

Resolution of the Hays County Commissioners Court and Petition to the Board of Directors of the Lower Colorado River Authority

WHEREAS, the Lower Colorado River Authority's ("**LCRA**") Board of Directors adopted a Resolution of the Board on November 17, 2010 (the "**Resolution**") expressing its intent to market the 32 LCRA-owned water and/or wastewater systems (collectively, the "**Systems**") for sale as a single block to the highest bidder; and,

WHEREAS, the LCRA neglected to directly notify the representatives of the various municipal governments, county governments, property owner associations and other governing authorities (collectively, the "**Stakeholders**") with whom it is contracted to own and/or operate the Systems of its intent to consider, discuss and debate the Resolution prior to the LCRA's November 17, 2010 Board meeting, thereby preventing the Stakeholders from observing or commenting on the Board's decision; and,

WHEREAS, the Resolution set a deadline for completing the negotiations currently underway with various Stakeholders of 60 days after the November 17, 2010 Board meeting; and,

WHEREAS, the undersigned believe that the 60-day deadline is unrealistic and unfair to those Stakeholders currently in negotiations with the LCRA; and,

WHEREAS, the undersigned believe that a block sale of the 32 systems as envisioned by the Resolution will likely result in significant increases to the costs currently borne by the ratepayers of the various Systems; and,

WHEREAS, in the November 17, 2010 Resolution, the LCRA Board of Directors declares that ownership and operation of the various Systems is not consistent with the LCRA's mission; and,

WHEREAS, the undersigned respectfully and strongly disagree with that declaration by observing that the LCRA's investment in the Systems is in fact consistent with the LCRA's mission to provide reliable, low-cost utility and public services in partnership with our customers and local communities and to use its leadership and environmental expertise to ensure the protection and constructive use of the natural resources of the Colorado River watershed; and,

WHEREAS, the undersigned believe that the LCRA's decision to market the Systems for sale constitutes the abdication of the LCRA's mission and the abandonment of the commitments (legal and otherwise) to the various communities served by the Systems – especially those smaller communities unable to secure the means to own and operate their System; and,

WHEREAS, the undersigned believe that a united effort is needed to remind the LCRA and its Board of Directors of the foregoing facts and to assist the LCRA with identifying a solution or solutions that are beneficial to the LCRA as well as to all of the Stakeholders; and,

WHEREAS, the undersigned believe that as a Texas conservation and reclamation district

created pursuant to special legislative act in furtherance of Article XVI, Section 59 of the Texas Constitution, the LCRA is accountable to and required to protect the welfare and well-being of the Stakeholders and the ratepayers of the various Systems,

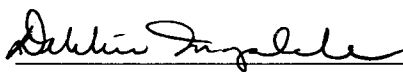
NOW, THEREFORE, we, the undersigned, do hereby declare our intent to form a Coalition of Interested Parties to advocate on both a collective and individual basis on behalf of the citizens and ratepayers served by the Systems.

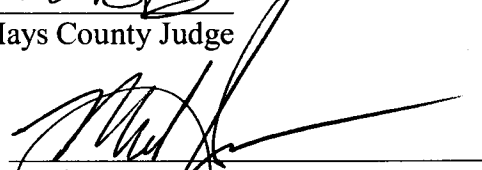
We further call upon the Board of Directors of the Lower Colorado River Authority to:

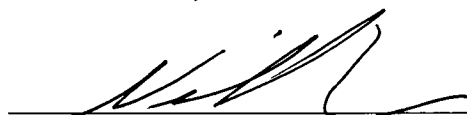
1. Postpone the LCRA's plans to market the Systems for sale; and,
2. Grant the appropriate Stakeholder(s) for each System the opportunity to negotiate with the LCRA for the purchase of said System, with a deadline for completing those negotiations of no sooner than December 31, 2011; and,
3. Extend the current 60-day deadline for completing negotiations currently underway to no sooner than December 31, 2011; and,
4. Grant the Stakeholder(s) of each System a "Right of First Refusal" to purchase its System from the LCRA by matching any acceptable offer from a third party; and,
5. Appoint delegates from among the Stakeholders to positions of meaningful representation on the appropriate LCRA committees and/or advisory bodies.

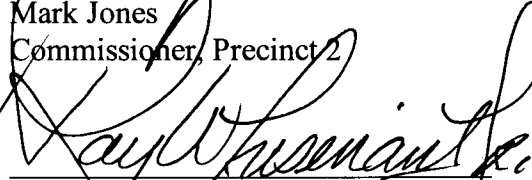
Respectfully signed and submitted to the LCRA Board of Directors on Tuesday, January 18, 2011 by the Hays County Commissioners Court:

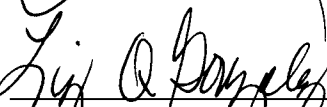

Dr. Bert Cobb, Hays County Judge


Debbie Ingalsbe
Commissioner, Precinct 1


Mark Jones
Commissioner, Precinct 2


Will Conley
Commissioner, Precinct 3


Ray Whisenant
Commissioner, Precinct 4

Attest: 
Liz Q. Gonzalez, Hays County Clerk

