

BYLAWS OF THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD OF EL PASO, TEXAS

Article I. Name and Location

Section 1. **NAME:** The name of the organization shall be the El Paso Water Utilities Public Service Board or the Public Service Board of El Paso, Texas.

Section 2. **LOCATION:** The principal business office of the Public Service Board of El Paso, Texas is 1154 Hawkins Blvd., El Paso, El Paso County, Texas 79925.

Article II. Public Service Board

Section 1. **AUTHORITY VESTED IN BOARD OF TRUSTEES:** In accordance with Texas Government Code, Section 1502.070(a)(2)(B) Management and Control of Utility System, the management and control of the El Paso Water Utilities Public Service Board ("Board") system during such time as any of the bonds related to the system remain authorized and outstanding is vested in a Board of Trustees consisting of not more than seven members, one of whom must be the Mayor and all of whom are citizens of the United States of America residing in El Paso County, Texas. The Mayor of the City of El Paso shall be ex-officio as one voting member of the Board, each of the other members of the Board shall serve a term of four years and not more than two consecutive terms. Each Board member shall serve until his or her successor qualifies or for a maximum of sixty days after the expiration date of the term of office, whichever is earlier. As of the date of these by-laws, two new Board members have been authorized by amendment to Section 1502.070 and enacted by City Ordinance No. 017167; therefore, based on a draw of lots, one of the new Board members will serve an initial term of two years and the other new Board member will serve an initial term of four years. The new Board member serving a two year initial term will serve a total term no longer than six years if reappointed. Thereafter, that Board member shall serve a four year term.

Section 2. **POWERS AND DUTIES OF THE BOARD OF TRUSTEES:** The Board shall have complete authority and control of the management and operation of the System and the expenditure and application of its revenues and shall operate and manage the System to the maximum extent allowed by law with the same freedom and manner as a board of directors of a private corporation operating properties of a similar nature.

The Board shall act only as a board, and an individual Board member shall have no power as such. The Board shall elect or appoint all officers and employees which it may consider desirable, including a President/CEO of the System. The President/CEO shall be responsible to appoint officers and employees that directly report to the President/CEO, including, an attorney or attorneys, Vice-president(s) and such other personnel that directly report to the President/CEO. The Vice-president(s) shall be responsible to appoint officers and employees that directly report to the Vice-president(s). All officers and employees, except members of the Board and its Treasurer or Secretary-Treasurer, President/CEO, Vice-President, General Counsel and attorneys, shall be under such Civil Service provisions as are or may be established by the City of El Paso Charter, City of El Paso or applicable laws of the State of Texas.

The Board may, by contract or other recognized written instrument, give general or limited power and authority to the President/CEO of the utility system to transact the general business or any special business of the utility system.

The Board may, in its discretion, authorize the President/CEO, Vice-President or Chief Financial Officer or other person or persons to execute any corporate instrument or document or to sign the El Paso Water Utilities Public Service Board name without limitation, except where otherwise provided by law, and such execution or signature shall be binding on the utility system.

The Board members shall faithfully perform the duties of their office and the Board and its members promise to fulfill and be bound by the covenants of any and all bond issuances approved by the El Paso City Council as requested by the utility unless and until such bond issuances have been fully paid.

The Board shall obtain and keep continually in force an employers' fidelity and indemnity bond of the so-called blanket type, written by a solvent and recognized indemnity company, and covering losses to the amount not to exceed \$50,000.00.

Section 3. ORGANIZATION OF BOARD: Annually, the Board shall elect one of its members as Chair and one as Vice-Chair. The Board shall also elect a Secretary and a Treasurer or Secretary-Treasurer who may be, but not need be, a member of the Board. The Board under the leadership of the Chair may make such regulations and by-laws for the orderly handling of its affairs and meetings as it may see fit.

Section 4. QUORUM: A quorum for the transaction of business at any regular or special meeting of the Board of Trustees shall consist of a simple majority of the members of the Board; however, a majority of those present at any regular or special meeting shall have the power to adjourn the meeting until a future date certain.

Section 5. CONDUCT OF MEETINGS: The Chair shall preside at all Board meetings and have general supervision over the affairs of the Board and shall perform all such other duties as are instant to the office. In the case of the absence or disability for any reason of the Chair, his duties shall be performed by the Vice Chair. Meetings shall be conducted under the leadership of the Chair and subject to rules of order as adopted by the Board.

Section 6. EXPERTISE: To the extent practical, the Board shall be comprised of members who come from six areas of expertise: (1) financial management; (2) general business management; (3) engineering; (4) environmental or health; (5) consumer or citizen advocacy; and (6) communications, public administration or education. The Mayor is the representative of municipal government.

Section 7. VACANCIES: Vacancies on the Board whether occasioned by expiration of office or otherwise shall be filled by appointment of the majority vote of the El Paso City Council. Board members shall be selected from a slate of three persons eligible to serve as Board members, nominated by the Selection Committee and presented to the El Paso City Council by the Mayor. The El Paso Water Utilities Public Service Board Selection Committee ("Selection Committee") shall be established in accordance with that certain City Council Resolution adopted August 11, 2009 and titled A Resolution Establishing The El Paso Water

Utilities Public Service Board Selection Committee and The Process for Selection of El Paso Water Utilities Public Service Board Members In Accordance with Texas Government Code Section 1502.070 which may be amended or replaced from time to time by the El Paso City Council. A copy of said Resolution shall be included in these By-laws and incorporated herein by this reference for all purposes.

Section 8. COMPENSATION OF BOARD: The members of the Board, other than the Mayor, at each regular meeting attended, shall receive the sum of \$20.00, except that the amount to be paid to any member of the Board in any fiscal year shall not exceed the sum of \$5,000.00. The members of the Board shall not be personally liable for any act or omission not willfully fraudulent or committed in bad faith.

Section 9. ABSENCES: Any member of the Board, other than the Mayor of the City of El Paso, which shall be continuously absent from all meetings of the Board for a period of three consecutive months, shall, unless he or she shall have been granted a leave of absence by the unanimous vote of the remaining members of the Board, be considered to have vacated his or her office.

Section 10. REMOVAL FOR CAUSE: Any member of the Board, other than the Mayor, may by unanimous vote of the remaining members of the Board, be removed from his or her office, but only for adequate cause.

Section 11. MEETINGS: The regular meetings of the El Paso Water Utilities Public Service Board will be held at the call of the Chair in the principal business office of the organization on the second and fourth Wednesdays of each month at the hour of 8:30 a.m. as may be further agreed upon by a majority vote of the Board. Special meetings shall be at the call of the Chair or Vice-Chair to be held at the principal business office of the organization. All meetings shall be held and conducted in accordance with the Texas Open Meetings Act as amended.

Section 12. BYLAWS AMENDMENTS: Bylaws may be amended or repealed and new bylaws may be adopted by the Board at its discretion.

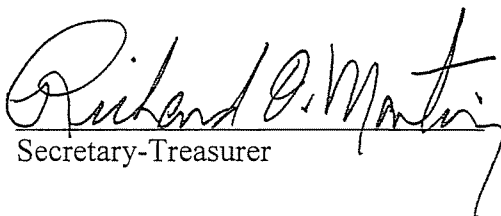
ADOPTED AND PASSED by action of the El Paso Water Utilities Public Service Board this ~~26th~~ day of August, 2009.

EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD



Chair

ATTEST:



Secretary-Treasurer