

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring

From: Mike Wittler

Date: June 17, 2024

Re: Agenda Item 8. – Resolution 24-13 Recommending Creation of Public Facility Corporation

Attached is a resolution recommending that the City of Kerrville create the Kerrville Public Utility Board Public Facility Corporation (KPUB PFC) for the purpose of supporting KPUB's potential effort to build and own a peaking generation resource. Exhibits for the resolution include a resolution for the City Council to pass along with a Certificate of Formation and Bylaws for the new KPUB PFC.

The recommendation to form the KPUB PFC is based on consultation with our bond counsel, Stephanie Leibe with Norton Rose Fulbright US LLP, and our financial advisor, Steven Adams with Specialized Public Finance LLC.

The KPUB PFC provides financing and procurement benefits. On the financing side, there is additional flexibility because a lien can be placed on the asset of a PFC, unlike regular municipal debt. Also, by having the PFC issue the debt, the debt covenants are placed on the PFC rather than on KPUB. That means we should be able to structure an agreement between KPUB and KPUB PFC to guarantee the debt service using the funds that KPUB would already need to spend to purchase power. However, there would not be additional requirements on KPUB around debt coverage ratios, reserve funds, etc. This may be beneficial if KPUB needs to issue debt in the future. Also, it should mean that KPUB can use a rate setting process that is basically the same as what we are using now because it would be paying to purchase power rather than paying for debt. On the procurement side, KPUB already has broad procurement powers granted in Texas to municipal utilities with respect to contracting in general, but the PFC may add additional flexibility depending on how the generation resource is developed.

Staff is recommending approval of the attached Resolution 24-13 with Exhibits.

Please let me know if you have any questions or concerns.

Sincerely,



Mike Wittler
CEO

RESOLUTION NO. 24-13

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD RELATING TO THE PROPOSED CREATION OF KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION AND RECOMMENDING THAT THE KERRVILLE CITY COUNCIL APPROVE THE CREATION OF THIS NON-PROFIT INCORPORATION AND BY-LAWS THEREFOR AND APPOINTING DIRECTORS THEREOF; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances previously passed by the City Council (the "*City Council*") of the City of Kerrville, Texas (the "*City*"), authorizing the issuance of the currently outstanding revenue bonds, the complete management and control of the City's electric light and power system (the "*System*") of the City is vested in a Board of Trustees (the "*Board*") known as the Kerrville Public Utility Board ("*KPUB*") during the period of time any of the Bonds Similarly Secured are outstanding and unpaid; and

WHEREAS, the Board has determined that a non-member, non-stock, non-profit public facility corporation should be created for the purpose of acquiring, constructing, rehabilitating, renovating, repairing, equipping, furnishing, placing into service, financing, refinancing, or providing, owning and operating electric power supply facilities to be devoted to public use by the System; and

WHEREAS, it is necessary and proper for the Board to request that the City Council adopt a resolution approving that a corporation be created pursuant to the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "Act"), to finance, refinance, or provide the costs of public facilities, as defined in the Act, including electric power supply facilities to be used for the benefit of the System as described above; now, therefore

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:

Section 1. That the Board by the adoption of this Resolution hereby evidences its approval of the action of the City Council authorizing the creation of the Kerrville Public Utility Board Public Facility Corporation (the "*Corporation*") and recommends approval of the City's proposed resolution attached hereto as Exhibit A, including the proposed forms of the articles of incorporation and by-laws for such corporation which are attached to this resolution.

Section 2. That the Board delegates to the General Manager and CEO, Secretary or Assistant Secretary of the Board, or the Treasurer of the Board, or their designees, the authority to take any and all other actions consistent with the provisions of this Resolution and the City's resolution to effectuate the creation of the Corporation.

Section 3. That after the City Council adopts the proposed resolution to create the Corporation, KPUB shall update its existing indemnification policies to specifically provide that Corporation Board of Directors are indemnified for their service on the Corporation's Board of Directors.

Section 4. That after City Council adopts the proposed resolution to create the Corporation, KPUB shall secure an adequate directors and officers liability insurance policy for the benefit of the Corporation's Board of Directors.

Section 5. That It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 6. That this Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED AND ADOPTED on this 18th day of June, 2024

Larry Howard, Chairman

ATTEST:

Glenn Andrew, Secretary

EXHIBIT A

Resolution

**RESOLUTION AUTHORIZING AND APPROVING CREATION OF
KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY
CORPORATION AND APPROVING CERTIFICATE OF FORMATION
AND BYLAWS THEREFOR AND APPOINTING DIRECTORS THEREOF**

WHEREAS, the City of Kerrville, Texas (the “City”), wishes to aid the Kerrville Public Utility Board (“KPUB”) obtain access to sources of electric power supplies at reasonable costs in order to support the operations of the City’s electric, light and power system (the “System”);

WHEREAS, KPUB has requested that the City create a public facility corporation to facilitate the financing, refinancing, or providing, owning and operating public facilities, as defined in the Act, including electric power supply facilities to be devoted to public use by KPUB as part of the System, and, from time to time, one or more other municipal corporations, political subdivisions, or state agencies with which such public facility corporation or KPUB, acting on behalf of the public facility corporation for the benefit of the City, may contract;

WHEREAS, the KPUB trustees, the City Manager, and the Chief Executive Officer of KPUB will be appointed as directors of the public facility corporation and will manage the public facility corporation to ensure that it can construct, finance, refinance, provide and operate electric power supply projects for the benefit of the System; provided, however, the City Manager and the Chief Executive Officer of KPUB shall be non-voting members of the public facility corporation;

WHEREAS, pursuant to the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “Act”), the public facility corporation shall have the rights and powers necessary or convenient to accomplish the corporation's purposes, including all those powers set forth in the Act;

WHEREAS, to such ends the City Council of the City has received and reviewed a proposed certificate of formation and bylaws for an additional non-member, non-stock, non-profit public facility corporation proposed to be created for the purpose of financing and acquiring power supply facilities for the benefit of the System as described above.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY HEREBY FINDS AND DETERMINES that it is in the public interest and to the benefit of its residents and the citizens of the State of Texas that a corporation be created under the Act, to finance, refinance, or provide the costs of public facilities, as defined in the Act; and

BE IT, THEREFORE, RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, TEXAS, THAT:

SECTION 1. Authorization. The City Council authorizes and approves creation of a seventh public facility corporation under the Act to act on behalf of the City.

SECTION 2. Certificate of Formation; Bylaws. The City Council approves the proposed certificate of formation for such corporation attached hereto as *Exhibit A* and the proposed bylaws for such corporation attached hereto as *Exhibit B*.

SECTION 3. Directors. The City Council appoints the persons specified as initial directors in such certificate of formation as the initial directors of such corporation for the respective terms specified therein.

SECTION 4. Authority. The City Council authorizes such corporation to act on behalf of the City to further the public purpose set forth in the certificate of formation of such corporation, but such corporation shall have no authority to act as agent for the City or to bind or obligate the City in any manner.

SECTION 5. Further Action. The Mayor, the KPUB trustees, and other officers and employees of the City are authorized to take all actions necessary or advisable to effect creation and organization of such corporation.

SECTION 6. Repealer. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provisions of this resolution shall be and remain controlling as to the matters resolved herein.

SECTION 7. Separability. If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remaining provisions and applications of this resolution shall nevertheless be valid, and the City Council of the City hereby declares that this resolution would have been enacted without such invalid provision.

SECTION 8. Open Meeting. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

SECTION 9. Effective Date. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND ADOPTED this [__]th day of [____], A.D., 2024.

CITY OF KERRVILLE, TEXAS

By:
Joe Herring, Jr., Mayor

APPROVED AS TO FORM:

.....
Michael C. Hayes, City Attorney

ATTEST:

.....
Shelly McElhannon, City Secretary

(CITY SEAL)

EXHIBIT A

Certificate of Formation

CERTIFICATE OF FORMATION

of

KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION

We, the undersigned natural persons, each of whom has power to contract for himself or herself, acting as incorporators and organizers of a public facility corporation under the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “*Act*”), with the approval of the City Council of the City of Kerrville, Texas (the “*Sponsor*”), do hereby adopt the following certificate of formation for such corporation:

ARTICLE ONE NAME

The name of the corporation is the “Kerrville Public Utility Board Public Facility Corporation.”

ARTICLE TWO CHARACTER

The corporation is a nonprofit public corporation.

ARTICLE THREE DURATION

The period of duration of the corporation is perpetual.

ARTICLE FOUR PURPOSE AND LIMITATIONS

(a) The corporation is organized to assist the Sponsor in financing, refinancing, and providing public facilities, as defined in the Act, including power supply projects to support the Kerrville Public Utility Board. For so long as any indebtedness of the corporation issued to acquire any such public facilities is outstanding, (1) the corporation shall provide such assistance solely by acquiring, constructing, rehabilitating, renovating, repairing, equipping, furnishing, placing into service, financing, refinancing, or providing, owning and operating public facilities, as defined in the Act, including electric power supply facilities to be devoted to public use by the Sponsor’s electric, light and power system (the “*System*”), as managed by the Kerrville Public Utility Board (“*KPUB*”), (2) the corporation shall not incur, assume, or guarantee any obligations except indebtedness permitted by the indenture or other contracts executed in connection with such indebtedness, and (3) the corporation shall not consolidate or merge with or into any other entity or convey or transfer all or substantially all of its assets or properties unless the entity formed by or surviving such consolidation or merger or to which such assets or properties are conveyed or transferred (i) is organized pursuant to a charter, articles of incorporation, certificate of formation, trust instrument, bylaws, or other governing instrument that contains provisions substantially the

same as this sentence and (ii) has expressly assumed all of the obligations of the corporation secured by any such indenture or contract. The corporation is a public corporation, a constituted authority, and a public instrumentality within the meaning of the Act, the United States Treasury Department, the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Sections 103 and 141 of the Internal Revenue Code of 1986, as amended. The corporation is authorized to act on behalf of KPUB for the benefit of the System.

(b) The corporation is authorized to issue “bonds,” as defined and permitted by the Act, provided, however, no such bonds, notes, interim certificates, or other evidence of indebtedness may be issued by the corporation unless such obligations are first approved by a resolution of the Sponsor and KPUB. Notwithstanding the foregoing, the corporation may enter into any contracts and agreements, and incur such other obligations, as permitted under the Act, without first receiving Sponsor and KPUB approval.

(c) In the fulfillment of its corporate purpose, the corporation shall have and may exercise the powers described in paragraph (a) of this Article, together with all of the other powers granted to the corporations that are incorporated under the Act and to the extent not in conflict with the Act. The corporation shall additionally have and may exercise all of the rights, powers, privileges, authorities, and functions given by the general laws of the State of Texas to nonprofit corporations under the Texas Nonprofit Corporation Law, Chapter 22 of the Texas Business Organizations Code, as amended, or any other applicable laws of the State.

(d) The corporation shall have the purposes and powers permitted by the Act, but the corporation does not have, and shall not exercise the powers of sovereignty of the City, including the power to tax, eminent domain, and police power. However, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practice and Remedies Code, as amended) the Corporation is a governmental unit and its actions are governmental functions.

(e) No bonds or other obligations, contracts, or agreements of the corporation are or shall ever be deemed to be or constitute the contracts, agreements, bonds, other debt instruments, or other obligations or the lending of credit, or a grant of the public money or things of value, of, belonging to, or by the States of Texas, the City, KPUB, or any other political corporation, subdivision or agency of the States of Texas, or a pledge of the faith and credit of any of them. Any and all of such contracts, agreements, bonds, other debt instruments, and other obligations, contracts, and agreements shall be payable solely and exclusively from the revenues and funds received by the corporation from the sources authorized by the Act and from such other sources as may be otherwise lawfully available and belonging to the corporation from time to time.

(f) The Sponsor, in its sole discretion, may alter the corporation’s structure, name, organization, programs, or activities, consistent with the Act and subject to limitations provided by law relating to the impairment of contracts entered into by the corporation.

ARTICLE FIVE MEMBERS

The corporation shall have no members and is a non-stock corporation.

**ARTICLE SIX
REGISTERED OFFICE AND AGENT**

The street address of the initial registered office of the corporation is 2250 Memorial Boulevard, Kerrville, Texas 78028. The name of the initial registered agent of the corporation at that address is Kerrville Public Utility Board.

**ARTICLE SEVEN
DIRECTORS**

The number of directors on the initial board of directors of the corporation shall be seven. The board shall consist entirely of the members of the KPUB Board of Trustees, the City Manager of the City of Kerrville, Texas, and the Chief Executive Officer of KPUB. The names and addresses of the initial board of directors are set forth below, and they shall serve for terms ending, as follows:

<u>Name</u>	<u>Address</u>	<u>Expiration of Term</u>
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**ARTICLE EIGHT
INCORPORATORS/ORGANIZERS**

The name and street address of each incorporator and organizer of the corporation is:

<u>Name</u>	<u>Address</u>
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**ARTICLE NINE
SPONSOR**

The name of the corporation's sponsor, as defined in the Act, is the City of Kerrville, Texas. Its address is 701 Main Street, Kerrville, Texas 78028.

**ARTICLE TEN
SPONSOR APPROVAL**

The Sponsor has specifically authorized the corporation to act on its behalf to further the public purpose set forth in this certificate of formation and has approved this certificate of formation.

**ARTICLE ELEVEN
NOT FOR PROFIT**

No part of the corporation's net earnings shall inure to the benefit of, or be distributable to, any director, officer, or other private person, but the corporation may pay reasonable compensation for services rendered or property provided. No part of the corporation's net earnings remaining after payment of its bonds and expenses in accomplishing its public purpose may benefit any person other than the Sponsor.

No substantial part of the corporation's activities shall be carrying on propaganda or otherwise attempting to influence legislation. The corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

**ARTICLE TWELVE
INDEMNIFICATION**

The corporation shall indemnify each director, officer, employee, agent, and former director, officer, employee, or agent of the corporation for expenses and costs, including attorney's fees, actually or necessarily incurred by the person in connection with a claim asserted against the person, by action in court or other forum, because of the person's being or having been a director, officer, employee, or other agent, except that the corporation may not provide indemnity in a matter if the director, officer, employee, or agent is guilty of negligence or misconduct in relation to the matter. The corporation shall also indemnify each director as required by law, including Section 8.051 and 8.052, Texas Business Organizations Code.

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IN WITNESS WHEREOF, we have hereunto set our hands this _____, 2024.

[Incorporator]

[Incorporator]

THE STATE OF TEXAS §
 §
COUNTY OF KERR §

Before me, the undersigned authority, on this day personally appeared [Incorporator] and [Incorporator], whose names are subscribed to the foregoing instrument and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Given under my hand and seal of office this the _____ day of _____, 2024

Name: _____
Notary Public in and for the State of Texas

[NOTARY]

EXHIBIT B

Bylaws

BYLAWS
of
KERRVILLE PUBLIC UTILITY BOARD PUBLIC FACILITY CORPORATION

ARTICLE 1
GENERAL

1.1. Name. The name of the corporation is Kerrville Public Utility Board Public Facility Corporation.

1.2. Sponsor. The corporation is created under the authority of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “*Act*”). The sponsor of the corporation, within the meaning of the Act, is the City of Kerrville, Texas (the “*Sponsor*”).

1.3. Purpose. The corporation is organized pursuant to the Act to assist the Sponsor in financing, refinancing, or providing, owning and operating public facilities, as defined in the Act, including electric power supply facilities to be devoted to public use by the Sponsor’s electric, light and power system, as managed by the Kerrville Public Utility Board (“*KPUB*”), and, from time to time, one or more other municipal corporations, political subdivisions, or state agencies with which the corporation or KPUB, acting on behalf of the corporation for the benefit of the Sponsor, may contract. For so long as any indebtedness of the corporation issued to acquire any such electric power supply facilities or interests is outstanding, the corporation shall provide such assistance solely by acquiring, owning, operating, maintaining, selling, transferring, and assigning electric power supply facilities and output therefrom and other interests therein, and similar property and engaging in activities that are incidental or convenient thereto. The corporation shall have and possess the broadest possible powers to enter into contracts and agreements to acquire, construct, rehabilitate, renovate, repair, equip, furnish, place into service, finance, refinance, own and operate electric power supply facilities, in accordance with existing law, including the Act. The corporation is a public corporation, a constituted authority, and a public instrumentality within the meaning of the Act, the United States Treasury Department, the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 and 141 of the Internal Revenue Code of 1986, as amended, and the Corporation is authorized to act on behalf of KPUB as provided in the Certificate of formation.

1.4. Nonprofit Corporation. No part of the corporation’s net earnings shall inure to the benefit of, or be distributable to, any director, officer, or other private person, but the corporation may pay reasonable compensation for services rendered or property provided. No part of the net earnings of the corporation remaining after payment of its bonds and expenses in accomplishing its public purpose may benefit any person other than the Sponsor.

No substantial part of the corporation’s activities shall be carrying on propaganda or otherwise attempting to influence legislation. The corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

1.5. Limitation on Action. For so long as any indebtedness of the corporation issued to acquire public facilities, as defined in the Act, is outstanding, (1) the corporation shall not incur, assume, or guarantee any obligations except indebtedness permitted by the indenture or other contracts executed in connection with such indebtedness, and (2) the corporation shall not consolidate or merge with or into any other entity or convey or transfer all or substantially all of its assets or properties unless the entity formed by or surviving such consolidation or merger or to which such assets or properties are conveyed or transferred (a) is organized pursuant to a charter, articles of incorporation, certificate of formation, trust instrument, bylaws, or other governing instrument that contains provisions substantially the same as this sentence and (b) has expressly assumed all of the obligations of the corporation secured by any such indenture or contract.

ARTICLE 2 BOARD OF DIRECTORS

2.1. Authority, Number, Term, Removal, and Vacancy.

(a) **Authority.** The corporation's affairs shall be governed by a board of directors.

(b) **Number.** The board of directors shall be comprised of seven directors.

(c) **Terms.** The seven directors of the board shall consist of the five members of the KPUB Board of Trustees, the City Manager of the City of Kerrville, Texas, and the Chief Executive Officer of KPUB; provided, however, the City Manager of the City of Kerrville, Texas and the Chief Executive Office of KPUB shall be non-voting members of the board of directors. The directors constituting the initial board shall be the directors named in the Certificate of Formation. Successor directors shall have the qualifications and shall be appointed to the terms set forth in the Certificate of Formation.

(d) **Removal.** Any director may be removed from office by the governing body of the Sponsor for cause or at any time without cause.

(e) **Vacancies.** Any seat on the board of directors shall be vacant when the incumbent of such seat has resigned, died, or been removed or the board of directors has determined that the incumbent has become so disabled that he or she will be incapable of participating in the governance of the corporation for a continuous period of six months or more.

2.2. Appointment. Each successor to a director whose term shall have expired or who shall have died, resigned, been removed, or become incapacitated, and each new director whose seat has been created by increase in the number of directors, shall be appointed by the governing body of the Sponsor. Any director whose term of office has expired may succeed himself or herself.

2.3. Meetings of Directors.

(a) **Place.** Meetings of the board of directors may be held at such place or places in the State of Texas as the board of directors may from time to time determine. In

the absence of any such determination, meetings of the board of directors shall be held at the City Hall of the Sponsor.

(b) **Regular Meetings.** Regular meetings of the board of directors shall be held annually or more frequently on such dates and at such times as the board of directors may determine. Regular meetings of the board of directors may be held without notice to directors. Subject to applicable law, any matter may be considered and acted upon at a regular meeting.

(c) **Special Meetings.** Special meetings of the board of directors shall be held whenever called by or at the request of the president of the corporation or any two directors. Except in the event of an emergency, at least three days notice of the date, time, and place of each special meeting of the board of directors shall be given to each director. At least two hours notice of each emergency meeting of the board of directors shall be given to each director. Unless otherwise indicated in the notice thereof and subject to applicable law, any matter may be considered and acted upon at a special meeting. At any meeting at which every director shall be present, any matter may be considered and acted upon consistent with applicable law.

(d) **Notices.** Whenever any notice is required to be given to a director, such notice shall be deemed to be given when deposited in a post office box in a sealed postpaid wrapper addressed to the director at his or her post office address as it appears on the books of the corporation or when successfully transmitted by facsimile to the facsimile number of the director as it appears on the books of the corporation or by email to the most recent email address provided to the secretary by the director. Notice may also be delivered in person or by delivery service or orally by telephone. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, *except* attendance of a director at a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the board of directors need be specified in the notice to directors or waiver of notice of such meeting, unless required by the board of directors. A waiver of notice in writing, signed by the person or persons entitled to the notice, whether before or after the time that would have been stated therein, shall be deemed equivalent to the giving of notice.

(e) **Open Meetings Act.** All meetings and deliberations of the board of directors shall be called, convened, held, and conducted, and notice thereof shall be given to the public, in accordance with Chapter 551, Texas Government Code, as amended.

2.4. Quorum. A majority of the number of directors fixed by these bylaws shall constitute a quorum to transact business at all meetings convened in accordance with these bylaws. The act of a majority of the directors present at a meeting at which a quorum is present shall constitute the act of the board of directors; provided, however, the City Manager of the City of Kerrville, Texas and the Chief Executive Office of KPUB shall not be entitled to vote on matters before the board of directors.

2.5. Conduct of Business.

(a) **Procedures.** At meetings of the board of directors, matters pertaining to the business of the corporation shall be considered in accordance with rules of procedure as from time to time prescribed by the board of directors.

(b) **Presiding Officer.** At all meetings of the board of directors, the president of the corporation shall preside. In the absence of the president, the vice president of the corporation shall preside. In the absence of both the president and vice president, a director selected by the board of directors shall preside.

(c) **Chair Votes.** The presiding officer or director shall be entitled to vote on all matters before the board of directors.

(d) **Minutes.** The secretary of the corporation shall act as secretary of all meetings of the board of directors. In the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting. The secretary of the meeting or his or her designee shall keep minutes of the meetings of the board of directors.

2.6. Committees of the Board of Directors.

(a) **Executive Committees.** By resolution adopted by a majority of the number of directors fixed by these bylaws, the board of directors may designate one or more committees consisting of two or more directors to exercise the authority of the board in the management of the corporation to the extent provided by the resolution.

(b) **Other Committees.** The president or the board of directors may appoint other committees without power to exercise the authority of the board of directors. Such committees need not be limited to directors.

(c) **Committee Meetings.** Each committee of the corporation shall keep minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the corporation. Any such meetings shall be called, convened, held, and conducted, and notice thereof shall be given to the public, in accordance with Chapter 551, Texas Government Code, as amended.

2.7. Compensation of Directors. Directors shall not receive any salary or compensation for their services as directors, but shall be reimbursed for actual expenses incurred by them in the performance of their duties as directors.

ARTICLE 3 OFFICERS

3.1. Offices Generally.

(a) **Offices.** The officers of the Corporation shall be a president, a vice president, a secretary, an executive director and such other officers as the board of directors may from time to time determine to be necessary. A person may simultaneously hold more

than one office, *except* that same person may not simultaneously hold the offices of president and secretary.

(b) **Term**. Each officer shall serve for a term of two years ending simultaneously with the term of one or more directors. At the expiration of their terms, officers may be reappointed or re-elected to the same or different offices.

(c) **Qualifications**. Only directors shall be eligible to serve as president or vice president. A member of the governing body or officer or employee of the Sponsor who serves as a director of the corporation may serve as an officer of the corporation.

(d) **Election**. All officers shall be elected by the board of directors.

(e) **Removal**. Officers may be removed from office at any time by the board of directors if it believes that the best interests of the corporation will be served by the removal.

3.2. President. The president shall be the chief executive officer of the corporation and, subject to the authority of the board of directors, shall have general charge of the properties and affairs of the corporation. The president shall see that all orders and resolutions of the board of directors are given effect. The president shall execute all legal documents and instruments in the name of the corporation when authorized to do so by the board of directors and shall perform such other duties as may be prescribed from time to time by the board of directors or these bylaws.

3.3. Vice President. The vice president shall have such powers and duties as may be prescribed from time to time by the board of directors and shall perform the duties of the president during the president's absence or disability. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence or disability of the president at the time such action is taken.

3.4. Secretary. The secretary shall give and serve all notices required by these bylaws, may attest to the signature and office of other officers signing any legal document or instrument, shall have charge of the corporate books, records, legal documents, and instruments of the corporation, and shall discharge such other duties as shall be prescribed from time to time by the board of directors or these bylaws. The board of directors or the president may appoint one or more assistant secretaries to perform the duties of the secretary during the absence or disability of the secretary.

3.5. Executive Director. The executive director of the corporation shall provide administrative support services to the corporation and shall perform such other duties as shall be prescribed from time to time by the board of directors.

3.6. Compensation. Officers who are directors shall not receive any salary or compensation for their services, but shall be reimbursed for reasonable and necessary actual expenses incurred by them in the performance of their official duties as officers.

**ARTICLE 4
MISCELLANEOUS**

4.1. Principal Office. The principal office and registered office of the corporation shall be the office of KPUB, 2250 Memorial Blvd, Kerrville, Texas 78028.

4.2. Fiscal Year. The fiscal year of the corporation shall be each 12-month period ending September 30.

4.3. Resignations. Any director or officer may resign at any time by written notice to the president or the secretary of the corporation. The resignation shall take effect at the time specified therein or, if no time is specified, at the time of its receipt by the president or secretary. Acceptance of the resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

4.4. Indemnification. The corporation shall indemnify each director, officer, employee, agent, and former director, officer, employee, or agent of the corporation to the fullest extent provided in the certificate of formation. The corporation shall also indemnify each member of the governing body, officer, and employee of the Sponsor as if such person was a director, officer, or employee of the corporation, respectively, to the fullest extent provided in the certificate of formation.

4.5. Dissolution. In the event of the dissolution of the corporation, its assets shall be applied and distributed as follows:

(a) Discharge of Liabilities. All liabilities and obligations of the corporation shall be paid, satisfied, and discharged, as set forth in the Texas Non-Profit Corporation Law, Chapters 20 and 22 (and the provisions of Title 1 applicable to non-profit corporations), Texas Business Organization Code, as amended.

(b) Residual Interests. Assets held by the corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with those requirements.

(c) Distribution to Sponsor. The remaining assets shall be distributed to the Sponsor.

**ARTICLE 5
AMENDMENTS**

5.1. Amendments. These bylaws may be amended by the board of directors with the approval of the governing body of the Sponsor.

Adopted: _____, 2024