited to counties and incorporated cities. All Texas counties and cities are eligible to become Local Government Participants.

(c) **Supporting Participants.** Participants in this level will include governmental entities, other than counties and cities, quasi-governmental entities, private sector entities, associations, organizations and businesses that participate in the Corporation and support the purposes and causes for which the Corporation was created.

**4.03. Revenues and Assessments.** The Board may accept grants, gifts and contributions to assist with the funding of the expenses, business, programs and purposes of the Corporation. The Board may further establish from time to time a schedule of annual fees and assessments to be paid by participants in the Corporation. Such proposed fees and assessments may be set for and vary with respect to multiple categories of participants within each level of participation, e.g. based on population and other factors, provided that the schedule of fees when originally adopted and thereafter amended shall be approved by majority vote of the Local Governments then participating in the Corporation.

## **ARTICLE V MISCELLANEOUS PROVISIONS**

**Section 5.01. Fiscal Year.** The fiscal year of the Corporation shall begin October 1<sup>st</sup> of each year; provided the first fiscal year shall begin December 1, 2014, and end September 30, 2014.

**Section 5.02. Seal.** The seal of the Corporation shall be such as is approved by the Board from time to time.

**Section 5.03. Notice and Waiver of Notice.** Whenever any notice other than public notice of a meeting given to comply with the Open Meetings Act, is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to thereto.

**Section 5.04. Resignations.** Any Director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if not time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

**Section 5.05. Gender.** References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

**Section 5.06. Appropriations and Grants.** The Corporation shall have the power to request and accept any appropriation, grant, contribution, donation, or other form of aid from and federal or state agency, political subdivision, municipality, or any other source.

## **ARTICLE VI INDEMNIFICATION OF DIRECTORS AND OFFICERS**

**Section 6.01. Right to Indemnification.** Subject to the limitations and conditions provided in this Article V and the Articles of Incorporation, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative (hereinafter a “proceeding”), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Corporation or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venture, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provided broader indemnification rights than said law permitted the Corporation to provided prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys’ fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability. It is further provided that this provision shall not be construed as a waiver of any immunity,

exemption or defense any such Director or officer may have at law or in equity, including, but not limited to, those available under the Act or pursuant to *Sec. 101.001 et seq., Tex. Civ. Prac. & Rem. Code*; provided that a Director or officer shall not be entitled to indemnification for his or her intentional wrongful actions.

**Section 6.02. Advance Payment.** The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Corporation for the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 5.01 who was, is or is threatened to be made named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without and determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise.

**Section 6.03. Indemnification of Employees and Agents.** The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V.; and the Corporation may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Corporation but who are or were serving at the request of the Corporation as a Director, officer, partner, venture, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article V.

**Section 6.04. Appearance as a Witness.** Notwithstanding any other provision of this Article V, the Corporation may pay or reimburse expenses incurred by a Director, officer or employee in connection with his or her appearance as a witness or other participation in a proceeding involving the Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

**Section 6.05. Non-exclusivity of Rights.** The right to indemnification and the advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 3 of this Article V

may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Corporation or these Bylaws, agreement, vote of shareholders or disinterested Directors or otherwise.

**Section 6.06. Insurance.** The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, partner, venture, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under this Article V.

**Section 6.07. Notification.** Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V 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 calendar quarter immediately following the date of the indemnification or advance.

**Section 6.08. Savings Clause.** If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by law.

## **ARTICLE VII PROVISIONS RELATING TO MINORITY CONTRACTING**

**Section 7.01. Disadvantaged Business Certification.** The Corporation shall attempt to stimulate the growth of disadvantaged businesses by encouraging the full participation of disadvantaged businesses in all phases of its procurement activities and affording those disadvantaged businesses a full and fair opportunity to compete for Corporation contracts.

## **ARTICLE VIII CODE OF ETHICS**

**Section 8.01. Policy and Purposes.**

- (a) It is the policy of the Corporation that Directors, officers and employees 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 Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

- (b) This Code of Ethics has been adopted as part of the Corporation'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.
- (c) The Directors, officers and employees of the Corporation shall further be subject to the ethics and conflicts provisions set forth in *Chapts. 171 and 176, Tex. Loc. Gov't. Code.*

**Section 8.02. Conflicts of Interest.**

- (a) Except as provided in subsection (c), a Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefited by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15, 000 or more of the fair market person's gross income. A person has substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the second degree by affinity or the third degree by consanguinity to a Director or officer is considered a substantial interest.
- (b) If a Director or a person related to a Director in the first or second degree by affinity or the first, second, or third degree by consanguinity has a substantial interest in a business entity or real property that would be pecuniarily affected by any official action taken by the Board, such Director, before a vote or decision on the matter, shall file an affidavit stating the nature and extent of the interest. The affidavit shall be filed with the Secretary of the Board.
- (c) A Director who has substantial interest in a business entity that will receive a pecuniary benefit from an action of the board may vote on that action if a majority of the Board has a similar interest in the same action or if all other similar business entities in the Corporation will receive a similar pecuniary benefit.

- (d) An employee of a public entity may serve on the Board.

**Section 8.03. Acceptance of Gifts.** No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, "benefit" does not include:

- (a) A fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer;
- (b) A gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;
- (c) An honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities:
  - (1) if not more than one honorarium is received from the same person in a calendar year;
  - (2) if not more than one honorarium is received for the same services; and
  - (3) if the value of the honorarium does not exceed \$250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services;
- (d) a benefit consisting of food, lodging, transportation, or entertainment that is accepted after being reported to and approved by the Board.

**Section 8.04. Bribery.** A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

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

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

**Section 8.05. Nepotism.** No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, or 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 IX AMENDMENTS**

Section 9.01. Amendments. A proposal to alter, amend, or repeal these Bylaws shall be made by the affirmative vote of a majority of the full Board at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. However, any proposed change or amendment to the Bylaws must be approved by majority vote of the Board of Directors to be effective.

**ARTICLES OF INCORPORATION  
OF THE  
CENTRAL TEXAS WATER DEVELOPMENT CORPORATION**

We, the undersigned natural persons, each of whom is eighteen (18) years of age, or more, and one being a qualified voter of the County of Hays, Texas ("Hays County"), one being a qualified voter of the County of Travis, Texas ("Travis County"), and one being a qualified voter of the City of Leander, Williamson County, Texas ("Leander"), acting as incorporators of a corporation incorporated pursuant to *Subchapt. D, Chapt. 431, Tex. Trans. Code* (the "Act"), in compliance with the procedures and requirements of *Chapt. 394, Tex. Loc. Gov't. Code* ("Chapt. 394"), hereby adopt the following Articles of Incorporation for such corporation:

**ARTICLE I**

The name of the corporation is Central Texas Water Development Corporation (the "Corporation").

**ARTICLE II**

The Corporation is a public non-profit corporation.

**ARTICLE III**

The period of duration of the Corporation shall be perpetual.

**ARTICLE IV**

The Corporation may plan, develop, coordinate, build, finance or otherwise provide facilities to transport water through any county. However, the Corporation shall not have the power to plan, develop, coordinate, build, finance, provide, or otherwise facilitate retail water, wastewater, or other services in a county or city that is a participant in the Corporation without the approval of the governing body of the participating city or county. The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of Local Governments, as defined in *Sec. 394.003, Tex. Loc. Gov't. Code* and these Articles, in the performance of their governmental functions to promote the common good, general welfare and future water supply of the Local Governments; to provide education and information programs regarding the present and future water needs of the Local Governments, Central Texas and the State of Texas, the recharge of aquifers, and the management, use, conservation and development of water; to provide, or assist with the development of, plans for obtaining, additional water supplies, including, but not limited to, surface water, groundwater and alternatives for the reuse of water resources, and conservation; and to serve as a legal entity to organize, finance, purchase and transfer, or hold, operate and sell, water facilities; and the development and improvement of public water utilities, systems and infrastructure.

The Corporation is also organized to aid, assist and act on behalf of the Corporation, Local Governments, and publicly controlled entities, to acquire, and to aide and assist governmental and local entities to acquire, water supplies and facilities to produce and transport potable water: and to

- (a) acquire, own, hold, improve, use or otherwise deal with real or personal property, or any interest therein, wherever situated, to accomplish its purposes;
- (b) plan, develop and coordinate proposals to finance, bid and negotiate for, and purchase water and water facilities;
- (c) provide for the operation and maintenance of water systems and facilities as required for the public good; and
- (d) transfer, sell and convey to local governments and publicly controlled legal entities water, water systems and facilities that are acquired by the Corporation.

The Corporation may plan, develop, coordinate, build, finance or otherwise provide facilities to transport water through any county. However, the Corporation shall not have the power to plan, develop, coordinate, build, finance, provide, or otherwise facilitate retail water, wastewater, or other services in a county without the approval of the Commissioners Court of that county. The Corporation is formed pursuant to the provisions of the Act to assist and act on behalf of the Local Governments and to engage in activities in the furtherance of the purposes of its creation, and may exercise all of the rights, powers, privileges, authority and functions given to local government corporations incorporated under the Act, together with all the powers, privileges, authority and functions given by state law to non-profit corporations, including, without limitation, the powers and authority given under *Art. 1396, 1.01 - 50.01, VATCS*.

The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation 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; provided the Corporation shall not have any authority to issue bonds, notes or any debt obligation, or by contract undertake an obligation that is not to be funded solely by binding contractual commitments made by local governments and legal entities to purchase increments or portions of the water and water and facilities; provided that no bonds, notes or financial obligations of the Corporation shall ever be or become debt obligations of the Local Governments.

The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of *Subdivision (2), Sec. 101.001, Tex. Civ. Prac. & Rem. Code*. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, *Sec. 101.001 et seq., Tex. Civ. Prac. & Rem. Code*.

## ARTICLE V

The Corporation shall have no members. The Local Governments that enter into an Interlocal Agreement to participate in the Corporation shall be the voting participants of the Corporation. The sponsoring participants are Hays County, Travis County and Leander ("Sponsor Participants"). Other Local Governments may become participants by entering into an Interlocal Agreement with the Corporation, upon their individually complying with the Act and *Chapt. 394, Tex. Loc. Gov't. Code*.

## ARTICLE VI

All powers of the Corporation shall be vested in a Board composed of directors appointed by the Local Governments from among the members of the governing bodies of the Local Governments. The initial board of directors is appointed by the governing bodies of the County of Hays, Texas, the County of Travis, Texas, and the City of Leander, Texas. Each of the Sponsor Participants shall appoint one member of its governing body to the Board and the Board shall initially consist of three (3) directors, and the initial directors of the Corporation ("Director" or "Directors") shall be those persons named in Article VIII. The initial Directors shall serve for the term prescribed in the Bylaws. The number of directors may be increased to up to nine (9) directors as provided in the Bylaws. Subsequent Directors shall have the qualifications required by the Act and additional directors may be appointed as provided in the Bylaws. The Local Government that appoints a Director may remove that Director at any time, without cause.

The Board of Directors shall annually, by majority vote, designate a director to serve as the Chair of the Board. Each Local Government may also appoint a member of the governing body of the Local Government to serve as an ex-officio, non-voting member of the Board. The Corporation Bylaws shall govern all other matters pertaining to the affairs of the Corporation, so long as such Bylaws are not inconsistent with these Articles of Incorporation, or the laws of the State of Texas.

## ARTICLE VII

The street address of the initial registered office of the Corporation is 223 West Anderson Lane, Suite A105, Austin, Travis County, Texas, 78752, and the name of its initial registered agent at such address is Barney L. Knight.

## ARTICLE VIII

The number of Directors initially constituting the Board is three (3). The names, addresses, and positions of the initial Directors, as approved and appointed by the Local Governments are as follows:

Bert Cobb, M.D., 111 E. San Antonio St., San Marcos, Hays County, Texas, 78666	Position One
Margaret Gomez, 700 Lavaca, Suite 1510, Austin, Travis County, Texas 78701	Position Two
Chris Fielder, 11880 Old 2243 W., # 204, Leander, Williamson County, Texas 78641	Position Three

Each of the foregoing directors resides within the boundaries of one of the Local Governments that is a Sponsor Participant.

#### **ARTICLE IX**

The names and street addresses of the incorporators, a majority of which reside within the jurisdictional boundaries of the Local Governments, that is a Sponsor Participant, are as follows:

Larry Jackson, 10904 Jamie Glen Way, Austin, Texas 78753

Herschel P. McCullough, 1415 E. Spoke Hill Drive, Wimberley Texas 78676

James Kent Cagle, 12225 Sidewinder, Leander, Texas 78641

#### **ARTICLE X**

The Commissioners Court of Hays County approved these Articles of Incorporation, the Bylaws and the Directors named in Article VIII by resolution set forth in the November 18, 2014, minutes of the Commissioners Court. The Commissioners Court of Travis County approved these Articles of Incorporation, the Bylaws and the Directors named in Article VIII by resolution set forth in the November 18, 2014, minutes of the Commissioners Court. The City Council of Leander approved these Articles of Incorporation, the Bylaws and the Directors named in Article VIII by resolution set forth in the November 20, 2014, minutes of the City Council.

#### **ARTICLE XI**

No Director shall be liable to the Corporation for monetary damages for an act or omission in the Director's capacity as a Director, except for liability for (i) any breach of the Director's duty of loyalty to the Corporation, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) any transaction from which the Director received an improper benefit, whether or not the benefit resulted from an act taken within the scope of the Director's office, or (iv) acts or omissions for which the liability of a Director is expressly provided by statute. Any repeal or amendment of this Article by the Directors shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director existing at the time of such repeal or amendment. In addition to the circumstances in which a Director is not personally liable as set forth in the preceding sentences, in any suit or legal claim regarding or growing out of the duties of the Corporation or the Director, Directors shall have all the legal immunities, privileges and defenses available at law or in equity, and shall have no liability or limited liability to the fullest extent permitted by state law, or any amendment to state law that further limits the liability of a Director.

## ARTICLE XII

In accordance with the provisions of *Sec. 501(c)(3), U.S. Internal Revenue Code of 1986*, as amended (the "Code"), and regardless of any other provisions of these Articles of Incorporation or the laws of the State of Texas, the Corporation: (a) shall not permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation in effecting one or more of its purposes); (b) shall not devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise; (c) shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; and (d) shall not attempt to influence the outcome of any election for public office or to carry on, directly or indirectly, any voter registration drives. Any income earned by the Corporation after payment of reasonable expenses, debt, contract obligations with governmental and public purpose legal entities, and establishing a reserve, shall accrue to the Local Governments for application as provided below.

The Local Governments shall, at all times, have an unrestricted right to receive any income earned by the Corporation, exclusive of amounts needed to cover reasonable expenditures, debt, contract obligations and reasonable reserves for future activities. Unless otherwise directed by the Local Governments, any income of the Corporation received by the Local Governments shall be deposited into a special account and used to fund the programs and business of the Corporation and reduce on a pro-rata basis the principal amount of any financial obligations incurred to purchase water and water facilities, and any excess distributed pursuant to Interlocal Cooperation Agreements entered into by the Corporation to accomplish its governmental purpose. No income shall inure to the benefit of any private interests.

If the Board of Directors determines by resolution that the purposes for which the Corporation was formed have been substantially met and all bonds issued by and all obligations incurred by the Corporation have been fully paid, the Board shall execute a certificate of dissolution which states those facts and declares the Corporation dissolved in accordance with the requirements of *Sec. 394.026, Loc. Gov't. Code*, or applicable law then in existence. In the event of dissolution or liquidation of the Corporation, all assets will be turned over to the Local Governments for application as above provided.

## ARTICLE XIII

If the Corporation is a private foundation within the meaning of the *Code, Section 509(a)*, the Corporation shall: (a) distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by the *Code, Section 4942*; (b) not engage in any act of self-dealing as defined in the *Code, Section 4941(d)*; (c) not retain any excess business holdings as defined in the *Code, Section 4943(c)*; (d) not make any investments in such manner as to subject it to tax under the *Code, Section 4944*; and (e) not make any taxable expenditure as defined in the *Code, Section 4945(d)*. The Corporation shall to the fullest extent consistent with the accomplishment of its governmental purposes endeavor to operate in a manner to assure it is not a private foundation.

**ARTICLE XIV**

A majority of the Local Governments may at any time consider and approve an ordinance or order directing the Board to proceed with the dissolution of the Corporation, at which time the Board shall proceed with the dissolution of the Corporation in accordance with applicable state law. The failure of the Board to proceed with the dissolution of the Corporation in accordance with this Section shall be deemed a cause for the removal from office of any or all of the Directors as permitted by Article VI of these Articles of Incorporation.

**ARTICLE XV**

These Articles may not be amended unless approved by the governing body of all of the Local Governments; provided the Local Governments shall not unreasonably withhold approval of amendments to provide for other local governments to become members of the Corporation.

IN WITNESS WHEREOF, we have hereunto set our hands this \_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Larry Jackson, Incorporator

\_\_\_\_\_  
Herschel P. McCullough, Incorporator

\_\_\_\_\_  
James Kent Cagle, Incorporator

**THE STATE OF TEXAS**           

**COUNTY OF HAYS**           

BEFORE ME, the undersigned authority, on this day personally appeared Herschel P. McCullough, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_ day of \_\_\_\_\_, 2014.

(SEAL)

\_\_\_\_\_  
Notary Public-State of Texas

THE STATE OF TEXAS            []

COUNTY OF TRAVIS             []

BEFORE ME, the undersigned authority, on this day personally appeared Larry Jackson, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that \_he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_ day of \_\_\_\_\_, 2014.

(SEAL)

\_\_\_\_\_  
Notary Public-State of Texas

THE STATE OF TEXAS            []

COUNTY OF WILLIAMSON        []

BEFORE ME, the undersigned authority, on this day personally appeared James Kent Cagle, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that \_he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_ day of \_\_\_\_\_, 2014.

(SEAL)

\_\_\_\_\_  
Notary Public-State of Texas

**INTERLOCAL COOPERATION AGREEMENT  
REGARDING CREATION AND OPERATION OF THE  
CENTRAL TEXAS WATER  
DEVELOPMENT CORPORATION**

**THIS INTERLOCAL COOPERATION AGREEMENT REGARDING CREATION AND OPERATION OF THE CENTRAL TEXAS WATER DEVELOPMENT CORPORATION** (“Agreement”) is entered into and effective as of the 20th day of November, 2014, by and between the COUNTY OF HAYS, TEXAS, whose offices are located at the Hays County Courthouse, 111 East San Antonio Street, San Marcos, Texas 78666 (“Hays County”), the COUNTY OF TRAVIS, TEXAS, whose offices are located at the Travis County Courthouse, 1000 Guadalupe Street, Austin, Texas 78701 (“Travis County”), and the CITY OF LEANDER, TEXAS, whose offices are located at 200 West Willis Street, Leander, Williamson County, Texas 78641-1781 (“Leander”). In this Agreement, Hays County, Travis County, and Leander are sometimes individually referred to as a “Party” and collectively referred to as the “Parties”.

**RECITALS**

**WHEREAS**, a primary goal of the Central Texas Water Development Corporation (the “Corporation”) will be to educate and inform citizens, and local, state and federal officials regarding insufficient water sources being available to provide for the continued economic and population growth of the area, the need to develop additional water options, and to have the authority to recharge aquifers, develop and obtain water and water facilities to serve the local governments;

**WHEREAS**, the Parties are joining together, and will join together with other counties and cities, municipal utility districts, water control and improvement districts, water supply corporations, business entities, associations, and related entities, to identify, plan and obtain water action plans, water sources and water facilities;

**WHEREAS**, the Corporation is needed to promote and encourage immediate action be taken to identify additional water options, and to function in a manner to enable other local governments to become sponsors of the Corporation and permit local governmental entities and communities to participate by contract

**WHEREAS**, the Corporation is being created to enable a coalition of cities, counties, municipal utility districts, and other governmental entities, businesses and citizen organizations to plan for and obtain additional long-term water service for the participating local governments and geographic area;

**WHEREAS**, the Parties support the immediate creation of the Corporation for use as a legal entity to organize and accomplish the purposes stated herein and in the Articles of Incorporation ; and

**WHEREAS**, the Corporation will enable the local governments and communities to do all things reasonably necessary to educate, inform, and encourage action by the State and federal governments, and to proceed to plan, develop and purchase water and water facilities, without risk or financial obligation to the participating local governments and communities;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual promises and agreements of the Parties contained in this Agreement, the Parties agree as follows:

### **I. CREATION OF THE CORPORATION**

The Parties hereby agree to create, establish, operate and participate in the efforts of the Corporation to accomplish the purposes set forth in the Articles of Incorporation.

### **II. APPROVAL OF ARTICLES, BYLAWS AND DIRECTORS**

Each of the Parties hereby authorizes and approves: (a) the Articles of Incorporation of the Corporation attached hereto and incorporated herein for all purposes as Exhibit "A"; (b) the Bylaws of the Corporation attached hereto and incorporated herein for all purposes as Exhibit "B"; and the initial directors of the Corporation listed in Article VIII of the Articles of Incorporation.

### **III. INTENT OF THE PARTIES**

It is the intent of the Parties to work and cooperate with the Corporation, and the local governments and communities to realize the development and availability of the water and water facilities required for the continued economic and population growth of their communities, to: (a) accomplish the purposes of the Corporation; (b) enable local governments to enter into interlocal agreements with the Corporation, and (c) to enable citizens groups, associations, business entities, and others, as appropriate, to further and enable the communities being impacted to accomplish the purposes of the Corporation. The Corporation may plan, develop, coordinate, build, finance or otherwise provide facilities to transport water through any county. However, the Corporation shall not have the power to plan, develop, coordinate, build, finance, provide, or otherwise facilitate retail water, wastewater, or other services in a county without the approval of the Commissioners Court of that county.

### **IV. FINANCIAL OBLIGATIONS**

The Corporation shall have no authority whatsoever to issue any contractual or financial obligation, debt, bonds or notes that shall ever be or become obligations of the Parties, or of any other local government, or other entity that becomes a participant in the Corporation. The Corporation shall have the authority and powers set forth in the Articles of Incorporation, including, but not limited to, the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish its purposes, that are funded solely by participant fees, contributions, grants, revenues, or binding contractual commitments made by local governments and legal entities to purchase increments or portions of the water and water facilities that may be acquired by the Corporation.

## V. GENERAL PROVISIONS

**5.01. Authority.** This Agreement is made in part under the authority conferred in *Chapter 791, Texas Government Code, Chapt. 562, Tex. Loc. Gov't. Code, and Section 552.001, Tex. Loc, Gov't. Code.*

**5.02 Severability.** The provisions of this Agreement are severable and, if any provision of this Agreement is held to be invalid for any reason by a court or agency of competent jurisdiction, the remainder of this Agreement will not be affected and this Agreement will be construed as if the invalid portion had never been contained herein.

**5.03. Cooperation.** The Parties agree to cooperate at all times in good faith to effectuate the purposes and intent of this Agreement

**5.04. Entire Agreement.** Except as otherwise expressly provided herein, this Agreement contains the entire agreement of the Parties regarding the Corporation or the water and water facilities referenced herein, and supersedes all prior or contemporaneous understandings or representations, whether oral or written, regarding the subject matter. The Parties confirm that further agreements regarding the Corporation and the water and water facilities are contemplated and will not be affected or limited by this Agreement.

**5.05. Amendments.** Any amendment of this Agreement must be in writing and will be effective only if approved by the governing body and executed by the authorized representatives of each of the Parties.

**5.06. Applicable Law and Venue.** This Agreement will be construed in accordance with Texas law. Venue for any action arising hereunder will be in Travis County, Texas.

**5.07. Notices.** Any notices given under this Agreement will be effective if (i) forwarded to the other Party by hand-delivery; (ii) transmitted to the other Party by confirmed telecopy; or (iii) deposited with the U.S. Postal Service, postage prepaid, certified, to the address of the Party indicated below:

Hays County: County Judge  
Hays County  
Hays County Courthouse,  
111 East San Antonio Street  
San Marcos, Texas 78666

Travis County: County Judge  
Travis County  
Travis County Courthouse  
1000 Guadalupe Street  
Austin, Texas 78701

Leander: City Manager  
City of Leander  
200 West Willis Street  
P. O. Box 319  
Leander, Texas 78641-1781

**5.08. Force Majeure.** Parties shall not be deemed in violation of this Agreement if prevented from performing any of their obligations hereunder by reasons for which they are not responsible or due to circumstances beyond their control. However, notice of such impediment or delay in performance must be timely given, and all reasonable efforts undertaken to mitigate its effects.

**5.09. Counterparts.** This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which will constitute the same instrument.

**5.10 Term.** The initial term of this Agreement shall be from the Effective Date hereof until September 30, 2015. Thereafter, this Agreement shall automatically renew for successive one year periods beginning on October 1, 2015 and on each October 1st thereafter; provided however, either Party hereto shall have the option of terminating this Agreement upon 90 days written notice to the other Parties.

**COUNTY OF HAYS, TEXAS**

**Attest:**

\_\_\_\_\_  
Liz Q. Gonzalez, County Clerk  
and Ex-Officio Clerk of the  
Hays County Commissioners Court

By: \_\_\_\_\_  
Bert Cobb, M.D., County Judge

Date Signed: \_\_\_\_\_

**COUNTY OF TRAVIS, TEXAS**

**Attest:**

\_\_\_\_\_  
Dana DeBeauvoir, County Clerk  
and Ex-Officio Clerk of the  
Travis County Commissioners Court

By: \_\_\_\_\_  
Samuel T. Biscoe, County Judge

Date Signed: \_\_\_\_\_

**CITY OF LEANDER, TEXAS**

**Attest:**

\_\_\_\_\_  
Debbie Haile, City Secretary

\_\_\_\_\_  
Chris Fielder, Mayor

Date Signed: \_\_\_\_\_

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