

## BYLAWS OF THE RATE ADVISORY COMMITTEE

### ARTICLE I — NAME AND PURPOSE

Section 1 — Name: The name of the committee is the San Antonio Water System (SAWS) Rate Advisory Committee (“RAC”). The RAC is a special purpose advisory group to the SAWS Financial Services Group and the SAWS Board of Trustees.

Section 2 — Purpose: The RAC will provide input to the Board of Trustees on a comprehensive rates, fees and charges study SAWS will undertake in 2008 and 2009. The purpose of the Rate Design Study is to provide SAWS with information regarding the rate structure for water delivery, water resource development, recycled water, wastewater and chilled water/steam operations. The RAC will also participate in the selection of a qualified consultant or consulting firm to provide technical support to the Rate Study. .

### ARTICLE II— MEMBERSHIP

Section 1 — Membership and role: The RAC will review, discuss and analyze rates, fees and charges with the staff and the Board of Trustees. The RAC shall have up to 12 to 15 members appointed by the Board of Trustees. Each RAC member represents a constituency and shall facilitate the flow of ideas and concerns from the community to SAWS staff and the Board of Trustees; and assure the flow of information from the SAWS staff and Board of Trustees to the community.

Section 2 –Eligibility for membership: Membership of the RAC shall be open to any ratepayer, resident, property owner, or business operator served by SAWS.

Section 3 — Composition: Membership of the RAC should reflect a balanced representation of the greater San Antonio area. RAC members are selected from throughout the community. RAC membership should strive to reflect the following:

- Each geographical quadrant of the SAWS service area
- Inside and outside the City limits within the SAWS service area
- Each water rate class, to include Affordability Program customers and high water use customers
- Neighborhood associations
- Multi-family residential customers
- Major manufacturers, large businesses, small business, and land developers
- Professional planning, economic development, environmentalist and community activist groups
- Academic, military and religious communities

Section 4 — Terms: RAC members will serve until the completion of the Rate Study.

Section 5 — Nomination procedures: Financial Services staff shall be responsible for nominating an official slate of prospective RAC members to the Board for consideration. The Board of Trustees may choose to appoint all, none, or some of the nominees.

Section 6 — Resignation, termination, and absences: Resignation from the RAC must be in writing and provided to the Chairperson of the RAC. A RAC member shall be terminated from the RAC due to excess absences, two consecutive unexcused absences or three total absences from meetings in a year. A RAC member may be removed for other reasons by a majority vote of the remaining RAC members.

Section 7 — Vacancies: When a vacancy on the RAC exists mid-term, Financial Services staff may nominate a replacement to the Board of Trustees, who may approve the individual to serve out the term of the member who created the vacancy.

### ARTICLE III — SELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

Section 1 — Selection and term of Chairperson: The chairperson shall be nominated by the President/CEO and appointed by the SAWS Board of Trustees. The Chairperson will serve for the duration of the Rate Study effort.

Section 2 — Chairperson Duties: Responsibilities include, but are not limited to, presiding over all RAC meetings; encouraging members to participate in discussions and to arrive at decisions in a timely and democratic manner; undertaking certain administrative duties, such as approving RAC agendas, draft minutes, proposed meeting venues, and dates. The Chairperson shall also serve as the principal spokesperson for the RAC, maintain communication with SAWS staff and report on the RAC's progress to the Board of Trustees.

Section 3 — Selection and term of Vice-Chairperson: The Vice Chairperson is to be selected from the general membership by the membership. The Vice Chairperson will serve for the duration of the Rate Study effort.

Section 4 — Vice Chairperson Duties: The Vice Chairperson is responsible for assisting the Chairperson on all assigned tasks and fills in for the Chairperson when necessary.

### ARTICLE IV — MEETINGS OF MEMBERS

Section 1 — Regular meetings: Over the course of the main Rate Study effort in 2009, it is anticipated that the RAC will meet at least once a month (sometimes twice a month) beginning in January 2009. The committee will work closely with the selected rate consultant and staff from the Financial Services group in SAWS.

The RAC will be asked to meet initially on August 11, 2008 to appoint a sub-committee to work with staff in the process of selecting a qualified consultant to provide technical support to the Rate Study. The sub-committee will coordinate its meeting schedule with the Financial Services staff in support of the consultant selection process.

Section 2 — Special meetings: Special meetings of the RAC shall be called at the request of the chair, or a majority of the RAC.

Section 3 — Notice of meetings: Printed notice of each meeting shall be given to each voting member, by mail, not less than one week prior to the meeting.

Section 4 – Meeting Agenda: Financial Services staff shall draft meeting agendas for review and approval by the Chairperson. Any two members can request an item to be added to the agenda for a meeting agenda.

Section 5 — Quorum: More than half of the currently appointed membership must be present to constitute a quorum. A meeting may proceed without a quorum, however no action may be taken without a quorum present.

Section 6 – Decision Making: There shall be an effort extended to achieve a consensus of members present for all issues that require decision-making. It is particularly desirable for an issue to be resolved through consensus, but the Chairperson may decide to proceed with resolution of a given issue through a vote. If the Chairperson deems that a vote is necessary, issues to be voted on shall be decided by a simple majority of the RAC membership present provided there is a quorum. .

#### ARTICLE V — SUBCOMMITTEES

Section 1 — Subcommittee formation: The RAC may create subcommittees, as needed, to further discuss matters in more detail. If so charged by the RAC, subcommittees shall make recommendations to the RAC, which will in turn make decisions regarding the recommendations of the subcommittee.

#### ARTICLE VI — AMENDMENTS

Section 1 — Amendments: These bylaws may be amended when necessary by two-thirds majority of the RAC members vote after reading and consideration of the amendment at two consecutive meetings followed by approval of the Board of Trustees. Proposed amendments must be submitted to the Financial Services staff in writing to be sent out with regular RAC announcements.

#### CERTIFICATION

These bylaws if approved by the SAWS Board of Trustees will take effect immediately upon approval.