



Item
no. 3

Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

Brushy Creek Regional Utility Authority, Inc.
File Number: 800848913

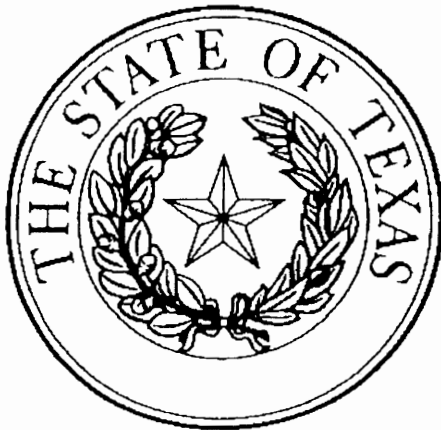
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Local Government Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 07/26/2007

Effective: 07/26/2007



A handwritten signature in cursive script that reads "Phil Wilson".

Phil Wilson
Secretary of State

FILED
In the Office of the
Secretary of State of Texas

JUL 26 2007

**ARTICLES OF INCORPORATION Corporations Section
OF
BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.**

We, the undersigned natural persons, each of whom is at least eighteen (18) years of age or more, and a resident and a qualified voter of one of the Cities of Round Rock, Cedar Park, or Leander, Texas (collectively, the "Cities"), and a citizen of the State of Texas, acting as incorporators of a corporation under the provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended (or the "Act"), hereby adopt the following Articles of Incorporation for such corporation.

ARTICLE I

The name of the corporation is Brushy Creek Regional Utility Authority, Inc. (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 is organized for the purpose of aiding, assisting, and acting on behalf of the Cities in the performance of their governmental functions to promote the common good and general welfare of the Cities, including, without limitation, the financing, construction, acquisition, ownership, maintenance, and operation of regional water transmission, treatment, and distribution and/or regional wastewater collection and treatment systems and/or water reuse systems (the "Facilities") on behalf of the Cities and to perform such other governmental purposes of the Cities, including, without limitation, the transmission, treatment, and distribution of water, and/or the collection and treatment of wastewater, and/or water reuse system, as may be determined from time to time by the City Councils of the Cities (the "City Councils").

The Corporation is formed pursuant to the provisions of the Act as it now or may hereafter be amended, which authorizes the Corporation to assist and act on behalf of the Cities to accomplish any governmental purpose of the Cities and to engage in activities in the furtherance of the purposes for its creation.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions now or hereafter given by the general laws of the State of Texas to non-profit corporations incorporated under the Act including, without limitation, the powers granted under the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, as amended.

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 promote the common good and general welfare of the Cities, including, without limitation, the financing, acquisition, construction, ownership, maintenance and operation of the Facilities.

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), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for purposes of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act, as amended from time to time.

ARTICLE V

The Corporation shall have no members and shall have no stock.

ARTICLE VI

The Board of Directors (the "Board") shall consist of three (3) Directors. Each City shall appoint one Director, who shall be either the Mayor or a Councilmember of the City. Except as otherwise provided in

these Articles of Incorporation or Bylaws, all powers of the Corporation shall be vested in the Board. The Directors' terms of office each shall be two years. When any Director ceases to hold his/her elected position, then the City Council of the subject City shall appoint a replacement Director as provided herein. The Board will consist initially of the three (3) persons identified in Exhibit A to these Articles of Incorporation, as appointed by the City Councils. With respect to the initial Board, the terms of the Directors shall commence on the date that the Texas Secretary of State issues a certificate of incorporation for the Corporation. Upon the expiration of the terms of office of the initial Directors, each City Council shall reappoint one (1) Director, who shall be either the Mayor or a Councilmember of the respective City.

Any Director may be removed at will by a majority vote of the City Council which appointed such Director.

All other matters pertaining to the internal affairs of the Corporation shall be governed by the Bylaws of the Corporation, so long as such Bylaws are not inconsistent with these Articles of Incorporation or the laws of the State of Texas. Adoption of the Bylaws shall require unanimous approval of the Directors and the consent and approval of the City Councils of all three Cities. The Bylaws shall contain a provision that once adopted, they may not be amended except with the unanimous approval of the Directors and the consent and approval of the City Councils of all three Cities. Until such time as the Bylaws are adopted and approved, Board action shall require unanimous approval of the Directors.

ARTICLE VII

The street address of the initial registered office of the Corporation is 221 E. Main Street, Round Rock, Texas 78664, and the name of its initial registered agent at such address is James R. Nuse.

ARTICLE VIII

The names and street addresses of the two (2) incorporators who are residents and qualified voters in the City of Cedar Park are:

NAME	ADDRESS
Robert S. Lemon	1401 Deer Ledge Trail Cedar Park, Texas 78613
Brenda Eivens	1500 Woodstone South Cedar Park, Texas 78613

The names and street addresses of the two (2) incorporators who are residents and qualified voters in the City of Leander are:

NAME	ADDRESS
John D. Cowman	1920 Holly Hill Drive Leander, Texas 78641
Anthony Johnson	403 Hernando's Loop Leander, Texas 78641

The names and street addresses of the two (2) incorporators who are residents and qualified voters in the City of Round Rock are:

NAME	ADDRESS
Alan McGraw	2708 Wolkin Cove Round Rock, Texas 78681
James R. Nuse	903 Summit Street Round Rock, Texas 78664

ARTICLE IX

A resolution approving the form of these Articles of Incorporation has been adopted by the City Councils as follows: on July 12, 2007 (Round Rock), July 12, 2007 (Cedar Park), and July 19, 2007 (Leander).

ARTICLE X

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 damages resulting from (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 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. In addition to the circumstances in which a Director shall not be liable as set forth in the preceding sentences, a Director shall not be liable to the fullest extent permitted by any amendment to the Texas statutes hereafter enacted that further limits the liability of a Director.

ARTICLE XI

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 direct any of its activities to attempt 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.

Notwithstanding the provisions of the Act entitling the Cities at all times to have the right to equally receive any income earned by the Corporation, exclusive of amounts needed to cover reasonable expenditures and reasonable reserves for future activities, such income shall either be retained by the Corporation, or distributed to the Cities in an equitable manner to be determined by the Board in accordance with the provisions of the Bylaws of the Corporation. Notwithstanding the foregoing sentence, in the event that all of the Facilities cease to operate, any such income shall be used or equitably distributed as determined by the Board as provided in the Bylaws of the Corporation. Any income of the Corporation received by the Cities shall be deposited into such account(s) or fund(s) as determined by the

Cities. No part of the Corporation's income shall inure to the benefit or any private interests.

Subject to the approval by the affirmative vote of all three City Councils, 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 applicable law then in existence. In the event of dissolution or liquidation of the Corporation, all cash or cash equivalent assets will be distributed among the Cities and/or deposited into such account(s) or fund(s) as each City shall direct.

If the Corporation is a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code of 1986 (the "Code"), the Corporation

- (i) Shall 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 Section 4942 of the Code;
- (ii) Shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code;
- (iii) Shall not retain any excess business holdings as defined in Section 4943(c) of the Code;
- (iv) Shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and
- (v) Shall not make any taxable expenditure as defined in Section 4945(d) of the Code.

ARTICLE XII

Upon approval of a resolution by each of the three City Councils, the City Councils may at any time, and in accordance with state law, direct 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 Texas law and the provisions of this Article XII.

ARTICLE XIII

These Articles may not be changed or amended unless approved by the City Councils of all three Cities.

IN WITNESS WHEREOF, we have hereunto set our hands this 19th of July 2007.

John D. Cowman
John D. Cowman, Incorporator

Anthony Johnson
Anthony Johnson, Incorporator

IN WITNESS WHEREOF, we have hereunto set our hands this 12th of July 2007.

Robert S. Lemon
Robert S. Lemon, Incorporator

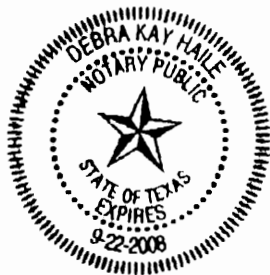
Brenda Eivens
Brenda Eivens, Incorporator

IN WITNESS WHEREOF, we have hereunto set our hands this 20th of July 2007.

Nile Maxwell
Nile Maxwell, Incorporator

Alan McGraw
James R. Nuse
James R. Nuse, Incorporator

SUBSCRIBED AND SWORN TO BEFORE ME by John D. Cowman, Incorporator
for the City of Leander, on the 19th day of July, 2007.



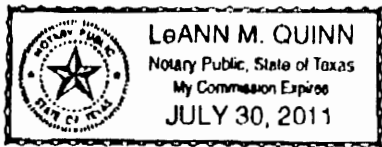
Debra Kay Hale
Notary Public, State of Texas

SUBSCRIBED AND SWORN TO BEFORE ME by Anthony Johnson, Incorporator
for the City of Leander, on the 19th day of July, 2007.



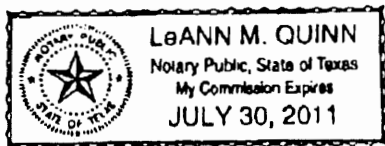
Debra Kay Hale
Notary Public, State of Texas

SUBSCRIBED AND SWORN TO BEFORE ME by Robert S. Lemon, Incorporator for the City of Cedar Park, on the 12th day of July, 2007.



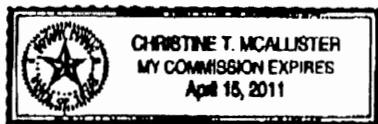
LeAnn M. Quinn
Notary Public, State of Texas

SUBSCRIBED AND SWORN TO BEFORE ME by Brenda Fivens, Incorporator for the City of Cedar Park, on the 12th day of July, 2007.



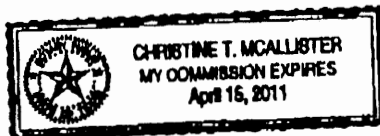
LeAnn M. Quinn
Notary Public, State of Texas

SUBSCRIBED AND SWORN TO BEFORE ME by Alan McGraw, Incorporator for the City of Round Rock, on the 20th day of July, 2007.



Christine T. McAllister
Notary Public, State of Texas

SUBSCRIBED AND SWORN TO BEFORE ME by James R. Nuse, Incorporator for the City of Round Rock, on the 20th day of July, 2007.



Christine T. McAllister
Notary Public, State of Texas

Exhibit A

The names and street addresses of the three (3) initial Directors are:

<u>Name</u>	<u>Address</u>
Scott Rhode	221 E. Main St. Round Rock, TX 78664
Cobby Caputo	600 North Bell Blvd. Cedar Park, TX 78613
John D. Cowman	1920 Holly Hill Drive Leander, TX 78641