

**Council of Medellin  
Municipal Agreement No. 12, 1998**

**Through which the by-laws of the industrial and commercial enterprise EMPRESAS  
PÚBLICAS DE MEDELLIN E.S.P. are adopted**

**The Council of Medellin, exercising its constitutional and legal powers, especially those  
conferred to it in article 313, item 6 of the Colombian Constitution and in article 71,  
paragraph 1 of Law 136, 1994,**

**Hereby Agrees**

The Autonomous Public establishment incorporated by Agreement No. 58 dated August 6, 1955 by the Administrative Council of Medellin, and later transformed through Agreement No. 69 dated December 10, 1997 issued by the Municipal Council of Medellin, into a State-owned Industrial and commercial enterprise of the municipal level, called EMPRESAS PÚBLICAS DE MEDELLIN E.S.P. — "EE. PP. M. E.S.P." — shall be ruled by the following by-laws:

**CHAPTER 1**

**Article 1. Legal Nature.** The state-owned industrial and commercial enterprise, EMPRESAS PÚBLICAS DE MEDELLIN E.S.P. is a municipal corporation with administrative, financial and equity autonomy. Its actions shall be subject to the regulations set forth by the laws and in these by-laws. Consequently, it is subject to the rights and obligations inherent to its legal nature, in accordance with the general rules applicable to these types of activities.

**Article 2. Domicile.** For legal, administrative and all other effects, the headquarters shall always be the Municipality of Medellin, Department of Antioquia, Republic of Colombia, and as determined by the Board of Directors, it may open branches outside of its domicile both in Colombia and abroad, to fully fulfill its corporate purpose.

**Article 3. Corporate Purpose.** The purpose of EMPRESAS PÚBLICAS DE MEDELLIN E.S.P. is to provide residential public utilities such as water, sewer, electricity and fuel gas distribution, basic switched public land line telephony, and local mobile telephony in rural areas, as well as other telecommunications services. It may also provide residential sanitation, and other complementary Activities pertaining to each of these public utilities, as well as waste treatment and management.

To fulfill its corporate purpose, Empresas Públicas De Medellin E.S.P., without diminishing the ownership of its assets, may enter into all manner of agreements, or form associations or consortia with other individuals or corporations, Colombian or foreign, providers or users, to meet universality, quality and efficiency criteria in providing residential public utilities to its users, always looking for the overall well being and improvement of the quality of life of the population, keeping in mind precise technical criteria, legal rigor, cost of the operation and the services provided as, well as solidarity and profit redistribution of earnings.

Paragraph: With the same purpose mentioned above, the company may enter into strategic alliances, shared risk ventures and any type of agreements of corporate cooperation that may enable meeting its objective; Participate in activities to enhance innovation, scientific research and technological development in the fields related to public utilities which are part of its purpose, and enter into agreements to offer or receive technical cooperation in accordance with the applicable rules on this matter; and in general, all of those activities found in its corporate purpose or deemed necessary to meet its objectives.

## **Chapter II Equity**

**Article 4. Equity.** The rights and obligations held by EMPRESAS PÚBLICAS DE MEDELLIN up to the date of commencement of Agreement No. 6g of 1997 shall remain part of the equity of the state-owned industrial and commercial enterprise EMPRESAS PÚBLICAS DE MEDELLIN E.S.P., since there is no interruption to the life of the corporation.

Without implying in the above paragraph a break-up of the administrative unit, EMPRESAS PÚBLICAS DE MEDELLIN E.S.P. shall maintain separate accounting of earnings, costs and expenses related to each of the residential public utilities it provides and shall guarantee the specific destination of the funds arising from the loans.

**Article 5. Basis to calculate the Financial Surpluses Transferred to the Municipality of Medellin.** To determine the amount or percentage of the financial surplus which shall be part of the capital resources of the municipal budget, the COMPES shall take the resources arising from earnings before adjustments for inflation minus taxes as the basis for the calculation.

## **Chapter III**

**Article 6. Directors, Administrators and Representatives.** Empresas Públicas de Medellin E.S.P. has the following bodies for its direction, administration and representation: Board of Directors and General Manager. Each of these bodies shall perform their respective duties, in accordance with the law and these by-laws.

**Article 7. Board of Directors.** The Board of Directors is comprised of:

- a)** The Mayor of Medellin, who will be the Chairperson, or the delegate appointed by the Mayor to replace him/her during temporary absences. This person shall be a an officer of the municipality;
- b)** Five (5) persons freely appointed by the Mayor of Medellin;
- c)** Three (3) persons chosen by the Mayor of Medellin, among the members registered by the Social Control and Development Committees of Residential Public Utilities.

**Paragraph:** The General Manager and Secretary General shall have a voice in the Board of Directors as well as any and other officials and individuals authorized by the Board of Directors.

**Article 8. Uninterrupted Duties.** If for any reason whatsoever the appointment of the Board members is not made in a timely fashion, or those appointed have not taken office, those who are currently holding these positions shall continue to do so until they are validly replaced.

**Article 9. Ineligibilities and Incompatibilities to become a Board Member:** The rule on ineligibilities and incompatibilities for Board members shall be defined by the Law.

**Article 10. Board Meetings.** General Board of Directors Meetings shall be held on the day, time and place it agrees, at least once a month; Special Board Meetings shall be held when necessary. Likewise, and exceptionally, virtual meetings and decision-making in writing, of the vote of each of the members, can be held under the terms and conditions set forth in articles 19 and 20 of Law 222 of 1995.

**Article 11. Special Board Meetings.** The Board of Directors may be called to special meetings by the Chairman or by request of the General Manager. In addition, both are obligated to call these meetings if requested by the majority of the Board members.

**Article 12. Summons of Public Servants.** The Board of Directors may summon to its meetings any employee of Empresas Públicas de Medellín E.S.P. to provide the reports it may request.

**Article 13. Quorum and Decisions.** Quorum for any Board meeting shall consist of the majority of its members. The same majority shall be required to validly decide on matters of its competence.

**Article 14. Vacancies in the Board of Directors.** The absolute absence of a member of the Board of Directors is defined as the death, resignation or removal of the member under the terms of the Colombian law.

In the event of an absolute absence, the replacement shall be made in the same manner in which the person was appointed by the Mayor.

**Article 15. Compensation for Members of the Board of Directors.** The Mayor of Medellín, by decree, shall set the compensation that the members of the Board of Directors shall receive. The Mayor and other government employees shall not be entitled to this compensation.

**Article 16. Minutes.** The decisions of the Board of Directors shall be registered in Minutes approved by the Board, which shall be signed by the Chairman and the Secretary. Copies shall valid when issued by the Secretary.

**Article 17. Duties of the Board of Directors.** The duties of the Board of Directors are:

- a) By initiative of the General Manager, to define the administrative structure of Empresas Públicas de Medellín E.S.P. and to create, merge and eliminate the departments and jobs it may deem necessary for its operation and to define their basic duties, in accordance with the law.
- b) To establish the general policies of Empresas Públicas de Medellín E.S.P. as well as the plans and programs to be developed.

- c)** To approve the business plans for the periods it defines. By doing so, all of the operations included in these plans and considered necessary for their fulfillment shall be deemed authorized, such as the assignment of resources, financing methods, sources of credit, issuance of bonds, securitization of assets, creation of collateral, among others.
- d)** To authorize the participation in partnerships, consortia, temporary joint ventures, or any other association allowed by the law to achieve its purpose.
- e)** To set overall policies regarding the allocation of personnel at the service of Empresas Públicas de Medellín E.S.P. and to approve, reject or amend the general regulations which will rule the job, compensation method, wage scales, and personnel management, prepared and presented for the Board's consideration by the General Manager in accordance with applicable rules.
- f)** To examine, approve or reject the financial statements at the end of the period, and the accounts to be rendered by the General Manager.
- g)** To issue the general hiring rules of Empresas Públicas de Medellín E.S.P. and point out the amounts which the General Manager may delegate to award and enter into agreements.
- h)** To set tariffs when appointed by a superior ruling.
- i)** To authorize the sale of real property of Empresas Públicas de Medellín E.S.P. or the limitation of their ownership, when the amount surpasses one thousand (1000) minimum monthly legal wages in effect.
- j)** To authorize the creation of real or personal guarantees, , to support the obligations of the companies in which any capital investments are held, but limited to the percentage of the share in its capital.
- k)** To authorize the legal representative to acquire any concession, privilege, patent, brand, trade name or other rights over these intangible assets and their sale, if possible.
- l)** To authorize submitting any differences that may arise between Empresas Públicas de Medellín E.S.P. and third parties, of amounts above five (500) minimum monthly legal wages in effect, to arbitrators or referees, except when this mechanism has been agreed by contract.

- m)** To approve the settlement of any differences between Empresas Públicas de Medellín E.S.P. and third parties, of amounts above five (500) minimum monthly legal wages in effect.
- n)** To authorize the General Manager and first-level officials of the administrative structure of Empresas Públicas de Medellín E.S.P. to delegate upon public servants of the other levels several of their own specifically defined powers.
- o)** To establish the general rules regarding the creation of special funds and to authorize the creation of these funds, in accordance with the budgetary rules.
- p)** To set up the reserves pointed out in the law.
- q)** To approve or reject the appointment and removal of first-level officials of the structure made by the General Manager.

Article 18. Legal Representation. The administration of Empresas Públicas de Medellín E.S.P. as well as its legal representation and business management shall be led by the General Manager, who is entitled to enter into or execute, without other limitations than those set forth in these by-laws, all of the acts involved in the purpose or which relate directly to its existence or operation.

Other employees may represent EMPRESAS PÚBLICAS DE MEDELLIN E.S.P. — delegated by the General Manager — regarding those matters expressly pointed out by this manager in the administrative act in which it is established.

Article 19. Appointment. The General Manager shall be appointed and removed by the Mayor of Medellín in accordance with the legal provisions.

Paragraph: During the temporary absences of the General Manager, he/she shall be replaced by the person appointed by the Mayor of Medellín.

Article 20. Duties of the General Manager. The duties of the General Manager are:

- a)** To legally represent Empresas Públicas de Medellín E.S.P. in all types of matters.
- b)** To issue and execute the acts and enter into the agreements which are within his/her purview.

- c)** To responsibly delegate to officials, with the prior authorization of the Board of Directors, one or several of the General Manager's duties.
- d)** To authorize the submittal of any differences between Empresas Públicas de Medellín E.S.P. and third parties, which amount to no more than five hundred (500) minimum monthly legal wages, to the ruling of arbitrators or referees. Except when this mechanism has been agreed by contract.
- e)** To approve the settlement of any differences between Empresas Públicas de Medellín E.S.P. and third parties, which amount to no more than five hundred (500) minimum monthly legal wages.
- f) To appoint attorneys to represent Empresas Públicas de Medellín E.S.P. in administrative, judicial and extrajudicial matters.
- g)** To submit an Annual Activity Report to the Board of Directors.
- h)** To submit to the Board of Directors the financial statements at the end of the period for their approval.
- i)** To define, according to the general policies adopted by the Board of Directors, the compensations and wage allocations for the different jobs.
- j)** To submit to the Board of Directors for their approval or disapproval the appointments or removal of the company's top officers.
- k)** To manage the labor relations of Empresas Públicas de Medellín E.S.P.
- i) To set the tariffs and prices of the services provided by Empresas Públicas de Medellín E.S.P. which are not assigned by a superior rule to another body or authority.
- m) In addition to those duties pointed out by the law and these by-laws, the General Manager shall exercise all of those powers related to the organization and operation of Empresas Públicas de Medellín E.S.P. which are not expressly assigned to another body.

Chapter IV  
Secretary General

Article 21. Secretary General. Empresas Públicas de Medellín E.S.P. shall have one Secretary General who will act as such as well for the Board of Directors and who shall be in charge of preparing the minutes and signing them along with the Chairman; likewise, the Secretary General shall give faith of these minutes and the acts of the General Manager issuing under his signature the corresponding authenticated copies of these minutes. The Secretary General shall perform the duties which shall be assigned to him/her.

Chapter V  
About the Employees

Article 22. Classification. The persons who render their services to Empresas Públicas de Medellín E.S.P. are government employees; however, the Board of Directors shall define which managerial or trust-based activities should be performed by persons classified as government employees.

CHAPTER VI

Article 23. Fiscal Control. Fiscal control shall be exercised by the Comptroller General of Medellín, under the terms set forth in the Constitution and the Law.

Article 24. Internal Control. Internal control shall be governed by articles 209 and 269 of the Political Constitution and by the provisions of Laws 87 of 1993 and 142 of 1994, as well as any other rules which regulate, notify or augment them.

Article 25. External or Independent Audit. Separate from the internal and fiscal controls, Empresas Públicas de Medellín E.S.P. is bound under the terms of Law 142 of 1994 to hire an external audit of management and results with private persons specialized in this matter.

Paragraph: Empresas Públicas de Medellín E.S.P. may be exempt from this obligation if the Superintendence of Residential Public Utilities deems that the internal and fiscal controls to which it is subject meet the requirements of efficient control.

## Chapter VII

Article 26. Administration during the liquidation Period. Should Empresas Públicas de Medellín E.S.P. incur in any cause for liquidation, the administrators shall take the necessary measures to avoid interruption of the services provided by this company and shall immediately notify the competent authorities in charge of guaranteeing the continuity of the services, as ordered by the law.

Article 27. Liquidator. The General Manager shall perform the duties of the liquidator.

Article 28. Disposal of Assets. When the company is liquidated, the Municipality of Medellín shall take charge of all of the public utilities the company manages. In general, its equity shall be incorporated into the Municipality's.

## Chapter VIII Reform of By-laws

Article 29. Competence. These by-laws may only be modified be made through an agreement issued by the Council of Medellín by initiative of the Mayor of Medellín.

SECOND: Effective Term and Repeals. This Agreement is as of its publication in the Official Publication of the Municipality of Medellín and supersedes or revokes all contrary provisions, especially Decree 100 of January 1994.

Given in Medellín, on the 28<sup>th</sup> day of May of 1998.

Luis Carlos Días Mora, Chairman

Carlos Mario Escobar Alvarez, Secretary General

Postscript: The above Agreement was debated on two (2) different dates and was approved on both dates.

Carlos Mario Escobar Alvarez, Secretary General

MUNICIPAL AGREEMENT No i2 OF 2006

By which additions are made to the By-laws of Empresas Públicas de Medellin E.S.P.

The Council of Medellin

Exercising its constitutional and legal powers, especially those conferred to it by article 313 of the Colombian Constitution, article 71 of Law 136 of 1994, and article 45 of Law 964 of 2005

Hereby Agrees

**Article One.** The by-laws of Empresas Públicas de Medellin E.S.P. adopted through Agreement 12 of 1998, shall be modified with the addition of an article identified as 17bis, which reads:

*Article 17bis. Audit Committee. To meet the objectives set forth in article 45 of Law 964 of 2005, an "Audit Committee" shall be created under the terms and with the scope indicated in this article, which will consist of at least three (3) members of the Board of Directors including all of the independent members. The Chairman of this Committee should be an independent member. The decisions made by the Committee shall be adopted by simple majority.*

*The members of the Committee shall have the necessary experience to fully meet the duties established for the Committee.*

*The operation, purpose, meetings and decisions -, shall strictly abide by what is set forth in the abovementioned law and the rules that regulate it.*

*The appointment of the members of the Audit Committee shall be made by the company's Board of Directors, which will regulate the duties of this committee.*

**Article 2.** This Agreement shall be effective as of the date of its publication. Given in Medellin on the 7<sup>th</sup> day of July, 2008, Minute No. 475.

**Fabio Humberto Rivera Rivera** Chairman

**Santiago Gomez Barrera** Secretary

Post Scriptum: This Agreement was debated on two (2) different days and was approved on both dates.

Santiago Gómez Barrera Secretary