



# Crystal Clear Special Utility District

## Water Availability Report

MAY 2024

APPROVED

6/27/2024

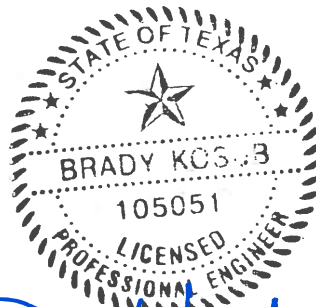
Prepared By:



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COMAL COUNTY



*Brady Kos-B*  
May 8, 2024

**Main Office:**

P. O. Box 970  
6477 FM 311  
Spring Branch, Texas 78070  
Phone: (830) 228-5446  
Fax: (830) 885-2170  
Web: [www.msengr.com](http://www.msengr.com)

**Branch Office:**

376 Landa Street  
New Braunfels, Texas 78130



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## **A. Introduction**

Crystal Clear Special Utility District (the “District”) is a Public Water System (PWS) in South Central Texas that currently provides water service to approximately 18,450 residents and 6,150 residential connections. The District is bounded by the Certificate of Convenience and Necessity (CCN) Number 10297. The current CCN area is approximately 204.58 square miles (130,391 acres) within portions of Comal, Guadalupe, and Hays Counties. The service area extends across Interstate Highway 35 to the northwest and is bordered by Interstate Highway 10 to the south, State Highway 46 to the southwest, and the San Marcos River to the northeast. Approximately three-quarters of the service area is located in Guadalupe County. The other quarter of the service area is in southeastern Comal County and southwestern Hays County. The District primarily serves single-family residential units including the communities of Hunter, Kingsbury, Redwood, and Zorn as well as portions of the extra territorial jurisdictions of the Cities of New Braunfels, San Marcos, and Seguin. A map of the District’s Certificate of Convenience and Necessity (CCN) has been included as Appendix A.

## **B. Population and Land Use Analysis**

Land use, historically heavily agricultural, is increasingly developing into rural and urbanized residential uses. In 2023, the District’s engineer developed a land use map to illustrate those rural areas that are anticipated to develop into residential and commercial properties. The land use map was prepared based on known developments, executed water service agreements and recent growth in the surrounding city limits. A copy of the 2023 Land Use Map is provided in Appendix B.

The District currently has 6,150 residential connections. The majority (60%) of the connections (3,693) are in Guadalupe County. There are 615 connections in Hays County and 1,842 in Comal County. Figure 2 shows the distribution of service connections by county.

**Figure 2: 2024 Service Connections by County**

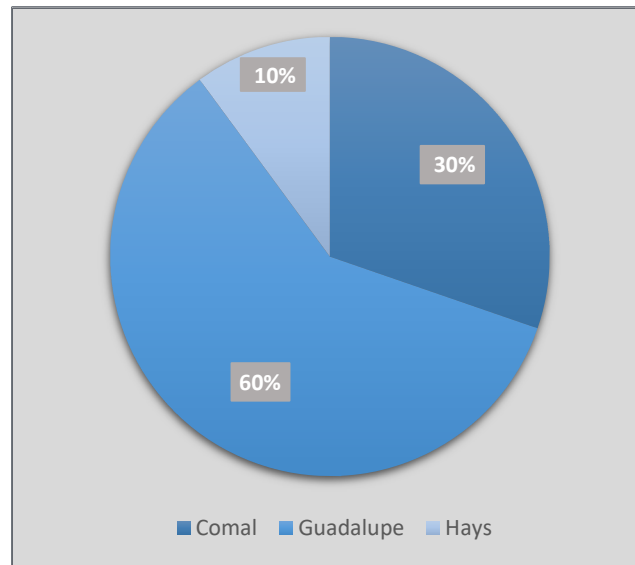


Table 1 below shows the relationship between the water demand and the population. The District's calculated per-connection use is 300 gallons per connection per day (gpcd).

**Table 1: Water Demand and Population for 2019-2023**

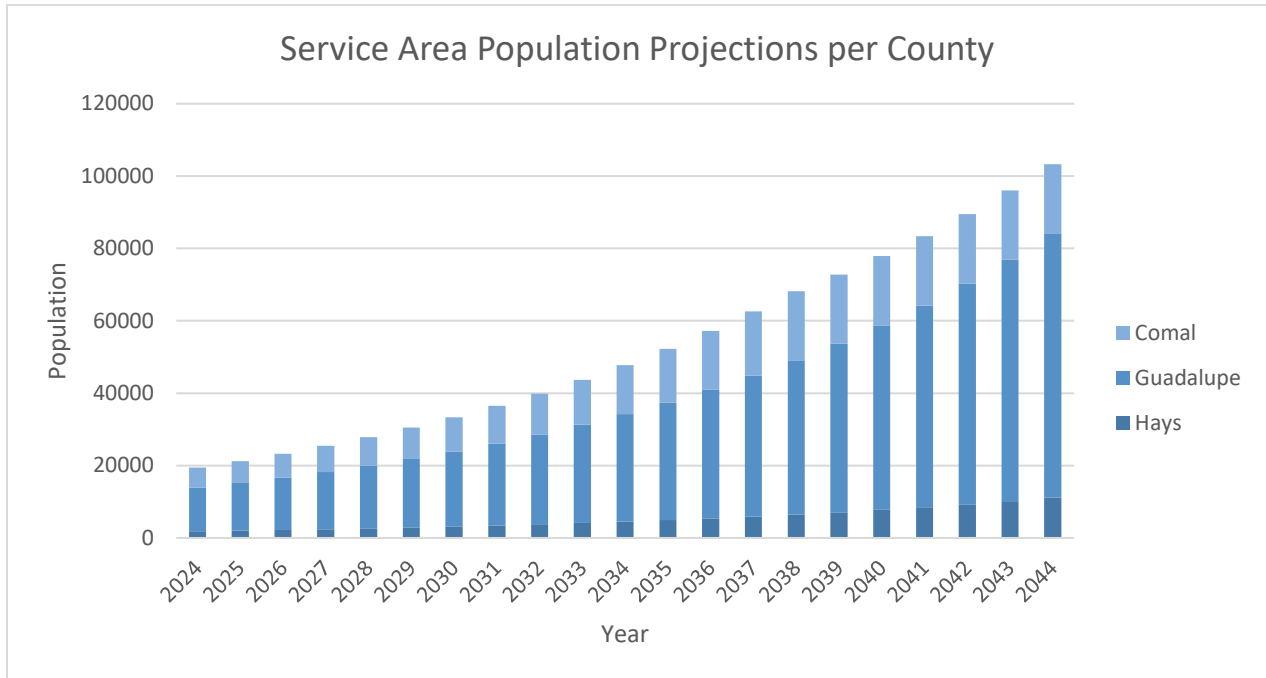
| Year                          | Water Demand (AF/Year) | Water Demand (Gallons/Year) | Population (Residential Connections x 3) | Population Growth (%) |
|-------------------------------|------------------------|-----------------------------|--|-----------------------|
| <b>*2019</b>                  | 1,452                  | 473,040,000                 | 12,960                                   | --                    |
| <b>2020</b>                   | 1,543                  | 502,933,500                 | 13,779                                   | 6%                    |
| <b>2021</b>                   | 1,677                  | 546,405,000                 | 14,970                                   | 9%                    |
| <b>2022</b>                   | 1,882                  | 613,309,500                 | 16,803                                   | 12%                   |
| <b>2023</b>                   | 2,059                  | 671,067,483                 | 18,385                                   | 9%                    |
| <b>Average Annual Growth:</b> |                        |                             |  | 9%                    |

*\* The population average annual growth rate did not account for growth between 2018 and 2019 because there were swapping of CCN boundaries with the City of San Marcos. Entire subdivisions were either excluded or annexed between the District and the City of San Marcos. Therefore, the population counts in these years do not accurately reflect annual growth within the system.*

The District's engineer used a 9% population growth rate based on the average growth rate between 2019 to 2023 and the District's 2022 Land Use Map to develop the 20-year water demand population projections within the District's service area. Based on these projections, the population is projected to increase to 49,500 by 2034 and to 104,300 by 2044 with the corresponding water demand of 5,542 and 11,689 acre-feet per year (AF/year), respectively.

Figure 1 below shows the combined population projections for the three counties within the District's service area.

**Figure 1: Population Projections**



At the end of 2023, the combined population for the three counties within the District's service area was 18,385. Based on the District's engineer's projections, the combined population is estimated to grow by 419% by 2044. Table 2 shows the population projections for the next 20 years. These projections were based on an annual growth rate of 9%.

**Table 2: Population Projections for the District's Service Area**

| County    | 2024   | 2029   | 2034   | 2039   | 2044    |
|-----------|--------|--------|--------|--------|---------|
| Comal     | 6,035  | 9,465  | 14,844 | 19,162 | 19,162  |
| Guadalupe | 12,070 | 18,930 | 29,688 | 46,560 | 73,020  |
| Hays      | 2,012  | 3,155  | 4,948  | 7,760  | 12,170  |
| Total     | 20,117 | 31,549 | 49,479 | 73,481 | 104,352 |

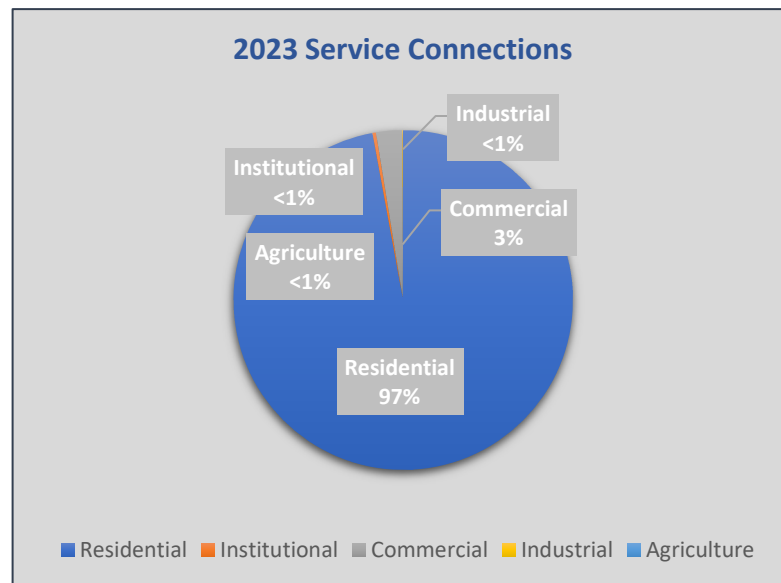
Based on the District engineer's projections and using 300 gpcd, Table 3 was developed to show the 20-year water demand and population projections.

**Table 3: 20-Year Water Demand and Population Projections**

| Year | Water Demand<br>(AF/Year) | Water Demand<br>(Gallons/Year) | Projected<br>Population |
|------|---------------------------|--------------------------------|-------------------------|
| 2024 | 2,253                     | 734,264,782                    | 20,117                  |
| 2029 | 3,534                     | 1,151,556,406                  | 31,549                  |
| 2034 | 5,542                     | 1,805,999,943                  | 49,479                  |
| 2039 | 8,231                     | 2,682,073,202                  | 73,481                  |
| 2044 | 11,689                    | 3,808,843,155                  | 104,352                 |

Figure 3 shows that the largest customer sector is residential and the majority of the water supplied by the District is used by residential customers. Service is also provided to commercial and industrial users. Figure 3 shows the distribution of water-use sectors within the District's service area. While commercial use represents 3% of connections, it represents 8% of water use and while Industrial use represents less than 1% of connections, it represents 2% of water use. Commercial and Industrial connections have a higher per connection usage than residential connections.

**Figure 3: Distribution of Service Connections by Water-Use Sector**



### C. Description of Facilities

The facility and process information are described below. The District's Service Area Map illustrating the location of the distribution mains with line sizes identified; water source, pump stations, and elevated tank locations and a table describing the capacities for each is included in

Appendix C. The District has no plans to expand or modify the service area within the next 20 years.

### **Groundwater Entry Point**

#### **Edwards Aquifer Source to Nelson Booster Station**

- Havenwood (Zone 1) – The vertical turbine well pumps discharge into one 200,000-gallon ground storage tank at the Nelson Booster Station. Chlorine is added prior to the ground storage tank. The booster station includes two sets of two service pumps that pump directly into two different zones, Zone 1 and 3. The set of service pumps for Zone 1 pump at 600 gallons per minute (gpm) each discharge into a 250,000-gallon elevated storage tank (EST).
- Nelson (Zone 3) – The vertical turbine well pumps discharge into one 200,000-gallon ground storage tank (GST) at the Nelson Booster Station. Chlorine is added prior to the ground storage tank. The Zone 3 service pumps discharge at 200 gpm each and pressurize against a 10,000-gallon hydropneumatic tank to Zone 3.
- Kuentsler (Zone 2) – The distribution piping from Zone 3 pushes water to the Kuentsler Booster Station, Zone 2. The booster station consists of one 200,000-gallon GST, two service pumps at 350 gpm each, and a 2,500-gallon hydropneumatic tank.

### **Purchased Water Entry Points**

#### **CRWA Hays Caldwell to Old Bastrop Elevated Storage Tank (EST)**

- Hays-Caldwell (Zone 6) – The 500,000-gallon Old Bastrop EST is filled from a transmission line from the CRWA Hays-Caldwell Treatment Plant. The distribution lines from the Old Bastrop EST discharge into Zone 6.
- El Camino (Zone 4) – The Old Bastrop EST also distributes water into the ground storage tank at the El Camino Booster Station. The booster station consists of one 500,000-gallon GST, two service pumps at 350 gpm each, and two hydropneumatic tanks at 10,000 gallons each. The service pumps discharge into Zone 4. The El Camino Booster Station then pumps into the Zorn Standpipe which has a capacity of 325,000 gallons.

#### **CRWA Lake Dunlap to Windmill GST**

- Windmill (Zone 5) – The CRWA Lake Dunlap Treatment Plant pumps water into a 1,000,000-gallon GST at the Windmill Booster Station. The booster station includes one 10,000-gallon hydropneumatic tank and a set of service pumps that pump directly into Zone 5. The three booster pumps for Zone 5 are rated at 800 gpm each.
- Boeder (Zone 7) – The CRWA Lake Dunlap Treatment Plant pumps water into a 1,000,000-gallon GST at the Windmill Booster Station. The booster station includes a set of service pumps that pump directly into Zone 7. The three booster pumps for Zone 7 are rated at 546 gpm each. This set of pumps fills the 1,000,000-gallon Boeder EST.



The Boeder EST then distributes water into the Ilka Booster Station.

- Ilka (Zone 8) – The Ilka Booster Station consists of one 480,000-gallon GST, two service pumps rated at 690 gpm each, and one 10,000-gallon pressure tank. This booster station pressures Zone 8.

#### Springs Hill Water Supply Corporation (WSC) Interconnection to Ilka GST

- Ilka (Zone 8) – The Springs Hill WSC interconnection pumps into the Ilka Booster Station to the GST.

Table 4 shows the summary of the District’s facilities inventory and their capacities.

**Table 4: Existing System Capacity**

| Facility                | Total Capacity    |
|-------------------------|-------------------|
| Pressure Tanks          | 52,500 gallons    |
| Ground Storage          | 2,387,600 gallons |
| Elevated Storage        | 1,750,000 gallons |
| Booster Pump at 0.6 gpm | 2,838 gpm         |
| Booster Pump at 2.0 gpm | 5,230 gpm         |

## **D. Adequacy of Water Supply Sources**

### **Existing Water Supply Sources**

The District can currently utilize 4,403 AF/year of water supply from the following groundwater and purchased water sources:

- Edwards Aquifer
  - EAA Permit #P100-215
  - EAA Permit #P103-038
- Guadalupe Blanco River Authority (GBRA) - Surface water from Lake Dunlap
- Canyon Regional Water Authority (CRWA)
  - Wells Ranch Well Field (Phase I and II)
  - Surface water from the San Marcos River (Hays Caldwell Plant)

### **Groundwater Sources**

The District produces its own groundwater supply from the Edwards Aquifer out of the Nelson #1 and Nelson #2 wells. The District holds two permits that can pump up to 2,051.609 acre-feet annually. Appendix D includes a copy of the permits for the existing wells.

## **Purchased Water Sources**

The District provides purchased water to its customers from multiple sources. These include GBRA surface water, CRWA Wells Ranch groundwater and CRWA Hays Caldwell surface water. The GBRA (Lake Dunlap) Surface Water Agreement is for 800 AF of water annually from the Guadalupe River; however, only 500 AF is currently utilized due to limits in treatment capacity. A copy of the contract and three amendments are provided in Appendix E. The CRWA Wells Ranch (Phase 1 and 2) Water Supply Contracts provide a total of 792.39 acre-feet of groundwater annually. The Wells Ranch contracts and amendments phase1 are provided in Appendix F and phase 2 in Appendix G. With the CRWA Hays Caldwell Water Supply Contract, the District is entitled to 500 AF/year with a 30% peaking factor on any day (650 AF/year); and if available, up to 1,059 AF/year without penalty. Copies of these water supply contracts are included in Appendix H.

Table 5 below is a summary of the existing sources with their expiration dates. A more detailed Water Contract Summary Table is provided in Appendix I.

**Table 5: Contract Expiration Dates**

| Source                                  | Capacity (AF/Year)       | Contract Expiration | Notes   |
|---|--------------------------|---------------------|---|
| Edwards Aquifer Permit #P100-215        | 864.6                    | Not Applicable      |   |
| Edwards/Uvalde Permit #P103-038         | 1,187.009                | Not Applicable      |   |
| GBRA Surface Water (Lake Dunlap)        | 500                      | 11/12/2032          | Renewable                                     |
| CRWA Lake Dunlap (Wells Ranch Phase I)  | 300                      | 5/1/2047            | Renewable every 5 years after expiration date |
| CRWA Lake Dunlap (Wells Ranch Phase II) | 492.39                   | 10/19/2055          |   |
| CRWA Hays Caldwell                      | Up to 1,059 <sup>1</sup> | 2/9/2061            |   |
| <b>Total Capacity =</b>                 | <b>4,403</b>             |                     |   |

<sup>1</sup> The District is entitled to 500 AF/year and 30% peaking factor on any day (650 AF/year) and if available, up to 1,059 AF/year without penalty.

## **Existing System Capacity Analyses**

The TCEQ determines the compliance capacity of each public water system based on Title 30 Texas Administrative Code Subchapter D – Rules and Regulations for Public Water Systems. Table 5 below shows the specific sources of water supply, the number of acre-feet (as applicable), and its equivalent in GPM units. The number of connections served is estimated based on the TCEQ's minimum capacity requirement of 0.6 GPM per connection as stated in Title 30 Texas Administrative Code §290.45(b)(1)(D). The population served is estimated in accordance with Title 30 Texas Administrative Code §290.38(16) at three times the number of connections.

**Table 6: Existing Water Supply Source Capacities**

| Source  | Capacity (AF/Year) | Capacity (GPM) | Number of Connections | Population Served (Number of Connections x 3) |
|---|--------------------|----------------|-----------------------|---|
| <b>Groundwater Sources</b>                    |                    |                |                       |   |
| <b>Edwards Aquifer</b>                        |                    |                |                       |   |
| Edwards Aquifer Permit #P100-215              | 1187.009           | 2,400          | 4,000                 | 12,000  |
| Edwards/Uvalde Permit #P103-038               | 864.6              | 800            | 1,333                 | 4,000   |
| <b>Subtotal</b>                               | <b>2,051.609</b>   | <b>3,200</b>   | <b>5,333</b>          | <b>16,000</b>                                 |
| <b>Purchased Water Sources (Contracts)</b>    |                    |                |                       |   |
| CRWA Lake Dunlap (GBRA)                       | 500                | 2,000          | 3,333                 | 10,000  |
| CRWA Lake Dunlap (Wells Ranch Phase I and II) | 792.39             |                |                       |   |
| CRWA Hays Caldwell                            | 1,059              | 1,500          | 2,500                 | 7,500   |
| <b>Subtotal</b>                               | <b>2,351.39</b>    | <b>3,500</b>   | <b>5,833</b>          | <b>17,500</b>                                 |
| <b>Total</b>                                  | <b>4,403</b>       | <b>6,700</b>   | <b>11,166</b>         | <b>33,500</b>                                 |

The District currently provides water service to approximately 6,150 residential connections and 18,450 residents. Table 6 shows that based on the 0.60 GPM per connection, the District can provide a total capacity of 6,700 GPM of water to 11,166 connections or 33,500 residents.

**An analysis of the District’s existing system capacity with respect to TCEQ’s minimum capacity requirements demonstrates that the District is in compliance with those minimum capacity requirements. A copy of the latest TCEQ Public Water Sanitary Survey is included as Appendix J.**

**Based on the TCEQ Public Water Sanitary Survey, the District has no outstanding violations with respect to water quality and water production capability.**

#### **Future Water Supply Source Permits and Agreements**

Historically, the District has relied primarily on Edwards Aquifer groundwater to supply its customers with water service. Since 1990, the District has developed alternative sources to decrease its dependence on the Edwards Aquifer and diversify its water system sources. Today the District is participating in developing three (3) Trinity Aquifer wells, a Wilcox Aquifer well field, and purchasing treated ground water from Alliance Regional Water Authority (ARWA).

The Trinity Aquifer wells are already drilled with well completion and casing scheduled to take place in 2024-2025. A second phase of the project will bring this water online in 2028. The maximum production capacity after acidization was used to determine the future well water supply source capacity. Appendix K includes copies of the Trinity Wells settlement agreement and a 2015 letter with the maximum production capacities.

A test well has already been drilled in the Wilcox Aquifer and groundwater rights have been leased for 766 acre-feet of groundwater. This source is planned to be available by the end of 2026. Appendix L includes a copy of the current operation/production permit for a total of three Wilcox groundwater wells.

Groundwater from ARWA will be brought into the system in two phases. The first phase will bring 2,480 AF of water annually starting this year (2024) and 3,011 additional AF per year in 2035. The ARWA (formerly HCPUA) Region Water Supply Contracts (5 total) are provided in Appendix M.

The remaining 300 AF from the GBRA (Lake Dunlap) Surface Water is anticipated to be available in 2029 when the CRWA Lake Dunlap Treatment Plant is expanded.

The District also holds the rights to 500 AF of groundwater annually. This water is leased from the McDonald property owners in Caldwell County. Currently, one wells is completed and operational. The other two wells are scheduled to be completed and brought online in 2032. Appendix N includes a copy of the McDonald groundwater lease agreement and amendments.

Lastly, the District holds the rights to the Kutscher well which is registered to produce 714 AF of water annually. The well is completed but currently not connected to the system. Water from this source is expected to be available in 2033. Appendix O includes a copy of the DANK Property and Investment LLC Water Well Agreement and well registration form for the Kutscher well.

Table 7 shows the proposed water supply sources and the approximate timing of their addition to the system. A more detailed summary of both existing and future water source contracts is provided in Appendix I.

**Table 7: Future Water Supply Source Capacities**

| Source                             | Capacity<br>(AF/Year) | Approximate<br>Activation Year |
|------------------------------------|-----------------------|--------------------------------|
| ARWA Phase 1                       | 2,480                 | 2024                           |
| Wilcox Well Expansion              | 766                   | 2026                           |
| Trinity Aquifer (Wells 1, 2 and 3) | 1,988                 | 2028                           |
| CRWA Lake Dunlap GBRA Raw Water    | 300                   | 2029                           |
| McDonald Wells                     | 500                   | 2032                           |
| Kutscher Well                      | 714                   | 2033                           |
| ARWA Phase 2                       | 3,011                 | 2035                           |
| <b>Total</b>                       | <b>9,759</b>          |                                |

## E. Projected Water Supply Surplus

Based on the existing and projected water source supplies, Table 8 has been added to show the water supply surplus over the next 20 years in the District.

**Table 8: Projected Water Supply Surplus**

| Year | Projected Population | Total Supply Available (AF/Year) | Water Demand (AF/Year) | Water Supply Surplus (AF/Year) |
|------|----------------------|----------------------------------|------------------------|--------------------------------|
| 2024 | 20,117               | 6,883                            | 2,253                  | 4,630                          |
| 2029 | 31,549               | 9,937                            | 3,534                  | 6,403                          |
| 2034 | 49,479               | 11,151                           | 5,542                  | 4,895                          |
| 2039 | 73,481               | 14,162                           | 8,231                  | 5,931                          |
| 2044 | 104,352              | 14,162                           | 11,689                 | 2,473                          |

For the 2024 calculations, the water supplies in place include all the water contracts listed in Table 6. As additional sources come online, the total supply available will increase. New sources are anticipated to be available based on the timeline provided in Table 7. The water supply surplus was calculated based on the total supply available (AF) in that year minus the projected water demand for the that same year. Table 8 shows that

## F. Conclusion

**The land use plan (Appendix B), projected population and water demands with the existing and proposed water supply sources demonstrate that the District can supply the anticipated water use of the expected population over the next 20 years.**

In accordance with the Comal County Subdivision Rules and Regulation, the District hereby submits this 2024 Water Availability Report for its public water system to the Comal County Commissioners for review and approval.

## **APPENDIX A**

### **DISTRICT'S CCN BOUNDARY MAP**





## **APPENDIX B**

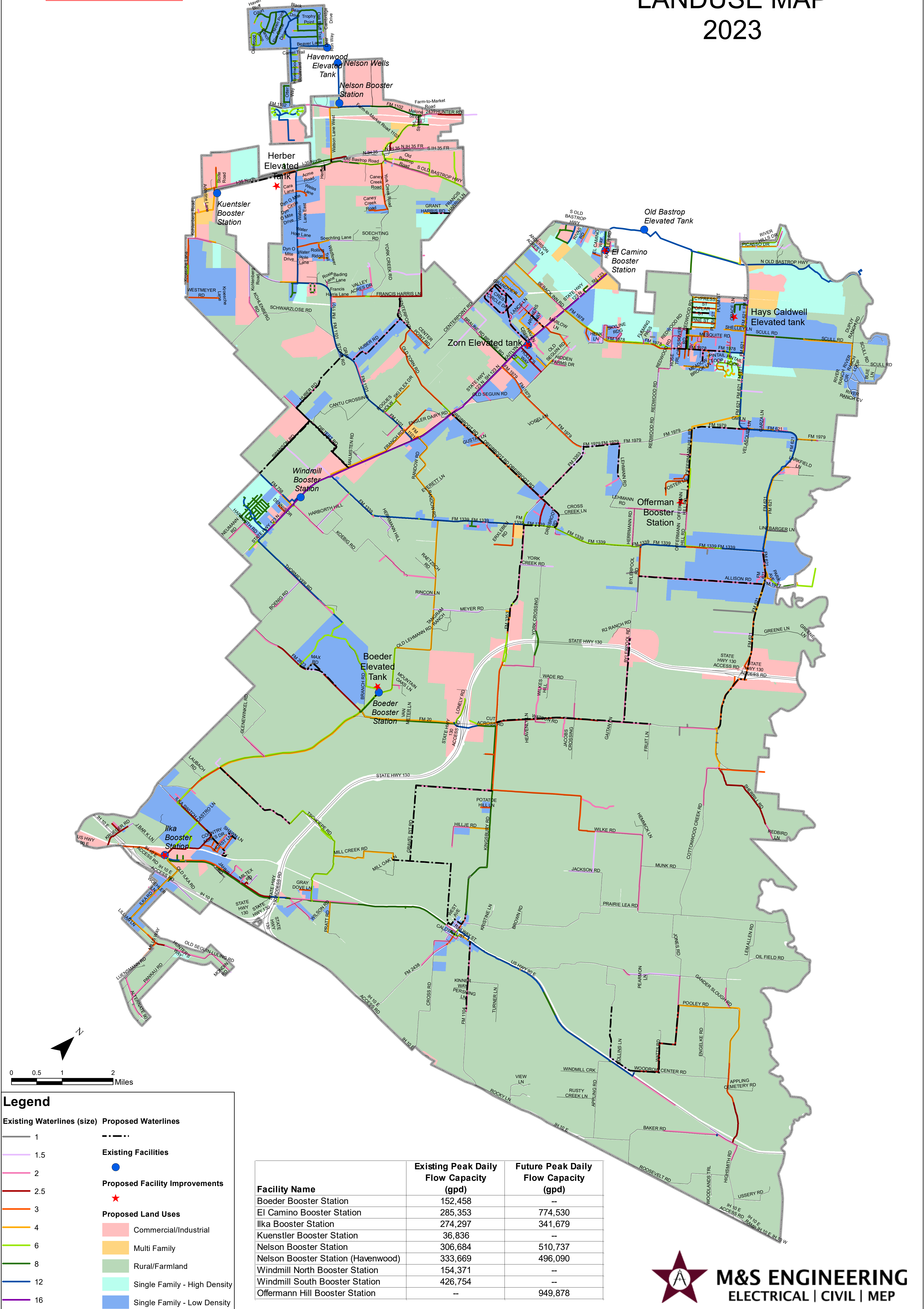
### **2023 LANDUSE MAP**



INFORMATION ON THIS MAP IS FOR PLANNING PURPOSES ONLY AND IS NOT INTENDED TO REPLACE OR SUPERSEDE ANY ZONING ESTABLISHED BY OTHERS. CRYSTAL CLEAR SUD DOES NOT POSSESS LAND USE REGULATION AUTHORITY.

# CRYSTAL CLEAR SUD LANDUSE MAP 2023

Trinity Well #1  
Trinity Well #2  
Trinity Well #3  
Kutscher Well



| Facility Name                      | Existing Peak Daily Flow Capacity (gpd) | Future Peak Daily Flow Capacity (gpd) |
|------------------------------------|---|---------------------------------------|
| Boeder Booster Station             | 152,458                                 | --                                    |
| El Camino Booster Station          | 285,353                                 | 774,530                               |
| Ilka Booster Station               | 274,297                                 | 341,679                               |
| Kuentzler Booster Station          | 36,836                                  | --                                    |
| Nelson Booster Station             | 306,684                                 | 510,737                               |
| Nelson Booster Station (Havenwood) | 333,669                                 | 496,090                               |
| Windmill North Booster Station     | 154,371                                 | --                                    |
| Windmill South Booster Station     | 426,754                                 | --                                    |
| Offermann Hill Booster Station     | --                                      | 949,878                               |



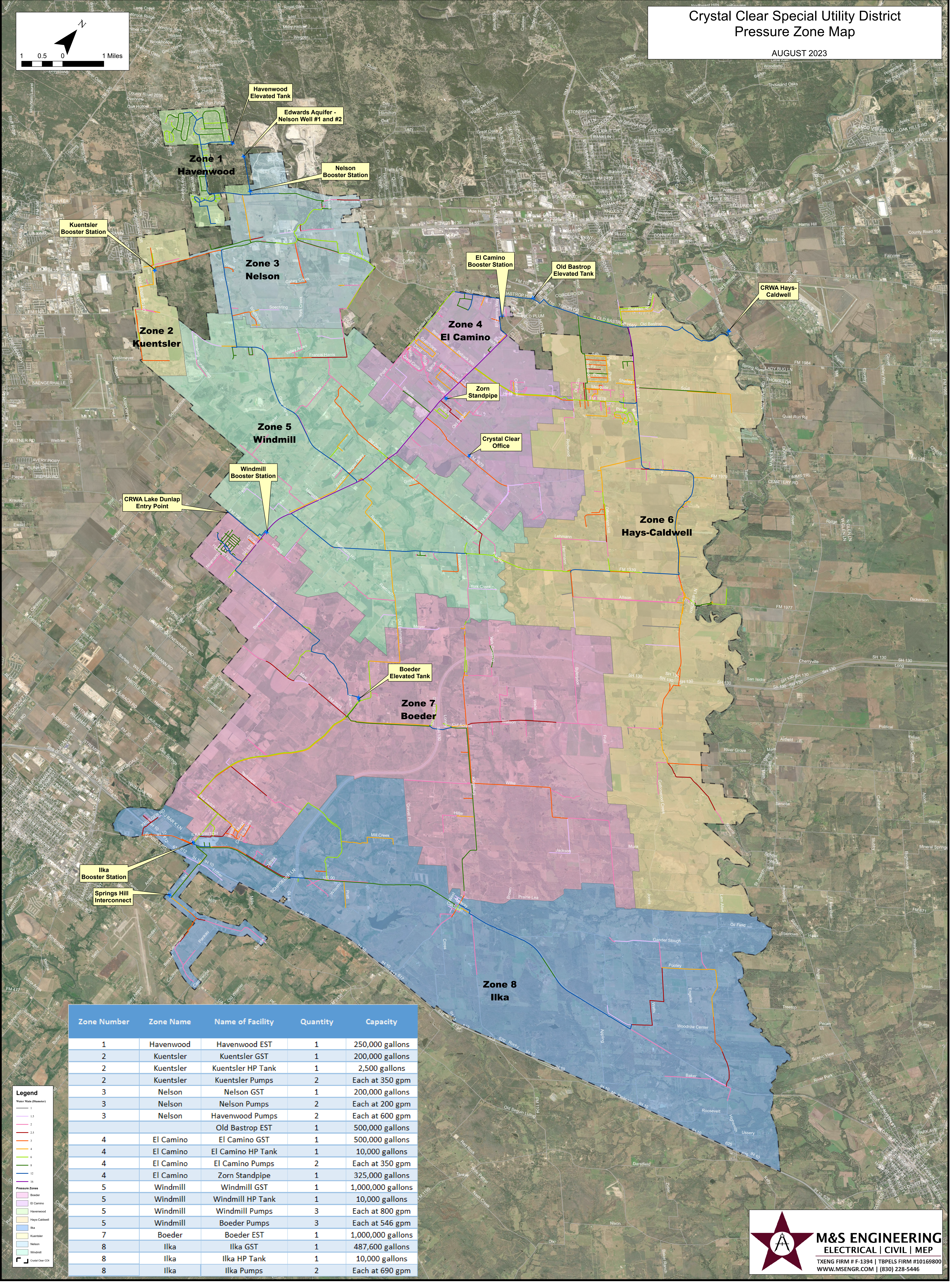
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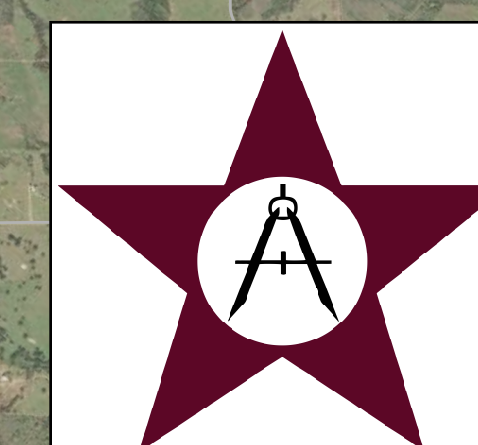
## **APPENDIX C**

### **DISTRICT'S SERVICE AREA MAP**





| Zone Number | Zone Name | Name of Facility  | Quantity | Capacity          |
|-------------|-----------|-------------------|----------|-------------------|
| 1           | Havenwood | Havenwood EST     | 1        | 250,000 gallons   |
| 2           | Kuentsler | Kuentsler GST     | 1        | 200,000 gallons   |
| 2           | Kuentsler | Kuentsler HP Tank | 1        | 2,500 gallons     |
| 2           | Kuentsler | Kuentsler Pumps   | 2        | Each at 350 gpm   |
| 3           | Nelson    | Nelson GST        | 1        | 200,000 gallons   |
| 3           | Nelson    | Nelson Pumps      | 2        | Each at 200 gpm   |
| 3           | Nelson    | Havenwood Pumps   | 2        | Each at 600 gpm   |
|             |           | Old Bastrop EST   | 1        | 500,000 gallons   |
| 4           | El Camino | El Camino GST     | 1        | 500,000 gallons   |
| 4           | El Camino | El Camino HP Tank | 1        | 10,000 gallons    |
| 4           | El Camino | El Camino Pumps   | 2        | Each at 350 gpm   |
| 4           | El Camino | Zorn Standpipe    | 1        | 325,000 gallons   |
| 5           | Windmill  | Windmill GST      | 1        | 1,000,000 gallons |
| 5           | Windmill  | Windmill HP Tank  | 1        | 10,000 gallons    |
| 5           | Windmill  | Windmill Pumps    | 3        | Each at 800 gpm   |
| 5           | Windmill  | Boeder Pumps      | 3        | Each at 546 gpm   |
| 7           | Boeder    | Boeder EST        | 1        | 1,000,000 gallons |
| 8           | Ilka      | Ilka GST          | 1        | 487,600 gallons   |
| 8           | Ilka      | Ilka HP Tank      | 1        | 10,000 gallons    |
| 8           | Ilka      | Ilka Pumps        | 2        | Each at 690 gpm   |



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## **APPENDIX D**

### **EXISTING GROUNDWATER SOURCES**

#### **EDWARDS AQUIFER PERMITS**

## **GROUNDWATER SOURCES**

### **EXISTING EDWARDS AQUIFER WELL PERMITS**

**PERMIT #P103-038 (UV00414)**

**864.60 ACRE-FEET/YEAR**

**EDWARDS AQUIFER AUTHORITY  
WATER RIGHTS FILING  
INSTRUCTIONS FOR COUNTY CLERKS**

Please file this sheet and the attached Edwards Aquifer Authority, State of Texas "Regular Permit" in the Official Public Records using "Edwards Water Rights" as the document type.

1. **DATE OF EXECUTION:** DEC 03 2019
2. **DOCUMENT TYPE:** Edwards Water Rights
3. **GRANTOR:** Edwards Aquifer Authority
4. **GRANTEE(S) (Permittee):** Crystal Clear Special Utility District
5. **LEGAL PLACE OF USE:**

| Legal Description Reference              | County | County Clerk<br>Document No. | Volume/<br>Book | Page(s) |
|--|--------|------------------------------|-----------------|---------|
| Certificate of Convenience and Necessity | Hays   | 10297                        | N/A             | N/A     |

6. **REGULAR PERMIT TO WITHDRAW GROUNDWATER FROM THE EDWARDS AQUIFER NO.** P103-038 (UV00414)
7. **ANNUAL WITHDRAWAL AMOUNT:** 864.600 Acre-Feet / Annum
8. **REASON FOR ISSUANCE:**

This Regular Permit was issued due to an amendment of the permit holder name associated with Regular Permit P103-038 (UV00414), previously recorded with the Hays County Clerk as Document # 18015682, Official Public Records, Hays County, Texas.

9. **AFTER RECORDING RETURN TO:**

*Edwards Aquifer Authority  
900 E. Quincy  
San Antonio, TX 78215*



**EDWARDS AQUIFER AUTHORITY  
STATE OF TEXAS  
REGULAR PERMIT No. P103-038 (UV00414)**

**THIS CERTIFIES THAT:**      **Crystal Clear Special Utility District  
2370 FM 1979  
San Marcos, TX 78666**

has been issued this Regular Permit by the Board of Directors of the Edwards Aquifer Authority to withdraw groundwater from the Edwards Aquifer. This Permit is issued without a term. All prior permits or other approvals are superseded by this Permit.

**Permit Derivation:** UV00414      **Purpose:** Municipal      **Pool:** San Antonio

**Authorized Annual Groundwater Withdrawal Amount:** 864.600 acre-feet per calendar year.

**Place of Use:** The Wholesale or retail water service area identified in the Certificate of Convenience and Necessity # 10297, issued on 1/17/1991, filed with the Texas Commission on Environmental Quality.

**Withdrawal Point(s); Metering; Maximum Withdrawal Rate:**

| EAA WELL NO.              | LOCATION                         | MEASURING METHOD | WITHDRAWAL RATE |
|---------------------------|----------------------------------|------------------|-----------------|
| W100-892<br>(HA00214-005) | 29-48.00-5.80 /<br>98-3.00-18.30 | Meter            | 316 gpm         |

**Conditions:** Edwards Aquifer groundwater may be withdrawn only under the terms and conditions of this Permit, the Edwards Aquifer Authority Act (Act of May 30, 1993, 73<sup>rd</sup> Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350), other applicable general law, and Authority rules, as these may be amended from time to time. This permit is subject to the continuing jurisdiction and supervision of the Authority, and may be amended from time to time consistent with applicable law.

**Special Conditions:**

The following special conditions apply:

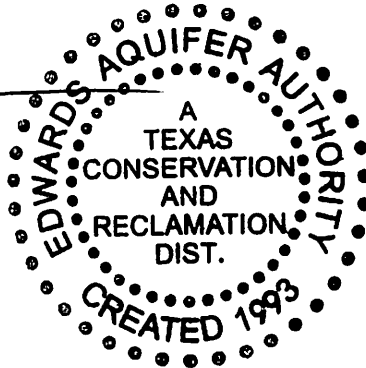
1. Groundwater may only be withdrawn from the specific well(s) as designated in this Regular Permit. If either of the specific, designated wells becomes inoperable due to age or other physical conditions, the failed well may be replaced by drilling a replacement well or by designating another well nearby the failed well. In addition, the places of use and points of withdrawal for this Regular Permit may not be amended or further transferred to another user or points of withdrawal east of the Cibolo Creek. However, this condition does not prohibit the transfer of groundwater to another user or points of withdrawal west of Cibolo Creek.
2. For each day the daily flow at San Marcos Springs is at or below 100 cubic feet per second (cfs), the daily pumping limit from the specific, designated wells, identified in this Regular Permit, will be a total withdrawal of 1.421 acre-feet per day.
3. If additional withdrawal rights are acquired and transferred to the specific well identified in this Regular Permit, the overall daily limit will be increased proportionally.

4. If the daily flow at San Marcos Springs is at or below 100 cfs, and the daily maximum pumping limit is exceeded, it will result in enforcement action by the Authority on a daily basis. Enforcement penalties will be based on the Authority's applicable overpumping calculations. Any penalties that are applied will be collected on a yearly basis.
5. The flow at San Marcos Springs will be determined by the data reported by the U.S.G.S monitoring station located in San Marcos, Texas, U.S.G.S. Gage No. 08170500.

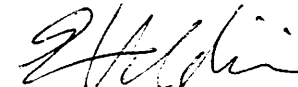
THIS REGULAR PERMIT IS ISSUED, EXECUTED, AND EFFECTIVE THIS 3rd day of Dec., 2019.



LUANA BUCKNER  
Chairman, Board of Directors  
ACKNOWLEDGMENT



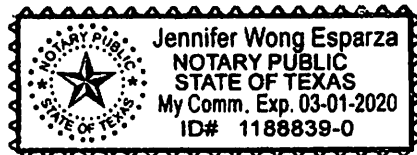
ATTEST:

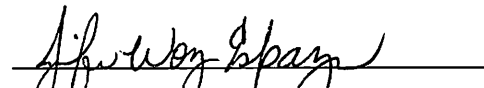


ENRIQUE VALDIVIA  
Secretary, Board of Directors

STATE OF TEXAS     )  
COUNTY OF BEXAR    )

ON BEHALF OF THE AUTHORITY, THIS PERMIT WAS ACKNOWLEDGED before me on Dec. 3, 2019, by LUANA BUCKNER, Chairman, and ENRIQUE VALDIVIA, Secretary, Board of Directors, Edwards Aquifer Authority, a conservation and reclamation district created pursuant to Art. XVI, Sec.59, Texas Constitution.



  
Notary Public in and for the State of Texas


AFTER RECORDING RETURN TO:

Docket Clerk  
Edwards Aquifer Authority  
900 E. Quincy  
San Antonio, Texas 78215

**THE STATE OF TEXAS  
COUNTY OF HAYS**

I hereby certify that this instrument was FILED on the  
date and the time stamped hereon by me and was duly  
RECORDED in the Records of Hays County, Texas.

**19047065 PERMIT**  
**12/24/2019 10:01:36 AM Total Fees: \$34.00**

 Elaine H. Cardenas

**Elaine H. Cardenas, MBA, PhD, County Clerk  
Hays County, Texas**

## **GROUNDWATER SOURCES**

### **EXISTING EDWARDS AQUIFER WELL PERMITS**

**PERMIT #P100-215 (HA00214)**

**1,187.009 ACRE-FEET/YEAR**

**EDWARDS AQUIFER AUTHORITY  
WATER RIGHTS FILING  
INSTRUCTIONS FOR COUNTY CLERKS**

Please file this sheet and the attached Edwards Aquifer Authority, State of Texas **"Regular Permit"** in the Official Public Records using "Edwards Water Rights" as the document type.

1. **DATE OF EXECUTION:** AUG 17 2020
2. **DOCUMENT TYPE:** Edwards Water Rights
3. **GRANTOR(S):** Bernice S. Friesenhahn, Individually and as Trustee of the Scheel Revocable Trust, Clarence A. Dolle and Alice S. Dolle; Bernice S. Friesenhahn, Trustee of the Scheel Revocable Trust; Arnold A. Moos and Angeline S. Moos
4. **GRANTEE(S) (Permittee):** Crystal Clear Special Utility District
5. **LEGAL PLACE OF USE:**

| Legal Description Reference              | County | County Clerk Document No. | Volume/ Book | Page(s) |
|--|--------|---------------------------|--------------|---------|
| Certificate of Convenience and Necessity | Hays   | 10297                     | N/A          | N/A     |

6. **REGULAR PERMIT TO WITHDRAW GROUNDWATER FROM THE EDWARDS AQUIFER NO.** P100-215 (HA00214)
7. **ANNUAL WITHDRAWAL AMOUNT:** 1,187.009 Acre-Feet / Annum
8. **REASON FOR ISSUANCE:**

This Regular Permit was issued due to the sale of water rights from Bernice S. Friesenhahn, Individually and as Trustee of the Scheel Revocable Trust, Clarence A. Dolle and Alice S. Dolle (Regular Permit P109-075 (CO00118)), previously recorded with the Comal Co. Clerk as Document # 201906021032; Bernice S. Friesenhahn, Trustee of the Scheel Revocable Trust (Regular Permit P100-716 (CO00119)), previously recorded with the Comal Co. Clerk as Document # 201906021030; and Arnold A. Moos and Angeline S. Moos (Regular Permit P109-076 (CO00102)), previously recorded with the Comal Co. Clerk as Document # 201906027028, Official Public Records, Comal County, Texas. Groundwater rights were subsequently transferred into P100-215 (HA00214), previously recorded with the Hays Co. Clerk as Document # 19047064, Official Public Records, Hays County, Texas.

9. **AFTER RECORDING RETURN TO:**

*Edwards Aquifer Authority  
900 E. Quincy  
San Antonio, TX 78215*

**EDWARDS AQUIFER AUTHORITY  
STATE OF TEXAS  
REGULAR PERMIT No. P100-215 (HA00214)**

**THIS CERTIFIES THAT:**      **Crystal Clear Special Utility District  
2370 FM 1979  
San Marcos, TX 78666**

has been issued this Regular Permit by the Board of Directors of the Edwards Aquifer Authority to withdraw groundwater from the Edwards Aquifer. This Permit is issued without a term. All prior permits or other approvals are superseded by this Permit.

**Permit Derivation:** HA00214      **Purpose:** Municipal      **Pool:** San Antonio

**Authorized Annual Groundwater Withdrawal Amount:** 1,187.009 acre-feet per calendar year.

**Place of Use:** The Wholesale or retail water service area identified in the Certificate of Convenience and Necessity # 10297, issued on 1/17/1991, filed with the Texas Commission on Environmental Quality.

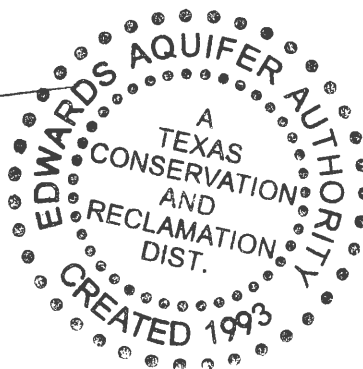
**Withdrawal Point(s); Metering; Maximum Withdrawal Rate:**

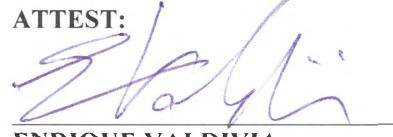
| EAA WELL NO.  | LOCATION | MEASURING METHOD | WITHDRAWAL RATE |
|---------------|----------|------------------|-----------------|
| See Exhibit A |          |                  |                 |

**Conditions:** Edwards Aquifer groundwater may be withdrawn only under the terms and conditions of this Permit, the Edwards Aquifer Authority Act (Act of May 30, 1993, 73<sup>rd</sup> Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350), other applicable general law, and Authority rules, as these may be amended from time to time. This permit is subject to the continuing jurisdiction and supervision of the Authority, and may be amended from time to time consistent with applicable law.

**THIS REGULAR PERMIT IS ISSUED, EXECUTED, AND EFFECTIVE THIS** 17<sup>TH</sup> **day of** August, 2020.

  
**LUANA BUCKNER**  
Chairman, Board of Directors



**ATTEST:**   
**ENRIQUE VALDIVIA**  
Secretary, Board of Directors

**ACKNOWLEDGMENT**

STATE OF TEXAS     )  
COUNTY OF BEXAR    )

ON BEHALF OF THE AUTHORITY, THIS PERMIT WAS ACKNOWLEDGED before me on August 17, 2020, by LUANA BUCKNER, Chairman, and ENRIQUE VALDIVIA, Secretary, Board of Directors, Edwards Aquifer Authority, a conservation and reclamation district created pursuant to Art. XVI, Sec.59, Texas Constitution.



A handwritten signature in blue ink that reads "Rachel Mitchell". The signature is written in a cursive style and is positioned above a horizontal line.

Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO:

Docket Clerk  
Edwards Aquifer Authority  
900 E. Quincy  
San Antonio, Texas 78215



Exhibit A

| EAA Well No.              | LOCATION                           | MEASURING Method | WITHDRAWAL Rate |
|---------------------------|------------------------------------|------------------|-----------------|
| W100-875<br>(HA00209-002) | 29-51.00-9.46 /<br>97-59.00-9.60   | Meter            | 0 gpm           |
| W100-876<br>(HA00209-003) | 29-51.00-8.80 /<br>97-59.00-12.16  | Meter            | 0 gpm           |
| W100-888<br>(HA00214-001) | 29-51.00-20.00 /<br>97-58.00-54.37 | Meter            | 0 gpm           |
| W100-889<br>(HA00214-002) | 29-51.00-8.55 /<br>97-59.00-11.95  | Meter            | 450 gpm         |
| W100-890<br>(HA00214-003) | 29-51.00-8.18 /<br>97-59.00-11.53  | Meter            | 500 gpm         |
| W100-891<br>(HA00214-004) | 29-48.00-29.20 /<br>98-2.00-51.00  | Meter            | 350 gpm         |
| W100-892<br>(HA00214-005) | 29-48.00-5.80 /<br>98-3.00-18.30   | Meter            | 316 gpm         |
| W100-893<br>(HA00214-006) | 29-51.00-42.90 /<br>97-58.00-47.50 | Meter            | 500 gpm         |

THE STATE OF TEXAS

COUNTY OF HAYS

I hereby certify that this instrument was FILED on the  
date and the time stamped hereon by me and was duly  
RECORDED in the Records of Hays County, Texas.

**20037256 PERMIT**  
08/28/2020 03:52:14 PM Total Fees: \$38.00

 Elaine H. Cardenas

Elaine H. Cardenas, MBA, PhD, County Clerk  
Hays County, Texas

## **APPENDIX E**

### **EXISTING PURCHASED WATER**

### **GBRA SURFACE WATER CONTRACT**

## WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 23 day April, 1990, between Guadalupe-Blanco River Authority, a conservation and reclamation district and political subdivision of the State of Texas (GBRA), and Crystal Clear Water Supply Corporation ( "Crystal Clear").

### WITNESSETH

#### RECITALS

GBRA holds Certificate of Adjudication Number 18-2074C, as amended, (CA-18-2074C) issued by the Texas Water Commission, based on GBRA's rights under Permit 1886, as amended. CA-18-2074C authorizes GBRA to impound water in Canyon Reservoir in Comal County, Texas, and to divert and use therefrom not to exceed an average of 50,000 acre-feet of water per annum for domestic, municipal, and industrial purposes and, temporarily, irrigation and recreation purposes.

Crystal Clear needs a firm surface water supply in order to provide water for municipal purposes to its retail customers within its service area, and desires to purchase from GBRA untreated water from storage in Canyon Reservoir for such purposes. The water will be treated at one or more water treatment plants currently being planned by New Braunfels Utilities and GBRA. The location will be determined by mutual agreement between GBRA and the Corporation.

At the present time, GBRA has available for sale from Canyon Reservoir under CA-18-2074C water for municipal use.

## AGREEMENT

Now, therefore, for and in consideration of the mutual promises, obligations, and benefits hereinafter set forth, GBRA and Crystal Clear agree as follows:

A. Quantity. GBRA shall furnish Crystal Clear, at the point or points of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, untreated water released from conservation storage in Canyon Reservoir under CA-18-2074C, or other reservoir storage available to GBRA in such quantity as may be required by Crystal Clear not to exceed the Annual Commitment. The "Annual Commitment" shall mean the minimum quantity of water to be taken from conservation storage or paid for, whether taken or not, on an annual calendar-year basis in any calendar year. The initial Annual Commitment shall be 500 acre-feet of water per year, but may be increased from storage in Canyon Reservoir, or other reservoir storage available to GBRA, if available, pursuant to the following provisions:

1. If the total amount of stored water diverted in any calendar year exceeds the Annual Commitment applicable during that year, then, effective as of the first day of January of the following year, the Annual Commitment shall be such greater amount, if such additional amount is available from storage on a firm yield basis, unless and until further increased pursuant to this paragraph A; or

2. The Annual Commitment may be increased upon request by Crystal Clear, if available from storage in Canyon Reservoir, or other reservoir storage available to GBRA on a firm annual yield basis.

B. Point of Diversion. The water will be delivered to one or both of the point(s) described in Exhibit "A". The estimated maximum delivery rate shall be 600 gallons per minute, but the maximum delivery rate may be amended depending upon the actual operation of the proposed water treatment plant(s).

C. Purpose of Use. The stored water supplied from conservation storage in Canyon Reservoir or other reservoir storage available to GBRA, under this Contract, shall be for municipal use.

D. Place of Use. Any use of the stored water outside the Guadalupe River Basin must be approved in advance in writing by GBRA and the Texas Water Commission.

E. Billing Procedure. GBRA will render bills to Crystal Clear on or before the tenth (10th) day of each month to the address provided by Crystal Clear for the payment amount determined pursuant to Paragraphs "F" and "G", below.

F. Monthly Payments. Beginning on the date that a certification of completion is delivered to Crystal Clear in writing by New Braunfels Utilities or GBRA stating that either of the water treatment plants to be constructed are capable of delivering treated water, or on January 1, 1991, whichever first occurs, Crystal Clear shall pay GBRA at its office in Guadalupe County, Texas, or such other place as GBRA may designate in

writing, not later than the twentieth (20th) day of each month, pursuant to the monthly bill rendered to Crystal Clear as provided in Paragraph E, above, a dollar amount equal to one-twelfth of the annual cost resulting from multiplying the Annual Commitment in acre-feet times the rate to be paid by Crystal Clear for stored water committed pursuant to this Contract (the "stored water rate"). The present stored water rate is [REDACTED] per acre foot per year.

G. Annual Adjustment. Crystal Clear will pay GBRA at its office in Guadalupe County, Texas, or such other place as GBRA may designate in writing, not later than the twentieth (20th) day of January of each year, a dollar amount equal to the stored water rate times the number of acre-feet of water used in the previous calendar year which exceeded the Annual Commitment applicable during that year. Nothing in this section shall be construed as obligating GBRA to supply in any year more water than the Annual Commitment.

H. Adjustment of Rates. The provisions of this Contract pertaining to the rates to be paid by Crystal Clear for stored water reserved and supplied may be adjusted by GBRA at any time and from time to time in accordance with the basin-wide rate for water from reservoir storage. If GBRA desires to adjust the rates for the water reserved and supplied pursuant to this Contract, it shall, at least sixty (60) days prior to the first day on which such adjustment is proposed to become effective, give written notice of the proposed adjustment to Crystal Clear.

In the event of a disagreement between GBRA and Crystal Clear over the stored water rate, GBRA and Crystal Clear may apply by appropriate means to the Texas Water Commission, or any agency succeeding to the rate-making jurisdiction of the Texas Water Commission, to establish a just and reasonable rate for such water.

I. Metering Equipment. At the onset of initial use of water under this Contract, Crystal Clear shall furnish, install, operate and maintain or cause to be furnished, installed, operated and maintained at the Point of Delivery the necessary metering equipment and required devices of standard type for properly measuring the quantity of water delivered to Crystal Clear and to calibrate such metering equipment not less frequently than once every twelve (12) months. A meter registering not more than five percent (5%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test but in no event to exceed six (6) months in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless GBRA and Crystal Clear shall agree upon a different amount. The metering equipment shall be read weekly at or near the first day of each week.



All measuring devices shall be subject at all reasonable times to inspection, examination and testing by GBRA and Crystal Clear. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired or replaced by a like device having the required accuracy.

J. Term of Contract. This Contract shall extend for a term of thirty (30) years from the date hereof and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by GBRA and Crystal Clear.

K. Quality of Water. The water to be supplied under this Contract shall be untreated water released from storage and delivered to a point or points of Diversion in the Guadalupe River.

L. Modification of Contract. The provisions of this Contract may be modified or altered only by written agreement of the parties.

M. Regulatory Agencies. This Contract is subject to CA-18-2074 and is dependent upon compliance with the applicable provisions, if any, of 31 TAC 295 and 297, Subchapter J of the Texas Water Commission. GBRA and Crystal Clear agree to cooperate with each other to obtain any permits, approvals or other authorizations as may be required to comply therewith.

N. Assignment. Crystal Clear may not assign this Contract to parties other than those holding mortgages on Crystal Clear's water supply system without the prior written consent of GBRA. Any successor or assign of GBRA shall succeed to the rights and obligations of GBRA hereunder.

O. Captions. All titles of the sections of this Contract have been inserted for convenience of reference only and are not considered a part of this Contract and in no way shall they affect the interpretation of any provisions of this Contract.

P. Termination. If Crystal Clear fails to pay any amounts payable under this contract when due and payable, GBRA may give written notice of such delinquency to Crystal Clear, and if all amounts due and unpaid, including interest thereon from the date payment was due at maximum legal rates, are not paid within thirty days after delivery of such notice, then GBRA may, at its option, institute suit for collection thereof and utilize such other remedies as may exist to collect any amounts due and unpaid, together with interest thereon at the maximum legal rate and attorney's fees. In addition to all other remedies, GBRA may, at its option, if such amounts are not paid within said thirty day period, terminate this Contract without recourse.

Q. Additional Water. In the event that GBRA should obtain any additional water in whatever manner from Canyon Reservoir or other reservoir storage, which water would be subject to sale by GBRA, then GBRA shall inform Crystal Clear and thereby provide Crystal Clear the opportunity to purchase additional water from reservoir storage for the purposes set out under this Contract.

R. Remedies. Unless a particular remedy procedure is set forth herein for any default under the Contract, the parties hereto shall have available to it all remedies at law or in equity.

S. Notices. All notices provided for herein shall be by certified United States mail, addressed to the following parties at the address set out for each:

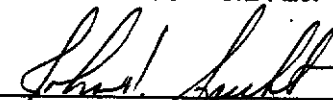
Guadalupe-Blanco River Authority  
Attention: General Manager  
P. O. Box 271  
Seguin, Texas 78156-0271

Crystal Clear Water Supply Corporation  
Attention: Lindy Lyles  
Rt. 1, Box 49 W  
San Marcos, Texas 78666

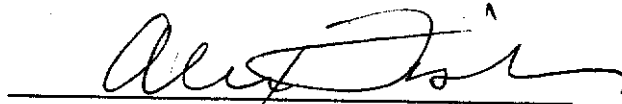
In witness whereof, the parties hereto, acting under the authority of the respective governing bodies, have caused this Contract to be duly executed in five (5) counterparts, each of which shall constitute an original.

GUADALUPE-BLANCO RIVER AUTHORITY

By: \_\_\_\_\_

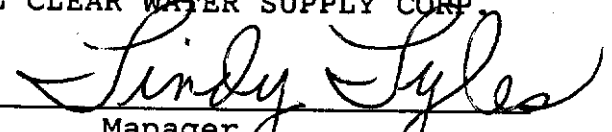
  
General Manager

ATTEST:



CRYSTAL CLEAR WATER SUPPLY CORP.

By: \_\_\_\_\_

  
Manager

ATTEST:

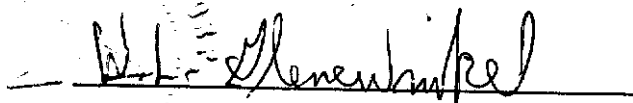
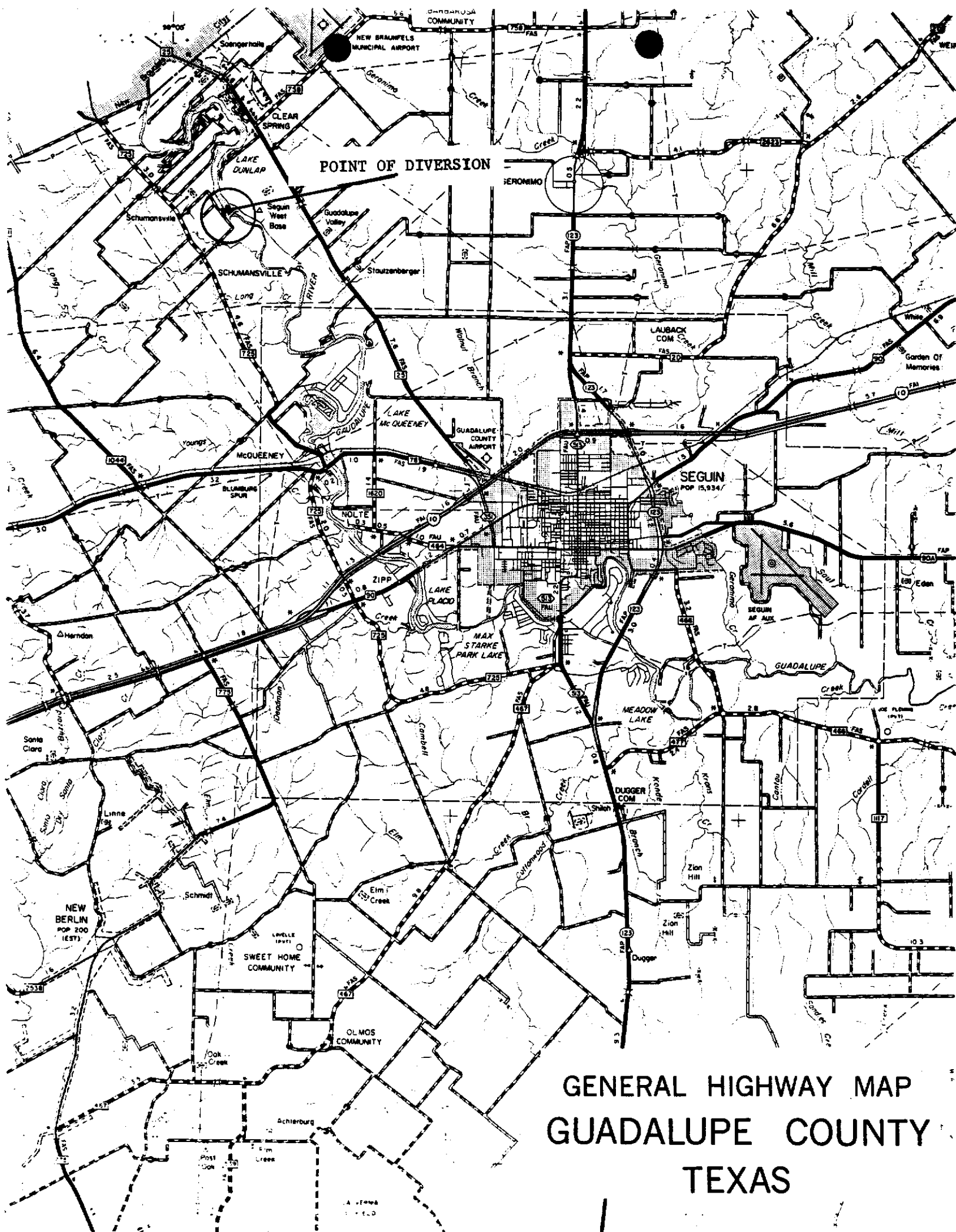
  
Sec. Treas.

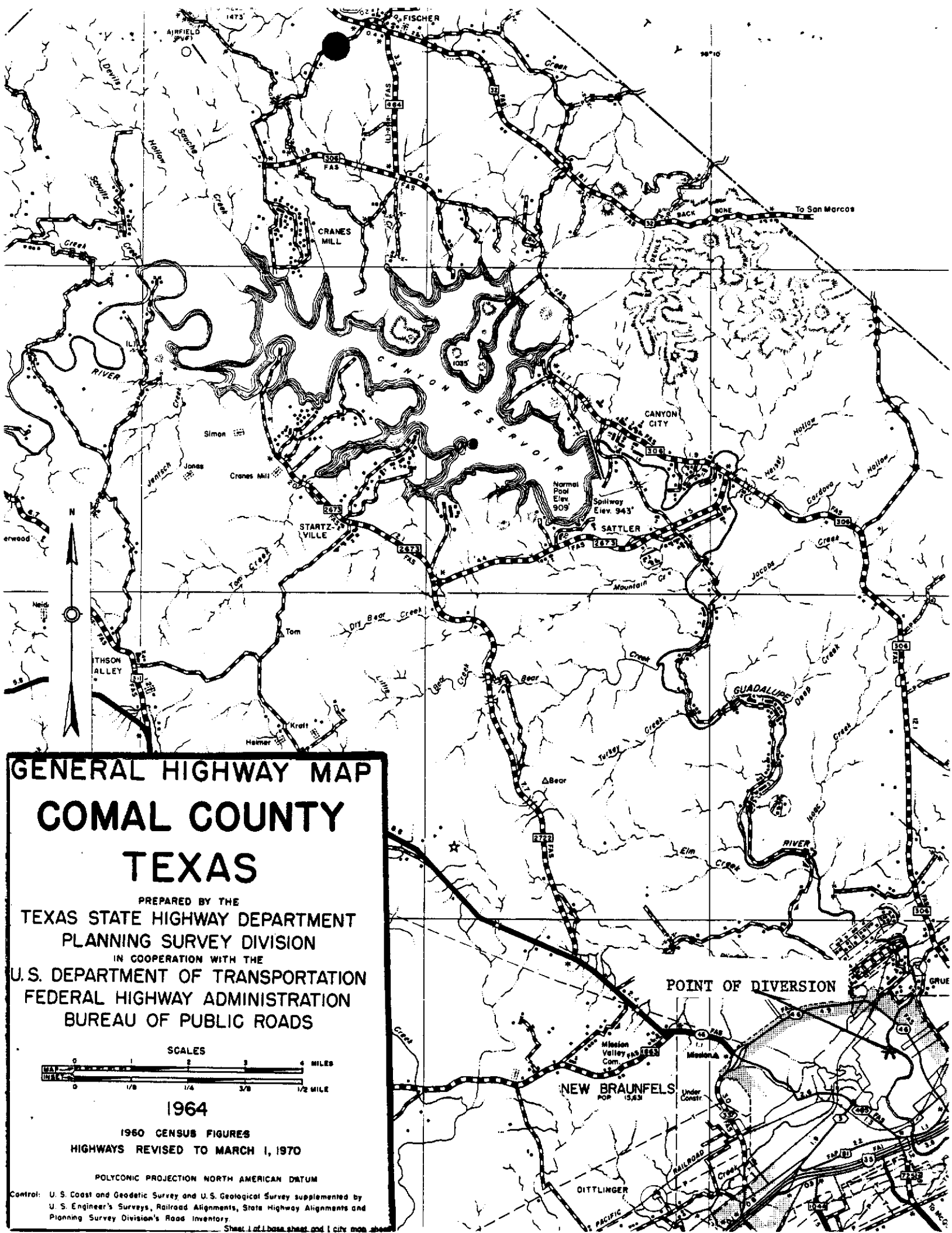
EXHIBIT "A"

The "Point of Diversion" for the GBRA Clear Springs Water Treatment Plant is specifically described as follows: On the North bank of the Guadalupe River in the Antonio Maria Esnaurrizar Grant (A-20), South  $112^{\circ} 15'$  East, 31,079 feet from the Northwest corner of the M. Chirino Grant (A-10) in Guadalupe County, Texas. Said Corner is also located on the North bank of the Guadalupe River.

The "Point of Diversion" for the plant contemplated by New Braunfels Utilities is specifically described as follows: West longitude  $98^{\circ} 96' 51''$ , North latitude  $29^{\circ} 43' 00''$  or more generally defined as 1700' upstream of the Common Street bridge on the West side of the Guadalupe River in New Braunfels, Comal County, Texas.



GENERAL HIGHWAY MAP  
GUADALUPE COUNTY  
TEXAS



# GENERAL HIGHWAY MAP COMAL COUNTY TEXAS

PREPARED BY THE  
TEXAS STATE HIGHWAY DEPARTMENT  
PLANNING SURVEY DIVISION  
IN COOPERATION WITH THE  
U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION  
BUREAU OF PUBLIC ROADS



1964

1960 CENSUS FIGURES  
HIGHWAYS REVISED TO MARCH 1, 1970

POLYCONIC PROJECTION NORTH AMERICAN DATUM

Control: U. S. Coast and Geodetic Survey and U.S. Geological Survey supplemented by  
U. S. Engineer's Surveys, Railroad Alignments, State Highway Alignments and  
Planning Survey Division's Road Inventory.

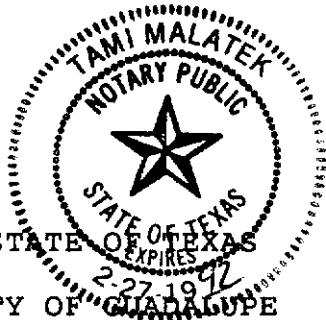
Sheet 1 of 1 base sheet and 1 city map sheet

THE STATE OF TEXAS

COUNTY OF GUADALUPE

BEFORE ME, the undersigned authority, on this day personally appeared JOHN H. SPECHT, known to me to be the person whose name is subscribed to the foregoing instrument as General Manager of the Guadalupe-Blanco River Authority, a conservation and reclamation district, a governmental agency and a body politic and corporate, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said Authority.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 7th. day of May, 1990.



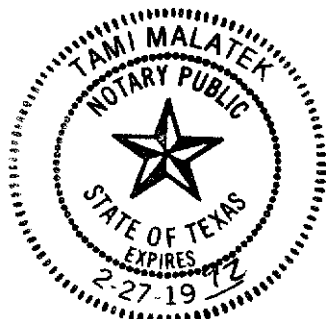
THE STATE OF TEXAS  
COUNTY OF GUADALUPE

Tami Malatek  
Notary Public in and for  
Guadalupe County, Texas

My Commission Expires: 2/27/92

BEFORE ME, the undersigned authority, on this day personally appeared LINDY LYLES, Manager of the Crytal Clear Water Supply Corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 7th. day of May, 1990.



Tami Malatek  
Notary Public in and for  
Calhoun County, Texas.

My Commission Expires: 2/27/92

**AMENDMENT NO. 1  
TO THE  
WATER PURCHASE CONTRACT  
BETWEEN  
GUADALUPE-BLANCO RIVER AUTHORITY  
AND  
CRYSTAL CLEAR WATER SUPPLY CORPORATION**

THE STATE OF TEXAS        )

COUNTY OF GUADALUPE        )

THIS AMENDMENT NO. 1 made and entered into as of this 12<sup>th</sup> day of November, 1992, ("Amendment No. 1") to the Water Purchase Contract made and entered into as of the 23th day of April 1990 (the "Contract") by and between the GUADALUPE-BLANCO RIVER AUTHORITY, a governmental agency of the State of Texas, a conservation and reclamation district and a body politic and corporate, created and operating under the provisions of the Guadalupe-Blanco River Authority Act, as amended (formerly compiled as Article 8280-106, Vernon's Texas Civil Statutes), enacted pursuant to Article XVI, Section 59 of the Constitution of Texas ("GBRA"), and the CRYSTAL CLEAR WATER SUPPLY CORPORATION, a Texas corporation, organized and operating under the provisions of Article 143a, Vernon's Texas Civil Statutes ("Crystal Clear");

**W I N E S S E T H :**

**Recitals**

- A. Pursuant to the terms of the Contract, GBRA has agreed to supply to Crystal Clear in any calendar year not to exceed 500 acre-feet of untreated water from storage in Canyon



Reservoir under Certificate of Adjudication 18-2074C, to be used in the Guadalupe River Basin.

- B. Pursuant to the terms of the Contract, Crystal Clear has agreed to purchase untreated water from GBRA and to pay for such water at the then current rate, as established by the GBRA Board of Directors.

Agreement

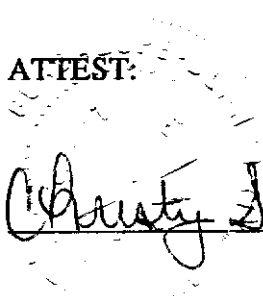
NOW, THEREFORE, for and in consideration of the mutual promises, covenants, obligations and benefits, GBRA and Crystal Clear agree as follows:

- A. That Section J of the Contract be and hereby is amended in its entirety to read as follows:
- J. Term of Contract. This Contract shall extend for a term of forty (40) years from the date here of and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by GBRA and Crystal Clear.
- B. That this Amendment No. 1 is subject to the terms of Certificate of Adjudication 18-2074C, as amended, and further subject to GBRA's rights thereunder and to such laws, rules and regulations as may be applicable to similar agreements in the State of Texas, and GBRA and Crystal Clear will cooperate with each other to obtain any permits, approvals or other authorizations as may be required to comply therewith.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Amendment No.1 to be duly executed in five (5) counterparts, each of which shall constitute an original.

GUADALUPE-BLANCO RIVER AUTHORITY

ATTEST:

  
Christy J. Dietz

BY:

John H. Specht  
John H. Specht, General Manager

CRYSTAL CLEAR WATER SUPPLY CORP.

ATTEST:

  
W.L. Stinebaugh  
Secretary/Treasurer

BY:

Lindy Lyles  
Manager

§ THE STATE OF TEXAS

§ COUNTY OF GUADALUPE

BEFORE ME, the undersigned authority, on this day personally appeared JOHN H. SPECHT, known to me to be the person whose name is subscribed to the foregoing instrument as General Manager of the Guadalupe-Blanco River Authority, a conservation and reclamation district, a governmental agency and a body politic and corporate, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said Authority.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12<sup>th</sup> day of November, 1992.



Clara Sue Bruns

Notary Public in and for  
Guadalupe County, Texas

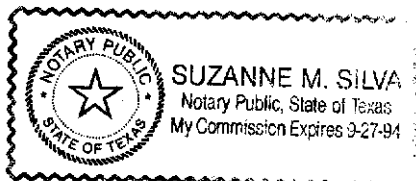
My Commission Expires: \_\_\_\_\_

§ THE STATE OF TEXAS

§ COUNTY OF Guadalupe

BEFORE ME, the undersigned authority, on this day personally appeared Lindy Lyles, Manager of the CRYSTAL CLEAR WATER SUPPLY, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Authority.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 2nd day of November, 1992.



Suzanne M. Silva

Notary Public in and for  
Guadalupe County, Texas

My Commission Expires: 9-27-94

**SECOND AMENDMENT TO CONTRACT FOR RAW WATER SERVICE  
BETWEEN  
GUADALUPE-BLANCO RIVER AUTHORITY  
AND CRYSTAL CLEAR WATER SUPPLY CORPORATION**

THIS AMENDMENT NO. 2 made and entered into as of this 1st day of November, 1996, ("Amendment No. 2") to the Water Purchase Contract made and entered into as of the 23<sup>rd</sup> day of April, 1990 (the "Contract") and amended as of the 12<sup>th</sup> day of November, 1992 (Amendment No. 1) by and between the GUADALUPE-BLANCO RIVER AUTHORITY, a governmental agency of the State of Texas, a conservation and reclamation district and a body politic and corporate, created and operating under the provisions of the Guadalupe-Blanco River Authority Act, as amended (formerly compiled as Article 8280-106, Vernon's Texas Civil Statutes), enacted pursuant to Article XVI, Section 59 of the Constitution of Texas ("GBRA"), and the CRYSTAL CLEAR WATER SUPPLY CORPORATION, a Texas corporation, organized and operating under the provisions of Article 143a, Vernon's Texas Civil Statutes ("Crystal Clear");

**WITNESSETH:**

**Recitals**

- A. Pursuant to the terms of the Contract, GBRA has agreed to supply Crystal Clear in any calendar year not to exceed 500 acre-feet of untreated water from storage in Canyon Reservoir under Certificate of Adjudication 18-2074C, to be used in the Guadalupe River Basin.

B. Pursuant to the terms of the Contract, Crystal Clear has agreed to purchase untreated water from GBRA and to pay for such water at the then current rate, as established by the GBRA Board of Directors.

Agreement

NOW, THEREFORE, for and in consideration of the mutual promises, obligations, and benefits hereinafter set forth, GBRA and Purchaser agree to amend, modify and change certain sections of the Contract , as amended, as follow:

Section A, shall be amended in its entirety to read as follows:

A. QUANTITY. GBRA shall furnish Crystal Clear, at the point or points of delivery hereinafter specified, during the term of this Contract or any renewal or extension thereof, untreated water released from conservation storage in Canyon Reservoir under CA-18-2074C, or other reservoir storage available to GBRA in such quantity as may be required by Crystal Clear not to exceed the Annual Commitment. The "Annual Commitment" shall mean the minimum quantity of water to be taken from conservation storage or paid for, whether taken or not, on an annual calendar-year basis in any calendar year. The initial Annual Commitment shall be 800 acre-feet of water per year, but may be increased from storage in Canyon Reservoir, or other reservoir storage available to GBRA, if available, pursuant to the following provisions:

1. If the total amount of stored water diverted in any calendar year exceeds the Annual Commitment applicable during that year, then, effective as of the first day of January of the following year, the

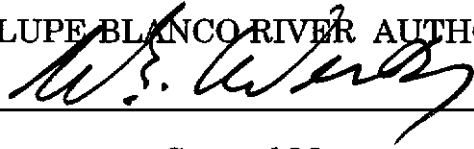
- Annual Commitment shall be such greater amount, if such additional amount is available from storage on a firm yield basis, unless and until further increased pursuant to this paragraph A; or
2. The Annual Commitment may be increased upon request by Crystal Clear, if available from storage in Canyon Reservoir, or other reservoir storage available to GBRA on a firm annual yield basis.

Section 3, shall be amended in its entirety to read as follows:

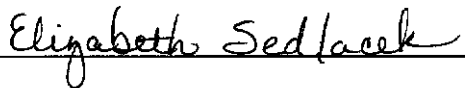
3. Monthly Payments. Beginning on the date that this amendment is finalized Crystal Clear shall pay GBRA at its office in Guadalupe County, Texas, or such other place as GBRA may designate in writing, no later than the twentieth (20<sup>th</sup>) day of each month, pursuant to the monthly bill rendered to Crystal Clear as provided in Paragraph E, a dollar amount equal to one-twelfth of the annual cost resulting from multiplying the Annual Commitment in acre-feet times the rate to be paid by Crystal Clear for stored water committed pursuant to this Contract (the "stored water rate"). The present stored water rate is [REDACTED] per acre foot per year.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused the Second Amendment to be duly executed in three (3) counterparts, each of which shall constitute an original.

GUADALUPE BLANCO RIVER AUTHORITY

By   
General Manager


ATTEST:



CRYSTAL CLEAR WATER SUPPLY CORPORATION

By   
Manager

ATTEST:

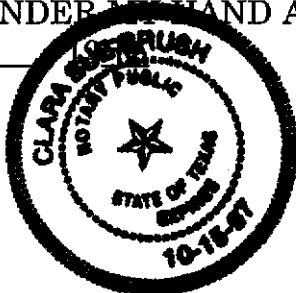


§ THE STATE OF TEXAS

§ COUNTY OF GUADALUPE

BEFORE ME, the undersigned authority, on this day personally appeared William E. West, Jr., known to me to be the person whose name is subscribed to the foregoing instrument as General Manager of the Guadalupe-Blanco River Authority, a conservation and reclamation district, a governmental agency and a body politic and corporate, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said Authority.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 11<sup>th</sup> day of October



SEAL

Clara Sue Brund

Notary Public in and for  
The State of Texas

My Commission Expires: 10-15-97

§ THE STATE OF TEXAS

§ COUNTY OF GUADALUPE

BEFORE ME, the undersigned authority, on this day personally appeared Lindy Lyles, Manager of CRYSTAL CLEAR WATER SUPPLY CORPORATION, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Authority.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 7<sup>th</sup> day of October, 1996.

SEAL



Suzanne M. Silva

Notary Public in and for  
The State of Texas

My Commission Expires: 9-27-98



**THIRD AMENDMENT TO CONTRACT FOR RAW WATER SERVICE  
BETWEEN THE GUADALUPE-BLANCO RIVER AUTHORITY AND  
CRYSTAL CLEAR WATER SUPPLY CORPORATION**

This Third Amendment is made and entered into this the 19<sup>th</sup> day of December, 2012 ("Third Amendment") to the Contract for Raw Water Service made and entered into April 23, 1990, as amended on November 12, 1992 and further amended on November 1, 1996 hereinafter ("Contract") by and between the Guadalupe-Blanco River Authority, a conservation and reclamation district and political subdivision of the State of Texas ("GBRA") and Crystal Clear Water Supply Corporation ("CCWSC").

WITNESSETH  
RECITALS

- A. 30 TAC §288.1 *et seq.* require GBRA and CCWSC to adopt and implement Drought Contingency Plans.
- B. GBRA and CCWSC intend to comply with this mandate as to the water supplies exchanged between the two utilities by modifying their Contract dated April 23, 1990, as amended.
- C. GBRA and CCWSC intend to adopt potentially different Drought Contingency Plans as to any other water supplies either utility may have.

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations and benefits, GBRA and CCWSC agree to amend the Contract by adding a new section T. Drought Contingency Plans to read as follows:

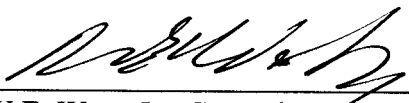
T. Drought Contingency Plans


- 1. GBRA's Drought Contingency Plan, dated May 18, 2011 and any future amendments thereto is adopted and incorporated into the Contract and is applicable to all raw water purchases under this Contract.
- 2. For illustration purposes only, if the Drought Contingency Plan requires a twenty percent (20%) reduction, this twenty percent (20%) shall be applied to all of the raw water purchased by CCWSC from GBRA under this Contract but does not apply to other sources of raw water available to CCWSC and CCWSC may affect the reduction under the Drought Contingency Plan by use of other raw water supplies available to CCWSC.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective bodies have caused this Third Amendment to be duly executed in multiple counterparts, each of which shall constitute an original.

Guadalupe-Blanco River Authority

Crystal Clear Water Supply Corporation

By   
W.E. West, Jr., General Manager

By   
Dennis Krackau, President

APPROVED

LEGAL BW

§ THE STATE OF TEXAS


§ COUNTY OF GUADALUPE

BEFORE ME, the undersigned authority, on this day personally appeared W.E. West, Jr., General Manager of the Guadalupe-Blanco River Authority, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in the capacity stated as the act and deed of said Authority

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 19th day of December, 2012.

SEAL



  
Notary Public in and for  
The State of Texas

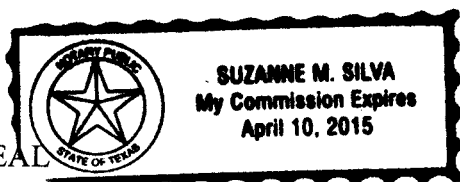
§ THE STATE OF TEXAS

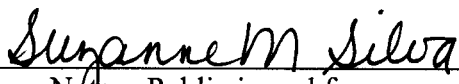
§ COUNTY OF GUADALUPE

BEFORE ME, the undersigned authority, on this day personally appeared Dennis Krackau, President of the Crystal Clear Water Supply Corporation known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same in the capacity stated as the act and deed of said Corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12 day of December, 2012.

SEAL



  
Notary Public in and for  
The State of Texas

## **APPENDIX F**

### **EXISTING PURCHASED WATER**

### **CRWA WELLS RANCH PHASE I**

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**WATER SUPPLY CONTRACT**

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**May 1, 2007**

---

**between**

**CANYON REGIONAL WATER AUTHORITY**

**and**

**BEXAR METROPOLITAN WATER DISTRICT,**

**CITY OF CIBOLO, TEXAS,**

**CITY OF MARION, TEXAS**

**EAST CENTRAL SPECIAL UTILITY DISTRICT**

**GREEN VALLEY SPECIAL UTILITY DISTRICT,**

**CRYSTAL CLEAR WATER SUPPLY CORPORATION,**

**SPRINGS HILL WATER SUPPLY CORPORATION**

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**WELLS RANCH PROJECT**

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## **WATER SUPPLY CONTRACT**

THIS WATER SUPPLY CONTRACT (this "Contract") dated as of the 1st day of May, 2007 (the "Contract Date") is between the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and the EAST CENTRAL SPECIAL UTILITY DISTRICT and the GREEN VALLEY SPECIAL UTILITY DISTRICT, each a special utility district created under Chapter 65, as amended, Texas Water Code, the BEXAR METROPOLITAN WATER DISTRICT, a reclamation and conservation district created under a special act of the Texas legislature and pursuant to Article XVI, Section 59 of the Texas Constitution, the CITIES OF CIBOLO and MARION, TEXAS, each a Type A general law municipality, and CRYSTAL CLEAR WATER SUPPLY CORPORATION and SPRINGS HILL WATER SUPPLY CORPORATION, each a Texas water supply corporation organized originally pursuant to Texas Revised Civil Statutes Annotated Article 1434a, as amended and now codified as Chapter 67, as amended, Texas Water Code (certain of the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members").

### **PREAMBLE AND WITNESSETH:**

WHEREAS, the Authority was created to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply to supplement water from the Edwards Aquifer; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority's boundaries currently include all of the territory located in the service area of its members as provided in their respective certificates of convenience and necessity issued by the Texas Commission on Environmental Quality (the "Commission"); and

WHEREAS, each of the Authority's members currently provides potable water utility service to its customers; and

WHEREAS, in the pursuit of its purposes, the Authority has entered into contracts and has and anticipates entering into additional contracts to acquire rights to purchase raw water for treatment and resale to the Participating Members; and

WHEREAS, the Authority plans to build, operate, and maintain a water treatment facility known as Wells Ranch water treatment facility and certain related transmission lines, including the use of certain Participating Members existing transmission lines and related facilities (the "Project") for the purpose of receiving, treating, and transmitting certain of the water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, the Participating Members hold and may acquire additional rights to raw water from other sources for treatment pursuant to the provisions of this Contract and thereafter to supply, redeliver, or sell this treated water in accordance with the provisions of this Contract; and

WHEREAS, the Authority intends to build, operate, and maintain (i) a new water treatment facility and (ii) certain related transmission lines and storage facilities including the use of certain Participating Members existing transmission lines and related facilities, for the purpose of receiving,

treating, storing, and transmitting certain water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, to finance the costs of the acquisition, construction, and equipping of the Project, the Authority intends to issue one or more series of its contract revenue bonds or other debt obligations (the "Bonds") to the Texas Water Development Board or other entity (including a public or negotiated sale), to be secured by and payable from revenues received by the Authority pursuant to this Contract; and

WHEREAS, for and in consideration of the Authority acquiring the right to purchase raw water for treatment and resale as provided herein, the Participating Members are willing and have agreed to contract with the Authority as hereinafter provided to acquire treated water from the Project and to pay the costs of the Project by assisting in the amortization of the principal of and interest on the Bonds and paying the Authority's Operation and Maintenance Expenses (hereinafter defined); and

WHEREAS, the Authority and the Participating Members are authorized to enter into this Contract pursuant to the Authority's enabling statute, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act"), and Chapter 791, Texas Government Code, as amended (the "Interlocal Cooperation Act"), and other applicable laws; and

WHEREAS, the Authority agrees that the Participating Members shall continue to own their respective Certificates of Convenience and Necessity issued by the Commission, shall continue to own and operate their respective water pumping, storage, and distribution facilities, and any respective water treatment facilities currently owned by each of the Participating Members; and

WHEREAS, the Authority's Board of Trustees has directed that a portion of the raw water under this Contract be made available (following treatment by the Authority) on a firm basis to parties who contract with the Authority pursuant to this Contract; and

WHEREAS, each of the Participating Members under this Contract proposes to pay its share of costs of the Project and the Bonds based upon a rate methodology to be developed by the Authority or in proportion to the respective amounts of treated water each has agreed to purchase under this Contract; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

## ARTICLE I

### Definitions

#### Section 1.01 Definitions.

The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

(1) "Act" means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended.



(2) "Additional Participating Member(s)" means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Contract to be bound by the terms of this Contract, as it may be amended from time to time.

(3) "Adjusted Annual Payment" means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Contract.

(4) "Annual Payment" means the amount of money to be paid to the Authority by each Participating Member during each Annual Payment Period as its share of the Annual Requirement.

(5) "Annual Payment Period" means the Authority's fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority.

(6) "Annual Requirement" means, during an Annual Payment Period, the total amount required to pay all Operation and Maintenance Expenses of the Authority and the Project and all costs and payments due and payable for the amortization of the Bonds.

(7) "Authority" means the Canyon Regional Water Authority, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas created in accordance with the Act. Except as otherwise noted herein, actions required or permitted to be taken by the Authority under this Contract may be taken by the General Manager on behalf of the Authority.

(8) "Board" means the governing body of the Authority.

(9) "Boardmembers" means a member or members of the Board.

(10) "Bond Resolution" means any resolution or other financing documents of the Authority which authorizes any Bonds.

(11) "Bonds" means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under this Contract, and the interest thereon, hereafter issued by the Authority to finance the costs to acquire, construct, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance costs to improve and extend the Project, and any bonds or other obligations issued to refund any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.

(12) "Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

(13) "Commission" means the Texas Commission on Environmental Quality or any successor entity thereto.

(14) "Contract" means this Water Supply Contract, as initially executed and as it may be amended from time to time.

(15) "Credit Agreement" means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code which the Authority enters into relating to its obligations with respect to the Bonds.

(16) "Force Majeure" means such term only as it is defined in Section 5.04 of this Contract.

(17) "General Manager" means the general manager of the Authority's operations, including any party or entity that the Authority enters into a management contract to provide these services.

(18) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Project.

(19) "MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

(20) "NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

(21) "Operation and Maintenance Expenses" means, during an Annual Payment Period, all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any federal, state, or local agency for the construction, operation, and/or water storage rights or other interests in water from any source of raw water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

(22) "Original Participating Members" means Crystal Clear Water Supply Corporation, East Central Special Utility District, Springs Hill Water Supply Corporation, Green Valley Special Utility District, Bexar Metropolitan Water District, and the Cities of Cibolo and Marion, Texas.

(23) "Overhead Expenses" means the Authority's reasonable and necessary costs and expenses incurred and directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, if any, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to:

(a) per diem and reimbursable expenses incurred by the Board for special meetings of the Board related to the Project,

(b) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority;

(c) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the General Manager of the Authority, times an overhead factor of two (2), which factor shall be subject to adjustment by the Authority from time to time in response to actual or reasonably projected overhead expenses of the Authority;

(d) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction;

(e) the cost of property casualty and public liability insurance; including any insurance deductible charged to or required to be paid by the Authority;

(f) all costs incurred in litigation involving or relating to the Project; and

(g) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not and whether or not included in the definition or as a part of Project Costs.

(24) "Participating Member(s)" means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Contract.

(25) "Permitted Liens" means:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(b) Easements for roads (as used in this Contract, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(c) Rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(26) "Point(s) of Delivery" means the point or points designated in Exhibit B to this Contract or by subsequent agreement where water will be delivered by the Authority to Participating Members from the Project.

(27) "Project" means the "Project" as defined in the preamble of this Contract.

(28) "Project Costs" means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority:

(a) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;

(b) the cost of acquisition, construction, repair, replacement, or improvement of any structure, item of equipment, or other item, used for, or in connection with, the Project;

(c) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project;

(d) the cost of engineering, legal, architectural or other related services;

(e) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project;

(f) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation;

- (g) finance charges and interest before, during, and after construction;
- (h) costs incurred in connection with financing the Project, including, without limitation:

- a. financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;

- b. the costs of a Credit Agreement;

- c. the cost of printing, engraving, and reproduction services; and

- d. the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees.

- (i) all costs, fees and expenses of litigation of all kinds;

- (j) the cost of property casualty and public liability insurance;

- (k) the Authority's Overhead Expenses; and

- (l) other costs generally recognized as a part of project construction costs.

(29) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(30) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(31) "SID" means any entity designated by the State or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(32) "Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

(33) "State" means the State of Texas.

(34) "System" means all properties, facilities and plants (including the Project) currently owned, operated, and maintained by the Authority for the supply, treatment, and transmission of treated potable water, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the Authority; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the Authority with the proceeds from the issuance of Special Facilities Bonds, which are hereby defined as being special revenue obligations of the Authority which are not payable from revenues of the System but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

## Section 1.02 Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular

number shall be construed to include correlative words of the plural number and vice versa. This Contract and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

## ARTICLE II Representations and Warranties

### Section 2.01 Representations and Warranties of Authority.

The Authority hereby represents and warrants that it has full power and authority to sell or otherwise convey treated water to the Participating Members in accordance with the terms of this Contract and the execution and delivery of this Contract by the Authority and the performance by the Authority of the provisions hereof do not and will not conflict with or constitute on the part of the Authority a breach or a default of any provision of any other contract or agreement of the Authority.

### Section 2.02 Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants that it has full power and authority to purchase treated water from the Authority in accordance with the terms of this Contract; and the execution and delivery of this Contract by each Participating Member and the performance of the provisions hereof by each Participating Member do not and will not conflict with or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

## ARTICLE III Construction of Project and Issuance of Bonds

### Section 3.01 Construction of Project.

The Authority agrees that the acquisition, construction, and improvement of the Project by the Authority will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.02 to provide a source of funds, with all practical dispatch.

### Section 3.02 Issuance of Bonds.

A. The Authority may issue its Bonds, payable from and secured by a pledge of the Annual Payments from this Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project.

B. Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Project as may be necessary for the marketing and sale of the Bonds. The Authority may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

C. Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Directors, a draft of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the Participating Member for review and approval. The Participating Members shall adopt a resolution approving the issuance of Bonds and delegate to an authorized representative the approval of the final terms and provisions of the Bonds, including the principal amount, as reflected in the final Bond Resolution.

D. Upon the Participating Member approval of (i) each form of Bond Resolution hereafter adopted by the Authority, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the Authority of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution in such final form by the Authority's Board of Directors, the execution of an approval certificate by the authorized representatives of each of the Participating Members approving the final terms and provisions of the Bonds and the Bond Resolution, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the Authority and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

E. All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the Participating Member to make, promptly when due, all Annual Payments specified in this Contract and all payments described in Section 5.03 hereof shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the Participating Member, the Authority may enter into Credit Agreements, to the extent permitted by law, for the purpose of achieving the lowest financing costs for the Project.

Section 3.03 Liens. Neither the Participating Members nor the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.04 Tax-Exempt Bonds. The parties hereto understand and agree that the Authority will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the parties intend that the Authority will issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should either party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of

the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the parties, the parties will identify a different firm, that is mutually acceptable to both parties, in order to resolve the conflict of opinion.

**Section 3.05 Payment to Rebate Fund.** In the event that tax-exempt Bonds are issued as provided in Section 3.04, the Authority hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(0)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the trustee or paying agent to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, the Authority forthwith shall pay the amount of such insufficiency on such date to the trustee or paying agent in immediately available funds for such purpose.

**Section 3.06 Sale and Offering Documents.** At the request of the Authority, the Participating Members shall provide to the Authority current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the Participating Members, and such other information concerning the Participating Members as the Authority shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Participating Members represent and warrant that all statements concerning the Participating Members (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

**Section 3.07 Authority's Rights Assigned to Trustee.** The Participating Members are advised and recognize that as security for the payment of the Bonds, the Authority may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the Authority's rights under this Contract, including the right to receive the Annual Payments hereunder and the amounts described in Section 5.03 hereof. The Participating Members herewith assent to such assignment and will make the Annual Payments and the payments described in Section 5.03 hereof directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.

**ARTICLE IV**  
**Sale and Purchase of Treated Water; Operating Requirements**

**Section 4.01 Water Conveyance; Option to Purchase.**

A. The Participating Members hereby agree to pay for the right to receive from the Authority and the Authority hereby agrees to sell to the Participating Members all of the treated water produced by the Authority through the Project subject to the terms and provisions of this Contract or other contracts which generate System revenues; provided, however, the Authority shall have the right to purchase, and the Participating Members hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Participating Members' share of their Annual Payments under this Contract as provided in Section 5.04 hereof. It is expressly recognized that the treated water delivered to each Participating Member as disclosed in Exhibit A shall be owned by such Participating Member and may be sold or otherwise conveyed by such Participating Member in accordance with applicable law; provided, however, before any Participating Member enters into a contract or other agreement to transfer, sell, or convey any treated water received from the Authority pursuant to the terms of this Contract, such Participating Member shall afford the Authority the right of first refusal for a period of 90 days to obtain such treated water for redistribution to other Participating Members.

B. Each of the Participating Members shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto and in accordance with this Contract. To the extent the Authority has acquired additional water from some other source, or to the extent the Participating Members do not request all of their allotted treated water as set forth on Exhibit A, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use such water to supply treated water to other Participating Members, to retail customers, if any, of the Authority, or on a spot basis.

**Section 4.02 Points of Delivery.**

Each Participating Member agrees to take treated water at the Point(s) of Delivery for such Participating Member set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Participating Member, respectively, and the Authority. The Authority will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Participating Members.

**Section 4.03 Resale.**

Participating Members hereby agree not to sell treated water purchased from Authority under this Contract to any person or entity outside such Participating Member's boundaries or prescribed service area (as the boundaries or prescribed service area may be adjusted by the Participating Member in its sole discretion and as approved by any regulatory authority with jurisdiction from time to time) unless the Participating Member has received prior written approval from the Authority. Approval to make retail sales of treated water to individual customers outside such boundaries or prescribed service area may be granted by the General Manager of the Authority. Approval to make wholesale sales of treated water pursuant to this Contract outside the Participating Member's boundaries or prescribed service area shall require the specific prior approval of the Board. Notwithstanding any provision in this Section to the contrary, each Participating Member shall have the right and authority to continue to sell



treated water on a retail or wholesale basis to all existing customers situated outside its corporate boundaries or prescribed service area and without the approval or consent of the Authority or General Manager. Additionally, the Participating Members shall have the right and authority to sell treated water received from other sources other than the Authority on a wholesale basis or otherwise without any limitation imposed by this Contract or approval by the Authority or General Manager.

#### Section 4.04 Other Contracts.

A. If the Authority exercises its right to water under this Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Contract and shall not contain any provision which would adversely affect the Participating Members' percentage share of treated water covered by this Contract, except as permitted by Section 4.01.

B. The parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Participating Member.

#### Section 4.05 Quality.

A. The water to be delivered by the Authority and received by each Participating Member shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency.

The Authority shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Participating Member's utility system.

B. The Authority shall periodically and at a minimum, no less than as may be required by any regulatory authority having jurisdiction, collect samples of treated water delivered to Participating Members and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

C. The Authority shall cooperate with any Participating Member in responding to any regulatory or legal inquiry related to the quality of water delivered under this Contract.

#### Section 4.06 Metering Equipment.

The Authority will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Contract from the Project to each Participating Member's Point or Points of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The Authority shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Participating Member shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. If requested, a Participating Member may witness such reading, calibration, and adjustment of meters. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired or replaced by a like device having the required accuracy. A meter registering not more than

five percent (5%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test but in no event to exceed six (6) months in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Authority and the Participating Member shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by the Authority. Any Participating Member may have access to said record books during normal business hours.

#### Section 4.07 Pressure, Backflow, Maximum Rate of Flow.

A. The Authority shall deliver treated water to the Point(s) of Delivery for each Participating Member (subject to the provisions of Section 4.08) at a pressure of not less than 35 psi or at such other pressure agreed upon by the Authority and the Participating Member. If a Participating Member requires a greater or lesser pressure, such Participating Member shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood, fire, earthquakes, other catastrophes, or use of water to fight fires, or any other cause beyond the reasonable control of the Authority shall relieve the Authority from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The Authority shall install and maintain at its sole expense at each Point of Delivery a backflow preventor of AWWA-approved quality. Each Participating Member shall have the right to inspect the backflow preventor at each of its Points of Delivery at such reasonable times at such Participating Member in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Participating Member by the Authority is established in Exhibit A hereto and incorporated by reference for all purposes to this Contract.

#### Section 4.08 Cross-Utilization of Lines.

A. Each Participating Member acknowledges that it may be necessary for certain of its transmission lines to be utilized in order for the Authority to transmit treated water to another Participating Member and such Participating Member hereby agrees to permit the Authority to so utilize its transmission lines in accordance with Section 7.09. In such case, the Participating Members involved agree to inform the Authority of any special requirements with respect to pressure or other matters relating to the transmitting Participating Member's lines.

B. The Authority will furnish, install, operate, and maintain at its expense meters at the point of exit from a Participating Member's lines to maintain accurate measurements of the quantity of water being delivered by the Authority to a Participating Member through the lines of another Participating Member. Such meters shall be subject to inspection and examination by both Participating Members in accordance with the provisions of Section 4.06.

C. In the event that repairs are required to be made to any lines of a Participating Member which are utilized for the transmission of treated water to another Participating Member, the receiving Participating Member shall participate in the cost of such repairs as may be agreed from time to time.

**ARTICLE V**  
**Fiscal Provisions**

**Section 5.01 Annual Requirement.**

Subject to the terms and provisions of this Contract, the Authority will provide and pay for the cost of the Project through the issuance of the Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Contract will be the sole or primary source of funds available to the Authority to provide the Annual Requirement. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority or according to their respective percentage shares of treated water covered by this Contract, and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:

- A. all Operation and Maintenance Expenses; and
- B. an amount to fund a special reserve for the Operation and Maintenance Expenses or for additional capital improvements to the Project; the total amount to be accumulated for such operating and additional capital improvements reserve shall not exceed 25% of the annual Operation and Maintenance Expenses (estimated to be approximately three (3) months' expenses); and
- C. when the Authority and the Participating Members agree to issue Bonds to finance the costs of the Project, a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the Bonds.

**Section 5.02 Annual Budget.**

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement. Each Participating Member will be furnished a copy of such annual budget, and each Participating Member hereby acknowledges its ability to pay its share of the Annual Requirement from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, 2007, the Authority shall furnish to each Participating Member a preliminary estimate of the Annual Payment required from each Participating Member for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year 2007-2008, the Authority shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period. A copy of such preliminary budget shall be filed with each Participating Member before action by the Board. Any Participating Member may submit comments about the preliminary budget directly to the Board. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper; provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Participating Members which change or amendment would in effect increase the Annual

Requirement without resubmitting such amended preliminary budget to the Participating Members. The Board shall thereupon approve the annual budget. With respect to budgetary matters, the Participating Members shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund, provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Participating Members, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Participating Members and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Participating Members in any fiscal year shall relieve the Participating Members from (or defer) their absolute and unconditional obligation to make all Annual Payments in full when due.

#### **Section 5.03 Payments by Participating Members.**

A. Subject to Sections 4.06 and 4.07B, each Participating Member agrees to pay a connection fee for each Point of Delivery equal to the total cost of material, labor, and equipment required to implement such connection.

B. For the treated water available to the Participating Members under this Contract (whether or not the Participating Members elect to receive such water), each of the Participating Members agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement. Each of the Participating Members shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority (or its assigns), in monthly installments in accordance with the schedule of payments furnished by the Authority, as hereinafter provided.

C. Each Participating Member shall pay a proportionate share of the Annual Requirement according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Participating Member and set forth on Exhibit A, as amended from time to time. The Authority shall charge each Participating Member its share of pumping costs according to the volume of water actually delivered.

D. Each Participating Member's allocated share of the Annual Requirement for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Participating Members by the Authority.

E. Notwithstanding the foregoing, the Annual Requirement, and each Participating Member's share thereof, shall be redetermined, after consultation with each of the Participating Members, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

- (1) the Authority exercises its option to acquire treated water pursuant to Section 4.01;

(2) unusual, extraordinary, or unexpected Operation and Maintenance Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;

(3) Operation and Maintenance Expenses of the Project are substantially less than estimated;

(4) a Participating Member's interest under this Contract is terminated as provided herein or Additional Participating Members become subject to this Contract;

(5) the Authority issues Bonds for the Project; or

(6) the Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

F. Each Participating Member hereby agrees that it will make payments to the Authority required by this Contract at the Authority's offices within 15 days of the date a bill for service is deposited in the United States mail. If any Participating Member at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Participating Member will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Participating Member or due and owing to any Participating Member by the Authority shall, if not paid when due, bear interest at the maximum lawful nonusurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Participating Member which remains delinquent in any payments due under the preceding paragraph for a period of thirty (30) days, and shall not resume delivery of services or water while such Participating Member is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Participating Member. It is further provided and agreed that if any Participating Member should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Participating Member's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent Participating Members and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Participating Members and the Authority collectively shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent Participating Member to enforce and protect the rights of the Authority, the other Participating Members, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Participating Member shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Participating Members and the Authority during each Annual Payment Period regardless of the delinquency of a particular Participating Member. If any amount due and owing the Authority by any Participating Member is placed with an attorney for collection, such Participating Member shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.



H. If, during any Annual Payment Period, any Participating Member's Annual Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Participating Member with an updated schedule of monthly payments reflecting such redetermination.

#### Section 5.04 Unconditional Payments.

A. Notwithstanding any provision of this Contract to the contrary, while this Contract remains in effect each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered by this Contract as provided in Section 4.01, the Annual Payment of each Participating Member shall be reduced to the proportion that each Participating Member's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement, but, if the Authority exercises its option to acquire treated water from the Project pursuant to Section 4.01, the Participating Members and the Authority shall share the cost of the Project and the Bonds in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Contract.

B. Recognizing that the Participating Members urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay and secure the Bonds, it is hereby agreed that each of the Participating Members shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement, as provided and determined in this Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Participating Member hereunder, or whether or not any Participating Member actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the Authority.

C. If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each Participating Member to make the payments required under Section 5.03 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other Participating Members and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation of the Participating Member or the Authority giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Participating Member or the Authority shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonable within the control of the party claiming such inability.

**Section 5.05 Continuing Right to Treated Water.**

For and in consideration of agreeing to the unconditional payments to be made under this Contract, each Participating Member is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Contract. That right shall continue for the term of this Contract and any renewals thereof.

**ARTICLE VI  
Additional Participating Members**

**Section 6.01 Additional Participating Members.**

If water is available, the Authority and the Original Participating Members agree that additional entities may become subject to the provisions of this Contract as Additional Participating Members by providing the following to the Authority and the then Participating Members:

- A. an executed signature page to this Contract in form satisfactory to the Authority;
- B. to the extent any representation contained in this Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Contract;
- C. a revised Exhibit A to this Contract satisfactory to the Authority and all then Participating Members;
- D. a revised Exhibit B to this Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;
- E. a completed Exhibit C to this Contract to the extent applicable to such entity and in form satisfactory to the Authority; and
- F. such other certifications and information as may be reasonably requested by the Authority and the then Participating Members.

**ARTICLE VII  
Special Conditions**

**Section 7.01 Operation and Maintenance of the Project.**

The Authority will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. The Authority recognizes its right and duty to operate the Project in the most prudent and economical manner for the benefit of all Participating Members.

**Section 7.02 Project Schedule.**

It is the intent of the parties that the Project be placed in operation as soon as practicable, and the Authority agrees to proceed diligently with the evaluation of feasibility, the securing of regulatory

permits, and the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Contract.

**Section 7.03 Permits, Financing, and Applicable Laws.**

Any obligations on the part of the Authority to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Participating Members shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the Authority's final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the Authority to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

**Section 7.04 Title to Water; Indemnification.**

Title to all water supplied to each Participating Member shall be in the Authority up to the Point of Delivery for such Participating Member, at which point title shall pass to the receiving Participating Member. Title to treated water transmitted through the lines of a Participating Member pursuant to Section 4.08 for the use of another Participating Member shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Participating Member. The Authority and each of the Participating Members shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

**Section 7.05 Payments Solely From Revenues.**

The Authority shall never have the right to demand payment by any Participating Member of any obligations assumed by it or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxes, and the obligations under this Contract shall never be construed to be a debt of such kind as to require any of the Participating Members to levy and collect a tax to discharge such obligation. Nonetheless, any Participating Member may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Participating Member.

**Section 7.06 Operating Expenses.**

Each of the Participating Members represents and covenants that, to the extent payments under this Contract are made with utility system revenues, such payments shall constitute reasonable and necessary "operating expenses" of its utility system, as defined in Chapter 1502, as amended, Texas Government Code, and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Participating Member represents and has determined that the treated water supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Participating Member's utility system and facilities, and, accordingly, all payments required by this Contract to be made by each Participating Member shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or



hereafter issued by such Participating Member, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

#### **Section 7.07 Rates for Water.**

Each of the Participating Members agrees throughout the term of this Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment under this Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

#### **Section 7.08 Use of Funds and System.**

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid pursuant to this Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Contract.

#### **Section 7.09 Rights-of-Way.**

A. Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use.

B. To the extent they have such ownership authority, each Participating Member agrees that, with prior written approval, the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.

#### **Section 7.10 Insurance.**

The Authority agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the Authority, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to the Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

### **Section 7.11 Additional Special Provisions.**

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C hereto. The Special Provisions for this Contract reflect circumstances or issues for specific Participating Members which may be different from those of other Participating Members and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Contract. To the extent of any conflict between any Special Provision and any other provision of this Contract, the Special Provision shall control.

## **ARTICLE VIII Continuing Disclosure**

### **Section 8.01 Annual Reports.**

Following the issuance of Bonds of any series, the offer or sale of which is not exempt from the Rule and, until any Participating Member is no longer obligated, contingently or otherwise, to make Annual Payments in respect of the Bonds of such series, any Participating Member undertakes to and shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year, (1) financial information and operating data of the general type included in the Sale and Offering Documents for the Bonds of such series, as specified in any Participating Member's approval of such Sale and Offering Documents pursuant to Section 3.02 hereof and (2) audited general purpose financial statements of any Participating Member, if then available. Any financial statements so to be provided shall be (1) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as any Participating Member may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if any Participating Member commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then any Participating Member shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements become available.

If any Participating Member changes its fiscal year, it will notify the trustee or paying agent, each NRMSIR, and any SID in writing of the change (and of the date of the new fiscal year end) prior to the next date by which any Participating Member otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC. Copies of such information and operating data shall be furnished to the Authority at the same time the information and data are furnished to any NRMSIR or SID.

### **Section 8.02 Material Event Notices.**

A. The following are the events with respect to the Bonds which the Authority must agree to disclose in a timely manner pursuant to the Rule, if "material" under applicable federal securities laws and regulations promulgated thereunder.

- (1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of holders of the Bonds;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

B. The Participating Member shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in (a) above, notify the Authority of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the Participating Member shall provide, in a timely manner, notice of any failure by the Participating member to provide audited financial statements, financial information, and operating data in accordance with Section 8.01 hereof to each NRMSIR and each SID.

#### **Section 8.03 Limitations, Disclaimers, and Amendments.**

The Participating Member shall be obligated to observe and perform the covenants specified in this Article in respect of the Bonds of any series for so long as, but only for so long as, the Participating Member remains an "obligated person" with respect to the Bonds of such series within the meaning of the Rule, except that the Participating Member in any event will give notice of any deposit made in accordance with the Bond Resolution that causes Bonds of such series no longer to be Outstanding.

The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Participating Members undertake to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Participating Members' financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Participating Members make no representations or warranties concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE PARTICIPATING MEMBERS BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE PARTICIPATING MEMBERS WHETHER NEGLIGENT OR WITHOUT FAULT ON THEIR PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Participating Members in observing or performing their obligations under this Article shall comprise a breach of or default under this Contract for purposes of any other provision of this Contract.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority or the Participating Members under federal and state securities laws.

The provisions of this Article may be amended by the Authority and the Participating Members from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority or the Participating Members, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds of the applicable series in the primary offering of the Bonds of such series in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the outstanding Bonds of each such series affected consent to such amendment or (b) an entity that is unaffiliated with the Authority or the Participating Members (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the owners and beneficial owners of the Bonds of such series and is permitted by the terms of the Article. If the Authority and the Participating Members so amend the provisions of this Article in connection with the financial or operating data which the Participating Members are required to disclose under Section 8.01 hereof, the Participating Members shall provide a notice of such amendment to be filed in accordance with Section 8.02(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Authority and the Participating Members may also amend or repeal the provisions of this Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

#### **Section 8.04 Allocation of Water During Drought.**

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of stored water pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

#### **Section 8.05 Conservation.**

The Authority and Participating Member each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Participating Members further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Participating Members to the extent practicable considering any differences in the legal authority of Participating Members and other Participating Members to institute those plans.

#### **Section 8.06 Term of Contract.**

This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as an agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Contract. The Authority's obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project. This Contract constitutes the sole agreement between the parties hereto with respect to the Project.

#### **Section 8.07 Approval and Consent.**

Unless otherwise provided herein, any approval or consent required by the provisions of this Contract by a Participating Member or the Authority shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate party, the Authority or the Participating Member can conclusively act on the matter requiring such approval.

#### **Section 8.08 Modification and Amendment.**

A. No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by any Participating Member under this Contract or any similar contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

B. This Contract may be amended upon the written consent of the Authority and all then Participating Members; provided, however, no amendment to this Contract shall impair the rights of any holder of any of the Authority's Bonds.

#### **Section 8.09 Addresses and Notice.**

Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

- A. If to the Authority, to:
- Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130
- B. If to Green Valley Special Utility District, to:
- Green Valley Special Utility District  
Post Office Box 99  
Marion, Texas 78124
- C. If to Bexar Metropolitan Water District, to:
- Bexar Metropolitan Water District  
2047 West Malone  
San Antonio, Texas 78225
- D. If to the City of Cibolo, Texas to:
- City of Cibolo, Texas  
109 South Main Street  
Post Office Box 88  
Cibolo, Texas 78108
- E. If to the City of Marion, Texas to:
- City of Marion, Texas  
Post Office Box 158  
Marion, Texas 78124-0158
- F. If to the Crystal Clear Water Supply Corporation to:
- Crystal Clear Water Supply Corporation  
2370 FM 1979  
San Marcos, Texas 78666
- G. If to the Springs Hill Water Supply Corporation to:
- Springs Hill Water Supply Corporation  
Post Office Box 29  
Seguin, Texas 78156-0029

H. If to the East Central Special Utility District to:

East Central Special Utility District  
5520 F.M. 1628  
Adkins, Texas 78101

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.

**Section 8.10 State or Federal Laws, Rules, Orders, or Regulations.**

This Contract is subject to all applicable federal and state laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

**Section 8.11 Remedies Upon Default.**

It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing, however, that the Authority's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Participating Member shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Participating Member's obligations hereunder could not be adequately compensated in money damages alone, each Participating Member agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstance.

**Section 8.12 Severability.**

The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws of the State or the United States of America, or in contravention of any such laws, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is



intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 8.13 Venue.

All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Guadalupe County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Contract that Guadalupe County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Guadalupe County, Texas.

Section 8.14 Assignment.

Neither the Authority nor any Participating Member may assign any interest it may have under this Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Contract.

Section 8.15 Entire Agreement.

This Contract constitutes the entire agreement among the parties with respect to the sale of treated water by the Authority to the Participating Members.

Section 8.16 Applicable Law.

This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 8.17 No Sale, Lease, or Other Transfer of Participating Members' Utility System.

Pursuant to the terms of this Contract, a Participating Member, to the extent permitted by law, shall not sale, lease, or otherwise transfer any interest in such Participating Member's utility system without the written consent of the Authority.

Section 8.18 Counterparts.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[The remainder of this page intentionally left blank.]*



IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER  
AUTHORITY

By: Melvin F. Stray  
Chairman, Board of Trustees

ATTEST:

Mark Speed  
Secretary, Board of Trustees

(AUTHORITY SEAL)

EAST CENTRAL SPECIAL UTILITY

DISTRICT

By: Melvin E. Stray  
President, Board of Directors

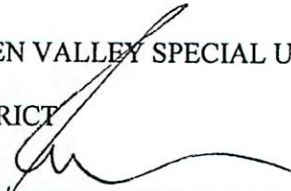
ATTEST:

Donald C. [Signature]  
Secretary, Board of Directors

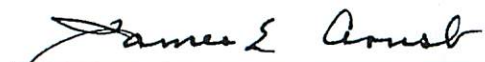
(SEAL)

GREEN VALLEY SPECIAL UTILITY

DISTRICT

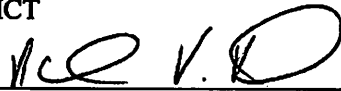
By:   
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

BEXAR METROPOLITAN WATER  
DISTRICT

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(SEAL)

CITY OF CIBOLO, TEXAS

By: Jennifer Hartman  
Mayor

ATTEST:

Peggy Lewis  
Secretary

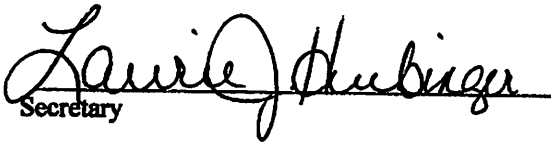
(CITY SEAL)

CITY OF MARION TEXAS

By: 

Mayor

ATTEST:

  
Secretary

(CITY SEAL)

CRYSTAL CLEAR WATER SUPPLY  
CORPORATION

By: Richard Hanz  
President, Board of Directors

ATTEST:

Ramon Conz  
Secretary-Treasurer, Board of Directors

(SEAL)

SPRINGS HILL WATER SUPPLY  
CORPORATION

By: William D. O'Brien  
President, Board of Directors

ATTEST:

Clarence Bell  
Secretary, Board of Directors

(SEAL)

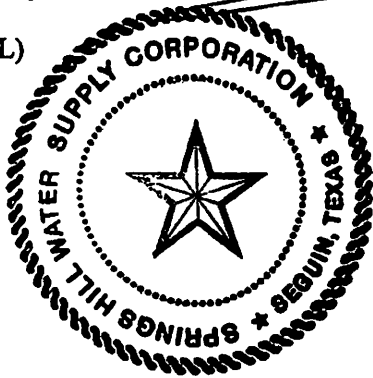




Exhibit A

Allocations and Maximum Rate of Flow

| Entity                                 | Plant Capacity<br>in A/F | Percent of<br>Ownership (%) | GPM Daily | Instantaneous<br>Peak<br>(GPM) |
|--|--------------------------|-----------------------------|-----------|--------------------------------|
| Bexar Metropolitan Water District      |                          |                             |           |                                |
| City of Cibola                         |                          |                             |           |                                |
| East Central Special Utility District  |                          |                             |           |                                |
| Green Valley Special Utility District  |                          |                             |           |                                |
| City of Marion                         |                          |                             |           |                                |
| Springs Hill Water Supply Corporation  |                          |                             |           |                                |
| Crystal Clear Water Supply Corporation |                          |                             |           |                                |
| Totals                                 | 5,200.00                 | 100%                        | 3,223.80  | 4,190.90                       |

**Exhibit B**

**Points of Delivery**

**Bexar Metropolitan Water District  
East Central Special Utility District  
City of Cibolo  
City of Marion  
Green Valley Special Utility District**

**Springs Hill Water Supply Corporation  
Crystal Clear Water Supply Corporation**

**1604 Booster Station Meter  
IH-10/East Central Meter Station  
Cibolo Meter Station  
Marion Meter Station  
1518 Elevated Tank  
Haeckerville Road Meter Station  
Wagner Booster Station  
Hardy Road Meter Station  
Green Valley/Cunlap Meter Station  
Springs Hill Meter Dunlap Water Treatment Plant  
Wells Ranch Treatment Plant  
Crystal Clear Meter/Windmill/FM 758**

**Exhibit C**

**Special Provisions**

**None**

CRWA LAKE  
DUNLAP  
WELLS RANCH  
PHASE I  
CONTRACT  
AMENDMENT 1  
JUNE 08, 2009  
(300 AF/YR)

# FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP  
300 CONVENT STREET, SUITE 2200  
SAN ANTONIO, TEXAS 78205-3792  
WWW.FULBRIGHT.COM

SCRANE@FULBRIGHT.COM  
DIRECT DIAL: (210) 270-7127

TELEPHONE: (210) 224-5575  
FACSIMILE: (210) 270-7205

June 16, 2009

## BY FEDERAL EXPRESS

Mr. David J. Davenport  
General Manager  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8282

Re: Canyon Regional Water Authority Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2009

Dear David:

I enclose Amendment No. 1 to the Water Supply Contract pertaining to the captioned financing, including five signature pages thereto, to be executed by the appropriate officers of the Canyon Regional Water Authority. I will appreciate your help in ensuring that all of the enclosed signature pages are executed, sealed and returned to me at your earliest convenience.

Thank you for your assistance in this matter, and my apologies for omitting this document from the July 8, 2009 sale package. If you have questions concerning the enclosed documentation, please do not hesitate to contact us.

Very truly yours,



Suzi E. Crane  
Senior Paralegal

/sec

Enclosures

cc: Mr. Mark M. McLiney (Southwest Securities, Inc.)  
Mr. Ryan Cunningham (Southwest Securities, Inc.)  
Ms. Rita Leech (Southwest Securities, Inc.)  
Mr. W. Jeffrey Kuhn (Firm)  
Mr. Clay Binford (Firm)  
Mr. Carey Troell (Firm)

**AMENDMENT NO. 1 TO THE WATER SUPPLY CONTRACT (WELLS RANCH PROJECT) BETWEEN THE CANYON REGIONAL WATER AUTHORITY, BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION**

This first amendment to the Water Supply Contract (the "Contract") originally dated May 1, 2007 (the "Amendment No. 1") is made by and among the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and THE BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION (collectively, the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Contract.

**WITNESSETH:**

WHEREAS, each of the Participating Members under the Contract has agreed to pay, on a take-or-pay basis, its share of costs of the Project, the Project Costs, and the Bonds in the time and manner as set forth in the Contract and the Bond Resolution;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

Section 1: Each of the Participating Members hereby agrees to the issuance of additional Bonds in an amount not to exceed [REDACTED] to complete the Project and to their Annual Payment obligations and other contractual obligations as set forth in the Contract and as specified in Exhibit A thereto;

Section 2. This Amendment No. 1 shall be construed and governed in accordance with the laws of the State of Texas. Except as provided by this Amendment No. 1, the Contract is hereby ratified, reconfirmed, and readopted by the Authority and each Participating Member.

Section 3: This Amendment No. 1 may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

Section 4: This Amendment No. 1 supersedes and takes the place of any and all previous agreements (except the Contract) entered into among the parties hereto with respect to the subject matter hereof. All other provisions of the Contract, not specifically amended herein are hereby confirmed and ratified.

Section 5: The persons signing this Amendment No. 1 are duly authorized to execute it on behalf of such party, and each party warrants that it is authorized to execute and deliver this Amendment No. 1 and to perform its duties hereunder.

Section 6: This Amendment No. 1 has been entered into as of June 8, 2009.

*[The remainder of this page intentionally left blank.]*

CANYON REGIONAL WATER AUTHORITY

Melvin E. Stray  
Chairman

(Seal)

Bob Speed  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President

(Seal)

\_\_\_\_\_  
Secretary

CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

CYRSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary/Treasurer



CRWA LAKE  
DUNLAP  
WELLS RANCH  
PHASE I  
CONTRACT  
AMENDMENT 2  
OCTOBER 24, 2011  
(300 AF/YR)

**AMENDMENT NO. 2 TO THE WATER SUPPLY CONTRACT (WELLS RANCH PROJECT) BETWEEN THE CANYON REGIONAL WATER AUTHORITY, BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION**

This second amendment to the Water Supply Contract originally dated May 1, 2007 (the "Contract"), as previously amended on June 8, 2009 by Amendment No. 1 ("Amendment No. 1") (the "Amendment No. 2") is made by and among the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and THE BEXAR METROPOLITAN WATER DISTRICT, CITY OF CIBOLO, TEXAS, CITY OF MARION, TEXAS, EAST CENTRAL SPECIAL UTILITY DISTRICT, GREEN VALLEY SPECIAL UTILITY DISTRICT, CRYSTAL CLEAR WATER SUPPLY CORPORATION, AND SPRINGS HILL WATER SUPPLY CORPORATION (collectively, the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Contract.

**WITNESSETH:**

WHEREAS, each of the Participating Members under the Contract has agreed to pay, on a take-or-pay basis, its share of costs of the Project, the Project Costs, and the Bonds in the time and manner as set forth in the Contract and the Bond Resolution;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

Section 1: Each of the Participating Members hereby agrees to the issuance of additional Bonds in an amount not to exceed [REDACTED] to further complete the Project and to their Annual Payment obligations and other contractual obligations as set forth in the Contract and as specified in Exhibit A thereto;

Section 2. This Amendment No. 2 shall be construed and governed in accordance with the laws of the State of Texas. Except as provided by this Amendment No. 2, the Contract, including Amendment No. 1, is hereby ratified, reconfirmed, and readopted by the Authority and each Participating Member.

Section 3: This Amendment No. 2 may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

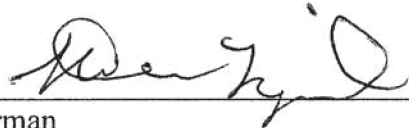
Section 4: This Amendment No. 2 supersedes and takes the place of any and all previous agreements (except the Contract and Amendment No. 1) entered into among the parties hereto with respect to the subject matter hereof. All other provisions of the Contract, not specifically amended herein are hereby confirmed and ratified.

Section 5: The persons signing this Amendment No. 2 are duly authorized to execute it on behalf of such party, and each party warrants that it is authorized to execute and deliver this Amendment No. 2 and to perform its duties hereunder.

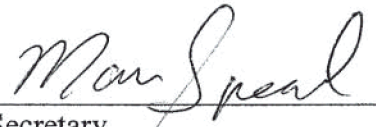
Section 6: This Amendment No. 2 has been entered into as of October 24, 2011.

*[The remainder of this page intentionally left blank.]*

CANYON REGIONAL WATER AUTHORITY

  
Chairman

(Seal)

  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

CRYSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

CANYON REGIONAL WATER AUTHORITY

\_\_\_\_\_  
Chairman

(Seal)

\_\_\_\_\_  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

  
\_\_\_\_\_  
President, Board of Directors

(Seal)

  
\_\_\_\_\_  
Secretary, Board of Directors

CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

CRYSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

CANYON REGIONAL WATER AUTHORITY

\_\_\_\_\_  
Chairman

(Seal)

\_\_\_\_\_  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

CITY OF CIBOLO, TEXAS

*Jennifer Hartman*  
\_\_\_\_\_  
Mayor

(Seal)

*Peggy Lewis*  
\_\_\_\_\_  
City Secretary

CRYSTAL CLEAR WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary/Treasurer, Board of Directors



CANYON REGIONAL WATER AUTHORITY

\_\_\_\_\_  
Chairman

(Seal)

\_\_\_\_\_  
Secretary

BEXAR METROPOLITAN WATER DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

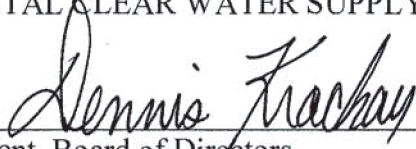
CITY OF CIBOLO, TEXAS

\_\_\_\_\_  
Mayor

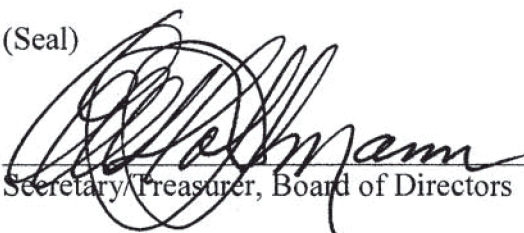
(Seal)

\_\_\_\_\_  
City Secretary

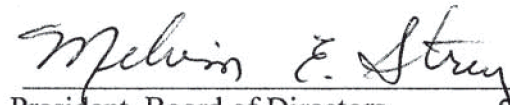
CRYSTAL CLEAR WATER SUPPLY CORPORATION

  
\_\_\_\_\_  
President, Board of Directors


(Seal)

  
\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

EAST CENTRAL SPECIAL UTILITY DISTRICT

  
\_\_\_\_\_  
President, Board of Directors

(Seal)

  
\_\_\_\_\_  
Secretary, Board of Directors

GREEN VALLEY SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors




EAST CENTRAL SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

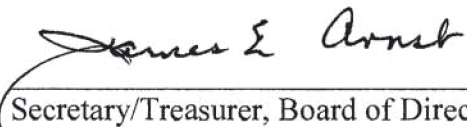
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\_\_\_\_\_  
Secretary, Board of Directors

GREEN VALLEY SPECIAL UTILITY DISTRICT

  
\_\_\_\_\_  
President, Board of Directors

(Seal)

  
\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

EAST CENTRAL SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

GREEN VALLEY SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

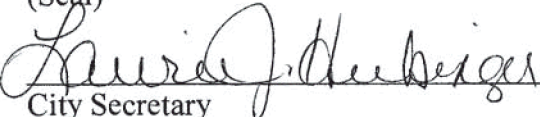
\_\_\_\_\_  
Secretary, Board of Directors

CITY OF MARION, TEXAS

  
\_\_\_\_\_

Mayor

(Seal)

  
\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

EAST CENTRAL SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary, Board of Directors

GREEN VALLEY SPECIAL UTILITY DISTRICT

\_\_\_\_\_  
President, Board of Directors

(Seal)

\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

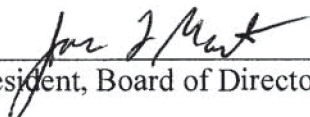
CITY OF MARION, TEXAS

\_\_\_\_\_  
Mayor

(Seal)

\_\_\_\_\_  
City Secretary

SPRINGS HILL WATER SUPPLY CORPORATION

  
\_\_\_\_\_  
President, Board of Directors



## **APPENDIX G**

### **EXISTING PURCHASED WATER**

### **CRWA WELLS RANCH PHASE II**

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NEW WATER SUPPLY CONTRACT

---

October 19, 2015

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between

CANYON REGIONAL WATER AUTHORITY

and

CITY OF CIBOLO, TEXAS,

CITY OF CONVERSE, TEXAS,

CITY OF MARION, TEXAS,

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT,

EAST CENTRAL SPECIAL UTILITY DISTRICT, and

GREEN VALLEY SPECIAL UTILITY DISTRICT

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WELLS RANCH PROJECT II

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## **WATER SUPPLY CONTRACT**

THIS NEW WATER SUPPLY CONTRACT (this "Contract") dated as of the October 19, 2015 (the "Contract Date") is between the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and the **CRYSTAL CLEAR SPECIAL UTILITY DISTRICT**, a special utility district created by a special act of the Texas Legislature, the EAST CENTRAL SPECIAL UTILITY DISTRICT and the GREEN VALLEY SPECIAL UTILITY DISTRICT, each a special utility district created under Chapter 65, as amended, Texas Water Code, the CITIES OF CONVERSE and CIBOLO, TEXAS, each a home rule municipality, AND the CITY OF MARION, TEXAS, a Type A general law municipality (as the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members").

### **P R E A M B L E   A N D   W I T N E S S E T H :**

WHEREAS, the Authority was created to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply to supplement water from the Edwards Aquifer; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority's boundaries currently include all of the territory located in the service area of its members as provided in their respective certificates of convenience and necessity issued by the Texas Commission on Environmental Quality (the "Commission"); and

WHEREAS, each of the Authority's members currently provides potable water utility service to its customers; and

WHEREAS, in the pursuit of its purposes, the Authority has entered into contracts and has and anticipates entering into additional contracts to acquire rights to purchase raw water for treatment and resale to the Participating Members; and

WHEREAS, the Authority previously issued three series of contract revenue bonds to finance the original project and these contract revenue bonds are supported by a separate take-or-pay contract by the contracting entities to that contract, as amended, and this new water supply contract will finance an expansion of the original project with different entities executing this new take-or-pay contract to secure the issuance of a new series of tax-exempt contract revenue bonds to be issued in 2015; and

WHEREAS, the Authority plans to build, expand, improve, renovate, equip, operate, and maintain a water treatment facility known as Wells Ranch water treatment facility and certain related transmission lines, including the use of certain Participating Members existing transmission lines and related facilities (the "Project") for the purpose of receiving, treating, and transmitting certain of the water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, the Participating Members hold and may acquire additional rights to raw water from other sources for treatment pursuant to the provisions of this Contract and thereafter to supply, redeliver, or sell this treated water in accordance with the provisions of this Contract; and



WHEREAS, the Participating Members hold and may acquire additional rights to raw water from other sources for treatment pursuant to the provisions of this Contract and thereafter to supply, redeliver, or sell this treated water in accordance with the provisions of this Contract; and

WHEREAS, the Authority intends to build, operate, and maintain (i) an expanded water treatment facility and (ii) certain related transmission lines and storage facilities including the use of certain Participating Members existing transmission lines and related facilities, for the purpose of receiving, treating, storing, and transmitting certain water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, to finance the costs of the acquisition, construction, and equipping of the Project, the Authority intends to issue one or more series of its contract revenue bonds or other debt obligations (the "Bonds") to the Texas Water Development Board or other entity (including a public or negotiated sale), to be secured by and payable from revenues received by the Authority pursuant to this Contract; and

WHEREAS, for and in consideration of the Authority acquiring the right to purchase raw water for treatment and resale as provided herein, the Participating Members are willing and have agreed to contract with the Authority as hereinafter provided to acquire treated water from the Project and to pay the costs of the Project by assisting in the amortization of the principal of and interest on the Bonds and paying the Authority's Operation and Maintenance Expenses (hereinafter defined); and

WHEREAS, the Authority and the Participating Members are authorized to enter into this Contract pursuant to the Authority's enabling statute, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act"), and Chapter 791, Texas Government Code, as amended (the "Interlocal Cooperation Act"), and other applicable laws; and

WHEREAS, the Authority agrees that the Participating Members shall continue to own their respective Certificates of Convenience and Necessity issued by the Commission, shall continue to own and operate their respective water pumping, storage, and distribution facilities, and any respective water treatment facilities currently owned by each of the Participating Members; and

WHEREAS, the Authority's Board of Trustees has directed that a portion of the raw water under this Contract be made available (following treatment by the Authority) on a firm basis to parties who contract with the Authority pursuant to this Contract; and

WHEREAS, each of the Participating Members under this Contract proposes to pay its share of costs of the Project and the Bonds based upon a rate methodology to be developed by the Authority or in proportion to the respective amounts of treated water each has agreed to purchase under this Contract; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

ARTICLE I  
Definitions

Section 1.01    Definitions.

The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

- (1)    "Act" means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended.
- (2)    "Additional Participating Member(s)" means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Contract to be bound by the terms of this Contract, as it may be amended from time to time.
- (3)    "Adjusted Annual Payment" means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Contract.
- (4)    "Annual Payment" means the amount of money to be paid to the Authority by each Participating Member during each Annual Payment Period as its share of the Annual Requirement.
- (5)    "Annual Payment Period" means the Authority's Fiscal Year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority.
- (6)    "Annual Requirement" means, during an Annual Payment Period, the total amount required to pay all Operation and Maintenance Expenses of the Authority and the Project and all costs and payments due and payable for the amortization of the Bonds.
- (7)    "Authority" means the Canyon Regional Water Authority, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas created in accordance with the Act. Except as otherwise noted herein, actions required or permitted to be taken by the Board under this Contract may be taken by the General Manager on behalf of the Board.
- (8)    "Board" means the governing body of the Authority.
- (9)    "Boardmembers" means a member or members of the Board.
- (10)    "Bond Resolution" means any resolution or other financing documents of the Authority which authorizes any Bonds.
- (11)    "Bonds" means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under this Contract, and the interest thereon, hereafter issued by the Authority to finance the costs to acquire, construct, expand, renovate, improve, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance costs to improve and extend the Project, and any bonds or other obligations issued to refund any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.
- (12)    "Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.
- (13)    "Commission" means the Texas Commission on Environmental Quality or any successor entity thereto.

(14) "Contract" means this new Water Supply Contract, as initially executed and as it may be amended from time to time.

(15) "Credit Agreement" means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code which the Authority enters into relating to its obligations with respect to the Bonds.

(16) "EMMA" means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

(17) "Fiscal Year" means the Authority's fiscal year, which currently begins on October 1 of each year and ends on September 30 of the following year, as it may be changed from time to time by the Authority with notice to the Participating Members.

(18) "Force Majeure" means such term only as it is defined in Section 5.04 of this Contract.

(19) "General Manager" means the general manager of the Authority's operations, including any party or entity that the Authority enters into a management contract to provide these services.

(20) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Project.

(21) "MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

(22) "Operation and Maintenance Expenses" means, during an Annual Payment Period, all direct costs and expenses incurred and paid by the Authority for the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any federal, state, or local agency for the construction, operation, and/or water storage rights or other interests in water from any source of raw water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

(23) "Original Participating Members" means Crystal Clear Special Utility District, East Central Special Utility District, Green Valley Special Utility District, and the Cities of Cibolo, Converse, and Marion, Texas.

(24) "Overhead Expenses" means the reasonable and necessary costs and expenses incurred and paid by the Authority which are directly related to the issuance and servicing of the Bonds; the acquisition of Land Interests required for the Project, if any; the design, permitting, financing, acquisition, construction, and ownership of the Project; and any other activities required of or involving the Authority directly in connection with or attributable to the Project or the Bonds, including, but not limited to:

(a) per diem and reimbursable expenses incurred by the Board for special meetings of the Board related solely to the Project, or a portion of such expenses if a special meeting relates to other Board matters in addition to the Project;

(b) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with the reimbursable expenses of such persons and firms paid by the Authority;

(c) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the General Manager of the Authority, times an overhead factor of two (2), which factor shall be subject to adjustment by the Authority from time to time in response to actual or reasonably projected overhead expenses of the Authority;

(d) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction;

(e) the cost of property casualty and public liability insurance; including any insurance deductible charged to or required to be paid by the Authority;

(f) all costs incurred in litigation involving or relating to the Project; and

(g) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not and whether or not included in the definition or as a part of Project Costs.

(25) "Participating Member(s)" means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Contract.

(26) "Permitted Liens" means:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(b) Easements for roads (as used in this Contract, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(c) Rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(27) "Point(s) of Delivery" means the point or points designated in Exhibit B to this Contract or by subsequent agreement where water will be delivered by the Authority to Participating Members from the Project.

(28) "Project" means the "Project" as defined in the preamble of this Contract and reflects the expansion of the original project and commonly known as Wells Ranch Project II.

(29) "Project Costs" means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority:

- (a) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;
- (b) the cost of acquisition, construction, repair, replacement, or improvement of any structure, item of equipment, or other item, used for, or in connection with, the Project;
- (c) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project;
- (d) the cost of engineering, legal, architectural or other related services;
- (e) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project;
- (f) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation;
- (g) finance charges and interest before, during, and after construction;
- (h) costs incurred in connection with financing the Project, including, without limitation:
  - a. financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;
  - b. the costs of a Credit Agreement;
  - c. the cost of printing, engraving, and reproduction services; and
  - d. the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees.
- (i) all costs, fees and expenses of litigation of all kinds;
- (j) the cost of property casualty and public liability insurance;
- (k) the Authority's Overhead Expenses; and
- (l) other costs generally recognized as a part of project construction costs.

(30) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(31) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(32) "Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

(33) "State" means the State of Texas.

(34) "System" means all properties, facilities and plants (including the Project) currently owned, operated, and maintained by the Authority for the supply, treatment, and transmission of treated potable water, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the Authority; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall

not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the Authority with the proceeds from the issuance of Special Facilities Bonds, which are hereby defined as being special revenue obligations of the Authority which are not payable from revenues of the System but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

Section 1.02     Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Contract and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

ARTICLE II  
Representations and Warranties

Section 2.01     Representations and Warranties of Authority.

The Authority hereby represents and warrants that it has full power and authority to sell or otherwise convey treated water to the Participating Members in accordance with the terms of this Contract and the execution and delivery of this Contract by the Authority and the performance by the Authority of the provisions hereof do not and will not conflict with or constitute on the part of the Authority a breach or a default of any provision of any other contract or agreement of the Authority.

Section 2.02     Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants that it has full power and authority to purchase treated water from the Authority in accordance with the terms of this Contract; and the execution and delivery of this Contract by each Participating Member and the performance of the provisions hereof by each Participating Member do not and will not conflict with or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

ARTICLE III  
Construction of Project and Issuance of Bonds

Section 3.01     Construction of Project.

The Authority agrees that the acquisition, construction, and improvement of the Project by the Authority will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.02 to provide a source of funds, with all practical dispatch.

Section 3.02 Issuance of Bonds.

A. The Authority may issue its Bonds, payable from and secured by a pledge of the Annual Payments from this Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project.

B. Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Project as may be necessary for the marketing and sale of the Bonds. The Authority may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

C. Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Trustees, a draft of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the Participating Member for review and approval. The Participating Members shall adopt a resolution approving the issuance of Bonds and delegate to an authorized representative the approval of the final terms and provisions of the Bonds, including the principal amount, as reflected in the final Bond Resolution.

D. Upon the Participating Member approval of (i) each form of Bond Resolution hereafter adopted by the Authority, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the Authority of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution in such final form by the Authority's Board of Trustees, the execution of an approval certificate by the authorized representatives of each of the Participating Members approving the final terms and provisions of the Bonds and the Bond Resolution, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the Authority and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

E. All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the Participating Member to make, promptly when due, all Annual Payments specified in this Contract and all payments described in Section 5.03 hereof shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the Participating Member, the Authority may enter into Credit Agreements, to the extent permitted by law, for the purpose of achieving the lowest financing costs for the Project.

Section 3.03 Liens. Neither the Participating Members nor the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.04 Tax-Exempt Bonds. The parties hereto understand and agree that the Authority will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the parties intend that the Authority will issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should either party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the parties, the parties will identify a different firm, that is mutually acceptable to both parties, in order to resolve the conflict of opinion.

Section 3.05 Payment to Rebate Fund. In the event that tax-exempt Bonds are issued as provided in Section 3.04, the Authority hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(0)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the trustee or paying agent to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, the Authority forthwith shall pay the amount of such insufficiency on such date to the trustee or paying agent in immediately available funds for such purpose.

Section 3.06 Sale and Offering Documents. At the request of the Authority, the Participating Members shall provide to the Authority current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the Participating Members, and such other information concerning the Participating Members as the Authority shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Participating Members represent and warrant that all statements concerning the Participating Members (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

Section 3.07 Authority's Rights Assigned to Trustee. The Participating Members are advised and recognize that as security for the payment of the Bonds, the Authority may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the



Authority's rights under this Contract, including the right to receive the Annual Payments hereunder and the amounts described in Section 5.03 hereof. The Participating Members herewith assent to such assignment and will make the Annual Payments and the payments described in Section 5.03 hereof directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.

#### ARTICLE IV

##### Sale and Purchase of Treated Water; Operating Requirements

###### Section 4.01 Water Conveyance; Option to Purchase.

A. The Participating Members hereby agree to pay for the right to receive from the Authority and the Authority hereby agrees to sell to the Participating Members all of the treated water produced by the Authority through the Project subject to the terms and provisions of this Contract or other contracts which generate System revenues; provided, however, the Authority shall have the right to purchase, and the Participating Members hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Participating Members' share of their Annual Payments under this Contract as provided in Section 5.04 hereof. It is expressly recognized that the treated water delivered to each Participating Member as disclosed in Exhibit A shall be owned by such Participating Member and may be sold or otherwise conveyed by such Participating Member in accordance with applicable law; provided, however, before any Participating Member enters into a contract or other agreement to transfer, sell, or convey any treated water received from the Authority pursuant to the terms of this Contract, such Participating Member shall afford the Authority the right of first refusal for a period of 90 days to obtain such treated water for redistribution to other Participating Members.

B. Each of the Participating Members shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto in accordance with this Contract. To the extent the Authority has acquired additional water from some other source, or to the extent any Participating Member does not request all of its allotted treated water as set forth on Exhibit A, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use the allotted treated water not requested or the share of treated water produced by the Project and acquired by the Authority to supply treated water or spot water sales to other Participating Members, to retail customers, if any, of the Authority, or on a spot basis. The Authority agrees to utilize the revenues from this potential sale of water pursuant to this Paragraph B to benefit all Participating Members as these revenues will be accounted for and disclosed in the Authority's next succeeding budget.

###### Section 4.02 Points of Delivery.

Each Participating Member agrees to take treated water at the Point(s) of Delivery for such Participating Member set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Participating Member, respectively, and the Authority. The Authority will maintain ownership of the connection (being any device, including welded pipe

connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Participating Members.

#### Section 4.03    Resale.

Participating Members hereby agree not to sell treated water purchased from the Authority under this Contract to any person or entity outside such Participating Member's boundaries or prescribed service area (as the boundaries or prescribed service area may be adjusted by the Participating Member in its sole discretion and as approved by any regulatory authority with jurisdiction from time to time) unless the Participating Member has received prior written approval from the Board and are subject to compliance with Section 4.01A above. Approval to make retail sales of treated water to individual customers outside such boundaries or prescribed service area may be granted by the General Manager of the Authority. Approval to make wholesale sales of treated water pursuant to this Contract outside the Participating Member's boundaries or prescribed service area shall require the specific prior approval of the Board and are subject to compliance with Section 4.01A above. Notwithstanding any provision in this Section to the contrary, each Participating Member shall have the right and authority to continue to sell treated water on a retail or wholesale basis to all existing customers situated outside its corporate boundaries or prescribed service area and without the approval or consent of the Board or General Manager. Additionally, the Participating Members shall have the right and authority to sell treated water received from other sources other than the Authority on a wholesale basis or otherwise without any limitation imposed by this Contract or approval by the Board or General Manager.

#### Section 4.04    Other Contracts.

A.     If the Authority exercises its right to water under this Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Contract and shall not contain any provision which would adversely affect the Participating Members' percentage share of treated water covered by this Contract, except as permitted by Section 4.01. In addition, the Authority shall not sell treated water (or such sales will be suspended) pursuant to this Section 4.04 to any entity other than a Participating Member when a condition of drought or other water conservation measure exists which resulted in all Participating Members having their allocation of treated water reduced on a pro rata basis.

B.     The parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Participating Member.

#### Section 4.05    Quality.

A.     The water to be delivered by the Authority and received by each Participating Member shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency.

The Authority shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Participating Member's utility system.

B.     The Authority shall periodically and at a minimum, no less than as may be required by any regulatory authority having jurisdiction, collect samples of treated water delivered to Participating

Members and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

C. The Authority shall cooperate with any Participating Member in responding to any regulatory or legal inquiry related to the quality of water delivered under this Contract.

#### Section 4.06 Metering Equipment.

A. The Authority will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Contract from the Project to each Participating Member's Point or Points of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The Authority shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Participating Member shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. The Authority will notify each Participating Member of any scheduled reading, inspection, calibration, or adjustment at least three (3) business days in advance of the scheduled date. If a Participating Member so requests, the Participating Member may observe such reading, inspection, calibration, and adjustment of meters. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired, or replaced by the Authority. Replacement shall be by a like device having the required accuracy. A meter registering not more than five percent (5%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for a period equal to one-half (1/2) the time elapsed since the date of the immediately preceding meter test at which no inaccuracy was discovered, but in no event will a period of correction exceed six (6) months, in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Authority and the Participating Member shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by the Authority. Any Participating Member may have access to said record books during the Authority's normal business hours.

B. Notwithstanding the requirements for other notices provided in this Contract, any notice, communication, request, reply, or advice from the Authority to a Participating Member, or vice versa, relating to the activities described in Subsection A above, or any other communication relating to the devices for metering of water, may be by electronic or telephone communication, provided receipt of the notice is confirmed by the intended recipient.

#### Section 4.07 Pressure, Backflow, Maximum Rate of Flow.

A. The Authority shall deliver treated water to the Point(s) of Delivery for each Participating Member (subject to the provisions of Section 4.08) at a pressure of not less than 35 psi or at such other pressure agreed upon by the Authority and the Participating Member. If a Participating Member requires a greater or lesser pressure, such Participating Member shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood, fire, earthquakes, other catastrophes, or use of water to fight fires, or any other cause beyond the reasonable control of the Authority shall relieve the Authority from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The Authority shall install and maintain at its sole expense at each Point of Delivery a backflow preventor of AWWA-approved quality. Each Participating Member shall have the right to inspect the backflow preventor at each of its Points of Delivery at such reasonable times at such Participating Member in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Participating Member by the Authority is established in Exhibit A hereto and incorporated by reference for all purposes to this Contract.

#### Section 4.08 Cross-Utilization of Lines.

A. Each Participating Member acknowledges that it may be necessary for certain of its transmission lines to be utilized in order for the Authority to transmit treated water to another Participating Member and such Participating Member hereby agrees to permit the Authority to so utilize its transmission lines in accordance with Section 7.09. In such case, the Participating Members involved agree to inform the Authority of any special requirements with respect to pressure or other matters relating to the transmitting Participating Member's lines.

B. The Authority will furnish, install, operate, and maintain at its expense meters at the point of exit from a Participating Member's lines to maintain accurate measurements of the quantity of water being delivered by the Authority to a Participating Member through the lines of another Participating Member. Such meters shall be subject to inspection and examination by both Participating Members in accordance with the provisions of Section 4.06.

C. In the event that repairs are required to be made to any lines of a Participating Member which are utilized for the transmission of treated water to another Participating Member, the receiving Participating Member shall participate in the cost of such repairs as may be agreed from time to time.

### ARTICLE V Fiscal Provisions

#### Section 5.01 Annual Requirement.

Subject to the terms and provisions of this Contract, the Authority will provide and pay for the cost of the Project through the issuance of the Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Contract will be the sole or primary source of funds available to the Authority to provide the Annual Requirement. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority or according to their respective percentage shares of treated water covered by this Contract, and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:

A. all Operation and Maintenance Expenses; and

- B. an amount to fund a special reserve for the Operation and Maintenance Expenses or for additional capital improvements to the Project; the total amount to be accumulated annually (subject to replenishment) for such operating and additional capital improvements reserve shall not exceed 25% of the annual Operation and Maintenance Expenses (estimated to be approximately three (3) months' expenses); and
- C. when the Authority and the Participating Members agree to issue Bonds to finance the costs of the Project, a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the Bonds.

Section 5.02 Annual Budget.

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement. Each Participating Member will be furnished a copy of such annual budget, and each Participating Member hereby acknowledges its ability to pay its share of the Annual Requirement from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, [2015], the Authority shall furnish to each Participating Member a preliminary estimate of the Annual Payment required from each Participating Member for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year [2015-2016], the Authority (i) shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period and (ii) shall provide a copy of such preliminary budget to each Participating Member. A Participating Member who disputes any information in the preliminary budget shall submit written comments, questions, or requests for clarification about the preliminary budget directly to the Authority, with copy to each member of the Board, not less than thirty (30) days before the commencement of the Annual Payment Period. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper; provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Participating Members which change or amendment would in effect increase the Annual Requirement without resubmitting such amended preliminary budget to the Participating Members not less than 10 days prior to the date of the Board meeting scheduled for approval of the annual budget. The Board shall thereupon approve the annual budget. With respect to budgetary matters, the Participating Members shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund, provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Participating Members, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Participating Members and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Participating Members in any Fiscal Year shall relieve the Participating Members from (or allow

them to defer) their absolute and unconditional obligation to make all Annual Payments in full when due.

Section 5.03 Payments by Participating Members.

A. Subject to Sections 4.06 and 4.07B, each Participating Member agrees to pay a connection fee for each Point of Delivery equal to the total cost of material, labor, and equipment required to implement such connection.

B. For the treated water available to the Participating Members under this Contract (whether or not the Participating Members elect to receive such water), each of the Participating Members agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement. Each of the Participating Members shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority (or its assigns), in monthly installments in accordance with the schedule of payments furnished by the Authority, as hereinafter provided.

C. Each Participating Member shall pay a proportionate share of the Annual Requirement according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Participating Member and set forth on Exhibit A, as amended from time to time. The Authority shall charge each Participating Member its share of pumping costs according to the volume of water actually delivered.

D. Each Participating Member's allocated share of the Annual Requirement for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Participating Members by the Authority.

E. Notwithstanding the foregoing, the Annual Requirement, and each Participating Member's share thereof, shall be redetermined, after consultation with each of the Participating Members, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

- (1) the Authority exercises its option to acquire treated water pursuant to Section 4.01;
- (2) unusual, extraordinary, or unexpected Operation and Maintenance Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;
- (3) Operation and Maintenance Expenses of the Project are substantially less than estimated;
- (4) a Participating Member's interest under this Contract is terminated as provided herein or Additional Participating Members become subject to this Contract;
- (5) the Authority issues Bonds for the Project; or
- (6) the Authority receives either substantially more or substantially less revenues or other amounts than those anticipated by the Authority at the time a Participating Member elects to execute this Contract or at the time any annual Preliminary Budget is distributed by the Authority. "Substantially" in this subsection (6) means by an amount of 15% or greater, determined in accordance with generally accepted accounting practices.

F. Each Participating Member hereby agrees that it will make payments to the Authority required by this Contract at the Authority's offices within thirty (30) days of the date a bill for service is

deposited in the United States mail. If any Participating Member at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Participating Member will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Participating Member or due and owing to any Participating Member by the Authority shall, if not paid when due, bear interest at the maximum lawful nonusurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Participating Member which remains delinquent in any payments due under the preceding paragraph for a period of forty-five (45) days, and shall not resume delivery of services or water while such Participating Member is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Participating Member. It is further provided and agreed that if any Participating Member should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Participating Member's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent Participating Members and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Participating Members and the Authority collectively shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent Participating Member to enforce and protect the rights of the Authority, the other Participating Members, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Participating Member shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Participating Members and the Authority during each Annual Payment Period regardless of the delinquency of a particular Participating Member. If any amount due and owing the Authority by any Participating Member is placed with an attorney for collection, such Participating Member shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

H. If, during any Annual Payment Period, any Participating Member's Annual Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Participating Member with an updated schedule of monthly payments reflecting such redetermination.

#### Section 5.04 Unconditional Payments.

A. Notwithstanding any provision of this Contract to the contrary, while this Contract remains in effect each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered by this Contract as provided in Section 4.01, the Annual Payment of each Participating Member shall be reduced to the proportion that each Participating Member's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement, but, if the Authority exercises its

option to acquire treated water from the Project pursuant to Section 4.01, the Participating Members and the Authority shall share the cost of the Project and the Bonds in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Contract.

B. Recognizing that the Participating Members urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay and secure the Bonds, it is hereby agreed that each of the Participating Members shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement, as provided and determined in this Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Participating Member hereunder, or whether or not any Participating Member actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the Authority.

C. If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each Participating Member to make the payments required under Section 5.03 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other Participating Members and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation of the Participating Member or the Authority giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Participating Member or the Authority shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonable within the control of the party claiming such inability.

#### Section 5.05 Continuing Right to Treated Water.

For and in consideration of agreeing to the unconditional payments to be made under this Contract, each Participating Member is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Contract. That right shall continue for the term of this Contract and any renewals thereof.

### ARTICLE VI Additional Participating Members

#### Section 6.01 Additional Participating Members.

If water is available, the Authority and the Original Participating Members agree that additional entities may become subject to the provisions of this Contract as Additional Participating Members by providing the following to the Authority and the then Participating Members:



- A. an executed signature page to this Contract in form satisfactory to the Authority;
- B. to the extent any representation contained in this Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Contract;
- C. a revised Exhibit A to this Contract satisfactory to the Authority and all then Participating Members;
- D. a revised Exhibit B to this Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;
- E. a completed Exhibit C to this Contract to the extent applicable to such entity and in form satisfactory to the Authority; and
- F. such other certifications and information as may be reasonably requested by the Authority and the then Participating Members.

## ARTICLE VII Special Conditions

### Section 7.01 Operation and Maintenance of the Project.

The Authority will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. The Authority recognizes its right and duty to operate the Project in the most prudent and economical manner for the benefit of all Participating Members.

### Section 7.02 Project Schedule.

It is the intent of the parties that the Project be placed in operation as soon as practicable, and the Authority agrees to proceed diligently with the evaluation of feasibility, the securing of regulatory permits, and the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Contract.

### Section 7.03 Permits, Financing, and Applicable Laws.

Any obligations on the part of the Authority to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Participating Members shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the Authority's final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the Authority to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

Section 7.04    Title to Water; Indemnification.

Title to all water supplied to each Participating Member shall be in the Authority up to the Point of Delivery for such Participating Member, at which point title shall pass to the receiving Participating Member. Title to treated water transmitted through the lines of a Participating Member pursuant to Section 4.08 for the use of another Participating Member shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Participating Member. The Authority and each of the Participating Members shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

Section 7.05    Payments Solely From Revenues.

The Authority shall never have the right to demand payment by any Participating Member of any obligations assumed by it or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxes, and the obligations under this Contract shall never be construed to be a debt of such kind as to require any of the Participating Members to levy and collect a tax to discharge such obligation. Nonetheless, any Participating Member may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Participating Member.

Section 7.06    Operating Expenses.

Each of the Participating Members represents and covenants that, to the extent payments under this Contract are made with utility system revenues, such payments shall constitute reasonable and necessary "operating expenses" of its utility system, as defined in Chapter 1502, as amended, Texas Government Code, and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Participating Member represents and has determined that the treated water supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Participating Member's utility system and facilities, and, accordingly, all payments required by this Contract to be made by each Participating Member shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or hereafter issued by such Participating Member, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

Section 7.07    Rates for Water.

Each of the Participating Members agrees throughout the term of this Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment under this Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

Section 7.08    Use of Funds and System.

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid it pursuant to this Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Contract.

Section 7.09    Rights-of-Way.

A.        Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use.

B.        To the extent they have such ownership authority, each Participating Member agrees that, without prior written approval, the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.

Section 7.10    Insurance.

The Authority agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the Authority, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to the Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

Section 7.11    Additional Special Provisions.

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C hereto. The Special Provisions for this Contract reflect circumstances or issues for specific Participating Members which may be different from those of other Participating Members and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Contract. To the extent of any conflict between any Special Provision and any other provision of this Contract, the Special Provision shall control.

ARTICLE VIII  
Continuing Disclosure

Section 8.01    Annual Reports.

The Authority (and each Participating Member if required by the Rule in its Approval Certificate for any series of Bonds) shall file annually with the MSRB, (1) within six months after the end of each Fiscal Year of the Authority ending in or after 2015, financial information and operating data with respect to the Authority of the general type included in the Sale and Offering Documents authorized by Section 33 of the Bond Resolution, being the information described in Exhibit D to the Bond Resolution, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit D to the Bond Resolution, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Authority commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Authority shall file unaudited financial statements within such period and audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such financial statements becomes available. The Authority must have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The annual financial statement, including the auditor's opinion on the statement, shall be filed in the office of the Secretary, Board of Trustees, within 180 days after the last day of the Authority's Fiscal Year. Additionally, upon the filing of this financial statement and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

If the Authority changes its Fiscal Year, it will file notice of such change (and of the date of the new Fiscal Year end) with the MSRB prior to the next date by which the Authority otherwise would be required to provide financial information and operating data pursuant to this Section.

Section 8.02    Material Event Notices.

The Authority shall file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1)    Principal and interest payment delinquencies;
- (2)    Non-payment related defaults, if material;
- (3)    Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4)    Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5)    Substitution of credit or liquidity providers, or their failure to perform;
- (6)    Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

The Authority shall file notice with the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with this Section by the time required by this Section.

#### Section 8.03 Limitations, Disclaimers, and Amendments.

The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or

otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Authority in observing or performing its obligations under this Section shall constitute a breach of or default under this Contract for purposes of any other provision of this Contract.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

The provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Authority also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Authority so amends the provisions of this Section, the Authority shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

#### Section 8.04 Information Format – Incorporation by Reference.

The Authority information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

Section 8.05     Allocation of Water During Drought.

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of stored water pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

Section 8.06     Conservation.

The Authority and Participating Member each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Participating Members further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Participating Members to the extent practicable considering any differences in the legal authority of Participating Members and other Participating Members to institute those plans.

Section 8.07     Term of Contract.

This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as an agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Contract. The Authority's obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project. This Contract constitutes the sole agreement between the parties hereto with respect to the Project.

Section 8.08     Approval and Consent.

Unless otherwise provided herein, any approval or consent required by the provisions of this Contract by a Participating Member or the Authority shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate party, the Authority or the Participating Member can conclusively act on the matter requiring such approval.

Section 8.09     Modification and Amendment.

A. No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by any

Participating Member under this Contract or any similar contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

B. This Contract may be amended upon the written consent of the Authority and all then Participating Members; provided, however, no amendment to this Contract shall impair the rights of any holder of any of the Authority's Bonds.

Section 8.10 Addresses and Notice.

Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

A. If to the Authority, to:

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

B. If to the Crystal Clear Special Utility District to:

Crystal Clear Special Utility District  
2370 FM 1979  
San Marcos, Texas 78666

C. If to the East Central Special Utility District to:

East Central Special Utility District  
5520 F.M. 1628  
Adkins, Texas 78101

D. If to Green Valley Special Utility District, to:

Green Valley Special Utility District  
Post Office Box 99  
Marion, Texas 78124



E. If to the City of Cibolo, Texas to:

City of Cibolo, Texas  
200 South Main Street  
Post Office Box 826  
Cibolo, Texas 78108

F. If to the City of Converse, Texas to:

City of Converse, Texas  
403 South Seguin Road  
Converse, Texas 78109

G. If to the City of Marion, Texas to:

City of Marion, Texas  
Post Office Box 158  
Marion, Texas 78124-0158

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.

Section 8.11 State or Federal Laws, Rules, Orders, or Regulations.

This Contract is subject to all applicable federal and state laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

Section 8.12 Remedies Upon Default.

It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing, however, that the Authority's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Participating Member shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Participating Member's obligations hereunder could not be adequately compensated in money damages alone, each Participating Member agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of

performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstance.

Section 8.13    Severability.

The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws of the State or the United States of America, or in contravention of any such laws, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 8.14    Venue.

All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Guadalupe County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Contract that Guadalupe County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Guadalupe County, Texas.

Section 8.15    Assignment.

Neither the Authority nor any Participating Member may assign any interest it may have under this Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Contract.

Section 8.16    Entire Agreement.

This Contract constitutes the entire agreement among the parties with respect to the sale of treated water by the Authority to the Participating Members.

Section 8.17    Applicable Law.

This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 8.18    No Sale, Lease, or Other Transfer of Participating Members' Utility System.

Pursuant to the terms of this Contract, a Participating Member, to the extent permitted by law, shall not sell, lease, or otherwise transfer any interest in such Participating Member's utility system without the written consent of the Authority.

Section 8.19    Counterparts.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

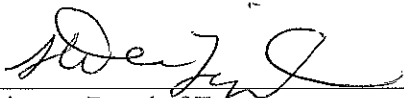
Section 8.20    Goods and Services; Waiver of Sovereign Immunity; Limitation on Damages.

The Participating Members under the Contract agree that the mutual commitment stated in the Contract to provide water, emergency water service, water treatment services, and funding for utility system improvements constitute an agreement by each party for providing goods and services to the other parties, and that the Contract, as amended, is subject to Chapter 271, Subchapter I, of the Texas Local Government Code.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER  
AUTHORITY

By:   
Chairman, Board of Trustees

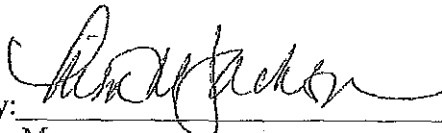
ATTEST:

  
Secretary, Board of Trustees

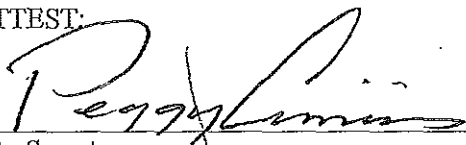
(AUTHORITY SEAL)



CITY OF CIBOLO, TEXAS

By:   
Mayor

ATTEST:

  
City Secretary

(CITY SEAL)

CITY OF CONVERSE, TEXAS

By: Al Sunny  
Mayor


ATTEST:

[Signature]  
City Secretary

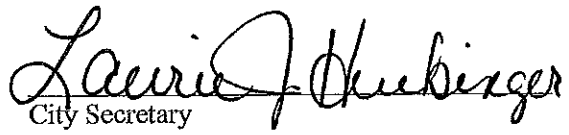
(CITY SEAL)



CITY OF MARION, TEXAS

By:   
Mayor

ATTEST:

  
City Secretary

(CITY SEAL)

CRYSTAL CLEAR SPECIAL UTILITY  
DISTRICT

By:   
Mike Taylor, General Manager

(SEAL)



EAST CENTRAL SPECIAL UTILITY  
DISTRICT

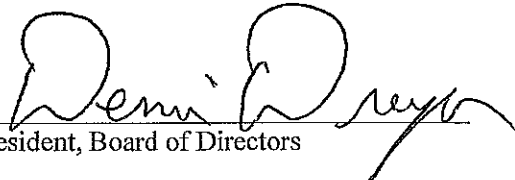
By: Melvin E. Stray  
President, Board of Directors

ATTEST:

Laura H. Reese  
Secretary, Board of Directors

(SEAL)

GREEN VALLEY SPECIAL UTILITY  
DISTRICT

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(SEAL)

Exhibit A

Allocations and Maximum Rate of Flow

| Entity                                 | Plant Capacity<br>in A/F | Percent of<br>Ownership (%) |
|--|--------------------------|-----------------------------|
| Crystal Clear Special Utility District | 492.39                   | 6.29                        |
| East Central Special Utility District  | 500.00                   | 6.39                        |
| Green Valley Special Utility District  | 4,955.68                 | 63.30                       |
| City of Cibolo                         | 1,280.93                 | 16.36                       |
| City of Converse                       | 500.00                   | 6.39                        |
| City of Marion                         | <u>100.00</u>            | <u>1.27</u>                 |
| <b>Totals</b>                          | <b>7,829.00</b>          | <b>100.00%</b>              |

Exhibit B

Points of Delivery

|  |  |
|--|--|
| Crystal Clear Special Utility District | Crystal Clear Meter/Windmill/FM 758    |
| East Central Special Utility District  | IH-10/East Central Meter Station       |
| Green Valley Special Utility District  | 1518 Elevated Tank                     |
|  | Haeckerville Road Meter Station        |
|  | Wagner Booster Station                 |
|  | Hardy Road Meter Station               |
|  | Leissner Road Meter Station            |
|  | Dunlap Plant Meter Station             |
| City of Cibolo                         | Cibolo Meter Station Haeckerville Road |
|  | Wagner Booster Station                 |
| City of Marion                         | Marion Meter Station                   |
| City of Converse                       | Lower Seguin Road                      |

Exhibit C

Special Provisions

None

## **APPENDIX H**

### **EXISTING PURCHASED WATER**

#### **CRWA HAYS CALDWELL**

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REGIONAL (HAYS/CALDWELL COUNTIES AREA)  
TAXABLE WATER SUPPLY CONTRACT

---

August 1, 1998

---

between

CANYON REGIONAL WATER AUTHORITY

and

COUNTY LINE WATER SUPPLY CORPORATION,  
CRYSTAL CLEAR WATER SUPPLY CORPORATION,  
MARTINDALE WATER SUPPLY CORPORATION, AND  
MAXWELL WATER SUPPLY CORPORATION.

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**FILE COPY**

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REGIONAL (HAYS/CALDWELL COUNTIES AREA)  
TAXABLE WATER SUPPLY CONTRACT

THIS REGIONAL (HAYS/CALDWELL COUNTIES AREA) TAXABLE WATER SUPPLY CONTRACT (this "Taxable Contract") dated as of the 1st day of August, 1998 (the "Contract Date") is between the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the "Authority"), and COUNTY LINE WATER SUPPLY CORPORATION, CRYSTAL CLEAR WATER SUPPLY CORPORATION, MARTINDALE WATER SUPPLY CORPORATION, and MAXWELL WATER SUPPLY CORPORATION, each a Texas water supply corporation organized originally pursuant to Texas Revised Civil Statutes Annotated Article 1434a, as amended (certain of the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members").

P R E A M B L E   A N D   W I T N E S S E T H :

WHEREAS, the Authority was created to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority's boundaries currently include all of the territory located in the service area of the Original Participating Members as provided in their respective certificates of convenience and necessity issued by the Texas Natural Resource Conservation Commission; and

WHEREAS, each of the Original Participating Members currently provides potable water utility service to its customers; and

WHEREAS, in the pursuit of its purposes, the Authority has entered or will enter into a contract (the "GBRA Contract") with the Guadalupe-Blanco River Authority ("GBRA") and has and anticipates entering into additional contracts to acquire rights to purchase raw water in Canyon Lake in Comal County, Texas and other sources of raw water for treatment and resale to the Participating Members; and

WHEREAS, the Authority may acquire additional rights to purchase raw water from other sources for treatment and resale to the Participating Members; and

WHEREAS, the Participating Members hold and may acquire additional rights to raw water from other sources for treatment pursuant to the provisions of this



Taxable Contract and thereafter to supply, redeliver, or sell this treated water in accordance with the provisions of this Taxable Contract; and

WHEREAS, the Authority intends to build, operate, and maintain (i) a new water treatment facility to serve the Hays/Caldwell Counties Area, and (ii) certain related transmission lines and storage facilities (the "Project") for the purpose of receiving, treating, storing, and transmitting certain of the water purchased pursuant to the GBRA Contract or purchased or leased pursuant to certain other contracts now in force or to be entered into in the future; and

WHEREAS, to finance the costs of the acquisition, construction, and equipping of the Project, the Authority intends to issue one or more series of its contract revenue bonds or other debt obligations (the "New Bonds") to the Texas Water Development Board, or other entity (including a public or negotiated sale), to be secured by and payable from revenues received by the Authority pursuant to this Taxable Contract; and

WHEREAS, for and in consideration of the Authority acquiring the right to purchase raw water for treatment and resale as provided herein, the Participating Members are willing and have agreed to contract with the Authority as hereinafter provided to acquire treated water from the Project and to pay the cost of the Project by assisting in the amortization of the principal of and interest on the New Bonds and paying the Authority's Operation and Maintenance Expenses (hereinafter defined); and

WHEREAS, the New Bonds constitute "Special Facilities Bonds" as defined herein in the definition of "System" as that term is also utilized in connection with the execution of a taxable and a tax-exempt contract with respect to the Lake Dunlap Expansion and Refunding Project; and

WHEREAS, the Authority and the Participating Members are authorized to enter into this Taxable Contract pursuant to the Authority's enabling statute, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989 (the "Act"), and Chapter 791, Texas Government Code, as amended (the "Interlocal Cooperation Act"), and other applicable laws; and

WHEREAS, the Authority agrees that the Participating Members shall continue to own their respective Certificates of Convenience and Necessity issued by the Commission, shall continue to own and operate their respective water pumping, storage, and distribution facilities, and any respective water treatment facilities currently owned by each of the Participating Members; and

WHEREAS, the Board of Trustees has directed that a portion of the raw water under this Taxable Contract be made available (following treatment by the Authority) on a firm basis to parties who contract with the Authority pursuant to this Taxable Contract; and

WHEREAS, each of the Participating Members under this Taxable Contract proposes to pay its share of costs of the Project and the Bonds based upon a rate methodology to be developed by the Authority or in proportion to the respective amounts of treated water each has agreed to purchase under this Taxable Contract; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

## ARTICLE I

### Definitions

#### Section 1.01. Definitions.

The following terms and expressions as used in this Taxable Contract, unless the context clearly shows otherwise, shall have the following meanings:

- "Act" means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989.

"Additional Participating Member(s)" means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Taxable Contract to be bound by the terms of this Taxable Contract, as it may be amended from time to time.

"Adjusted Annual Payment" means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Taxable Contract.

"Annual Payment" means the amount of money to be paid to the Authority by each Participating Member during each Annual Payment Period as its share of the Annual Requirement.

"Annual Payment Period" means the Authority's fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority; the first Annual Payment Period under this Taxable Contract is anticipated to be the period of October 1, 1998, through September 30, 1999.

"Annual Requirement" means, during an Annual Payment Period, the total amount required to pay all Operation and Maintenance Expenses of the Authority and the Project and all costs and payments due and payable for the amortization of the New Bonds.

"Authority" means the Canyon Regional Water Authority, a regional water authority created under and essential to accomplish the purposes of Article XVI,



Section 59 of the Constitution of the State of Texas created in accordance with the Act. Except as otherwise noted herein, actions required or permitted to be taken by the Authority under this Taxable Contract may be taken by the General Manager on behalf of the Authority.

"Board" means the governing body of the Authority.

"Boardmembers" means a member or members of the Board.

"Bond Resolution" means any resolution or other financing documents of the Authority which authorizes any Bonds.

"Bonds" means the New Bonds and all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under this Taxable Contract and the interest thereon, hereafter issued by the Authority to finance the costs to acquire, construct, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance costs to improve and extend the Project, and any bonds or other obligations issued to refund the New Bonds and any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.

"Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

"Commission" means the Texas Natural Resource Conservation Commission or any successor entity thereto.

"Credit Agreement" means any credit agreement, as defined in and authorized by the provisions of Texas Revised Civil Statutes Annotated Article 717q, as amended, which the Authority enters into relating to its obligations with respect to the Bonds.

"Force Majeure" means such term as it is defined in Section 9.01 of this Taxable Contract.

"General Manager" means the general manager of the Authority's operations, including any party or entity that the Authority enters into a management contract to provide these services.

"Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Project.

"MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

"New Bonds" means one or more series of obligations that the Authority currently anticipates selling to the Texas Water Development Board, or other entity



(including a public or negotiated sale), in the total principal amount of \$7,000,000 to fund the costs associated with constructing the Project or other water treatment facilities and related transmission lines.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Operation and Maintenance Expenses" means, during an Annual Payment Period, all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under the GBRA Contract and/or any contract with any federal, state, or local agency for the construction, operation, and/or water storage rights or other interests in water in Canyon Lake or other source of raw water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Taxable Contract.

"Original Participating Members" means County Line Water Supply Corporation, Crystal Clear Water Supply Corporation, Martindale Water Supply Corporation, and Maxwell Water Supply Corporation.

"Overhead Expenses" means the Authority's reasonable and necessary costs and expenses incurred and directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to:

(a) per diem and reimbursable expenses incurred by the Board for special meetings of the Board related to the Project,

(b) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority;

(c) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the General



Manager of the Authority, times an overhead factor of two (2), which factor shall be subject to adjustment by the Authority from time to time in response to actual or reasonably projected overhead expenses of the Authority;

(d) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction;

(e) the cost of property casualty and public liability insurance; including any insurance deductible charged to or required to be paid by the Authority;

(f) all costs incurred in litigation involving or relating to the Project; and

(g) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not and whether or not included in the definition or as a part of Project Costs.

"Participating Member(s)" means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Taxable Contract.

"Permitted Liens" means:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(b) Easements for roads (as used in this Taxable Contract, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(c) Rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

"Point(s) of Delivery" means the point or points designated in Exhibit B to this Taxable Contract or by subsequent agreement where water will be delivered by the Authority to Participating Members from the Project.

"Project" means the "Project" as defined in the preamble of this Taxable Contract.

"Project Costs" means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority:

- (a) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;
- (b) the cost of acquisition, construction, repair, replacement, or improvement of any structure, item of equipment, or other item, used for, or in connection with, the Project;
- (c) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project;
- (d) the cost of engineering, legal, architectural or other related services;
- (e) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project;
- (f) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation;
- (g) finance charges and interest before, during, and after construction;
- (h) costs incurred in connection with financing the Project, including, without limitation:
  - (1) financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;
  - (2) the costs of a Credit Agreement;
  - (3) the cost of printing, engraving, and reproduction services; and
  - (4) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees.



- (i) all costs, fees and expenses of litigation of all kinds;
- (j) the cost of property casualty and public liability insurance;
- (k) the Authority's Overhead Expenses; and
- (l) other costs generally recognized as a part of project construction costs.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission and any successor to its duties.

"SID" means any entity designated by the State or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

"Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

"State" means the State of Texas.

"System" means all properties, facilities and plants (including the projects relating to the Lake Dunlap treatment facilities) currently owned, operated, and maintained by the Authority for the supply, treatment, and transmission of treated potable water, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the Authority; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the Authority with the proceeds from the issuance of *Special Facilities Bonds*, including, but not limited to, the New Bonds, which are hereby defined as being special revenue obligations of the Authority which are not payable from revenues of the System but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the System bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

"Taxable Contract" means this Regional (Hays/Caldwell Counties Area) Taxable Water Supply Contract, as initially executed and as it may be amended from time to time.

Section 1.02.        Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Taxable Contract and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Taxable Contract.

ARTICLE II

Representations and Warranties

Section 2.01.        Representations and Warranties of Authority.

The Authority hereby represents and warrants that the GBRA Contract has been or will be duly executed by each of the parties thereto and that thereafter the GBRA Contract will be in full force and effect; the Authority has full power and authority to sell or otherwise convey treated water to the Participating Members in accordance with the terms of the GBRA Contract and this Taxable Contract; and the execution and delivery of this Taxable Contract by the Authority and the performance by the Authority of the provisions hereof do not and will not conflict with or constitute on the part of the Authority a breach or a default of any provision of the GBRA Contract or any other contract or agreement of the Authority.

Section 2.02.        Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants that it has full power and authority to purchase treated water from the Authority in accordance with the terms of this Taxable Contract; and the execution and delivery of this Taxable Contract by each Participating Member and the performance of the provisions hereof by each Participating Member do not and will not conflict with or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

ARTICLE III

Construction of Project and Issuance of Bonds

Section 3.01.        Construction of Project.

The Authority agrees that the acquisition, construction, and improvement of the Project by the Authority will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.02 to provide a source of funds, with all practical dispatch.



Section 3.02.            Issuance of Bonds.

A.     The Authority may issue its Bonds, payable from and secured by a pledge of the Annual Payments from this Taxable Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project.

B.     (1) Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Project as may be necessary for the marketing and sale of the Bonds. The Authority may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

(2) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Directors a copy of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the Participating Member for review and approval.

(3) Upon the Participating Member approval of (i) each Bond Resolution hereafter adopted by the Authority, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the Authority of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Taxable Contract, then upon the adoption and approval of the Bond Resolution in such final form by the Authority's Board of Directors and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the Authority and deemed to be in compliance with this Taxable Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Taxable Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(4) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Taxable Contract and the Bond Resolution. Particularly, the obligation of the Participating Member to make,



promptly when due, all Annual Payments specified in this Taxable Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Taxable Contract. In addition, subject to the approval of the Participating Member, the Authority may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

Section 3.03. Liens. Neither the Participating Members nor the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.04. Sale and Offering Documents. At the request of the Authority, the Participating Members shall provide to the Authority current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the Participating Members, and such other information concerning the Participating Members as the Authority shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Participating Members represent and warrant that all statements concerning the Participating Members (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

Section 3.05. Authority's Rights Assigned to Trustee. The Participating Members are advised and recognize that as security for the payment of the Bonds, the Authority may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the Authority's rights under this Taxable Contract, including the right to receive the Annual Payments hereunder. The Participating Members herewith assent to such assignment and will make the Annual Payments directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Taxable Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of this Taxable Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.



## ARTICLE IV

### Sale and Purchase of Treated Water; Operating Requirements

#### Section 4.01. Water Conveyance; Option to Purchase.

A. The Participating Members hereby agree to pay for the right to receive from the Authority and the Authority hereby agrees to sell to the Participating Members all of the treated water produced by the Authority through the Project subject to the terms and provisions of this Taxable Contract, or other contracts which generate System revenues; provided, however, the Authority shall have the right to purchase, and the Participating Members hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Participating Members' share of their Annual Payments under this Taxable Contract. It is expressly recognized that the treated water delivered to each Participating Member as disclosed in Exhibit A shall be owned by such Participating Member and may be sold or otherwise conveyed by such Participating Member in accordance with applicable law; provided, however, before any Participating Member enters into a contract or other agreement to transfer, sale, or convey any treated water received from the Authority pursuant to the terms of this Taxable Contract, such Participating Member shall afford the Authority the right of first refusal for a period of 90 days to obtain such treated water for redistribution to other Participating Members.

B. Each of the Participating Members shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto and in accordance with this Taxable Contract. To the extent the Authority has acquired additional water under the GBRA Contract or from some other source, or to the extent the Participating Members do not request all of their allotted treated water as set forth on Exhibit A, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use such water to supply treated water to other Participating Members, to retail customers, if any, of the Authority, or on a spot basis.

#### Section 4.02. Points of Delivery.

Each Participating Member agrees to take treated water at the Point(s) of Delivery for such Participating Member set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Participating Member, respectively, and the Authority. The Authority will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Participating Members.



Section 4.03.        Resale.

Participating Members hereby agree not to sell treated water purchased from Authority under this Taxable Contract to any person or entity outside such Participating Member's boundaries or prescribed service area (as they may be adjusted from time to time) unless the Participating Member has received prior written approval from the Authority. Approval to make retail sales of treated water to individual customers outside such boundaries or prescribed service area may be granted by the General Manager of the Authority. Approval to make wholesale sales of treated water pursuant to this Taxable Contract outside the Participating Member's boundaries or prescribed service area shall require the specific prior approval of the Board. Notwithstanding any provision in this Section to the contrary, each Participating Member shall have the right and authority to continue to sell treated water on a retail or wholesale basis to all existing customers situated outside its corporate boundaries or prescribed service area and without the approval or consent of the Authority or General Manager. Additionally, the Participating Members shall have the right and authority to sell treated water received from other sources other than the Authority on a wholesale basis or otherwise without any limitation imposed by this Taxable Contract or approval by the Authority or General Manager.

Section 4.04.        Other Contracts.

A. If the Authority exercises its right to water under this Taxable Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Taxable Contract and shall not contain any provision which would adversely affect the Participating Members' percentage share of treated water covered by this Taxable Contract, except as permitted by Section 4.01.

B. The parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Participating Member.

Section 4.05.        Quality.

A. The water to be delivered by the Authority and received by each Participating Member shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency. Each Participating Member has satisfied itself that such water will be suitable for its needs.

The Authority shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Participating Member's utility system.



B. The Authority shall periodically collect samples of treated water delivered to Participating Members and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

Section 4.06. Metering Equipment.

A. The Authority will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Taxable Contract from the Project to each Participating Member's Point or Points of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The Authority shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Participating Member shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. If requested, a Participating Member may witness such reading, calibration, and adjustment of meters. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired or replaced by a like device having the required accuracy. A meter registering not more than five percent (5%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test but in no event to exceed six (6) months in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Authority and the Participating Member shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by the Authority. Any Participating Member may have access to said record books during normal business hours.

B. Under the GBRA Contract, the Authority is required to install metering devices to measure the amount of water taken from Canyon Lake and purchased from GBRA. Such metering devices shall be considered to be a part of the Project.

Section 4.07. Pressure, Backflow, Maximum Rate of Flow.

A. The Authority shall deliver treated water to the Point(s) of Delivery for each Participating Member (subject to the provisions of Section 4.08) at a pressure of not less than 35 psi or at such other pressure agreed upon by the Authority and the Participating Member. If a Participating Member requires a greater or lesser pressure, such Participating Member shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood, fire, earthquakes, other catastrophes, or use of water to fight fires, or any other



cause beyond the reasonable control of the Authority shall relieve the Authority from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The Authority shall install and maintain at its sole expense at each Point of Delivery a backflow preventor of AWWA-approved quality. Each Participating Member shall have the right to inspect the backflow preventor at each of its Points of Delivery at such reasonable times at such Participating Member in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Participating Member by the Authority is established in Exhibit A hereto and incorporated by reference for all purposes to this Taxable Contract.

Section 4.08. Cross-Utilization of Lines.

A. Each Participating Member acknowledges that it may be necessary for certain of its transmission lines to be utilized in order for the Authority to transmit treated water to another Participating Member and such Participating Member hereby agrees to permit the Authority to so utilize its transmission lines in accordance with Section 7.09. In such case, the Participating Members involved agree to inform the Authority of any special requirements with respect to pressure or other matters relating to the transmitting Participating Member's lines.

B. The Authority will furnish, install, operate, and maintain at its expense meters at the point of exit from a Participating Member's lines to maintain accurate measurements of the quantity of water being delivered by the Authority to a Participating Member through the lines of another Participating Member. Such meters shall be subject to inspection and examination by both Participating Members in accordance with the provisions of Section 4.06.

C. In the event that repairs are required to be made to any lines of a Participating Member which are utilized for the transmission of treated water to another Participating Member, the receiving Participating Member shall participate in the cost of such repairs as may be agreed from time to time.

## ARTICLE V

### Fiscal Provisions

Section 5.01. Annual Requirement.

Subject to the terms and provisions of this Taxable Contract, the Authority will provide and pay for the cost of the Project through the issuance of the Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Taxable Contract will be the sole or primary source of funds



available to the Authority to provide the Annual Requirement. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Taxable Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Taxable Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority or according to their respective percentage shares of treated water covered by this Taxable Contract, and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:

- A. all Operation and Maintenance Expenses; and
- B. an amount to fund a special reserve for the Operation and Maintenance Expenses or for additional capital improvements to the Project; the total amount to be accumulated for such operating and additional capital improvements reserve shall not exceed 25% of the annual Operation and Maintenance Expenses (estimated to be approximately three (3) months' expenses); and
- C. when the Authority and the Participating Members agree to issue Bonds to finance the costs of the Project, a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the New Bonds.

Section 5.02. Annual Budget.

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement. The annual budget for the Project for the Annual Payment Period during Fiscal Year 1997-98 will be prepared and adopted by the Authority based on estimates made by the Authority. Each Participating Member will be furnished a copy of such annual budget, and each Participating Member hereby acknowledges its ability to pay its share of the Annual Requirement from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, 1998, the Authority shall furnish to each Participating Member a preliminary estimate of the Annual Payment required from each Participating Member for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year 1998-99, the Authority shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period. A copy of such preliminary budget shall be filed with each Participating Member before



action by the Board. Any Participating Member may submit comments about the preliminary budget directly to the Board. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper; provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Participating Members which change or amendment would in effect increase the Annual Requirement without resubmitting such amended preliminary budget to the Participating Members. The Board shall thereupon approve the annual budget. With respect to budgetary matters, the Participating Members shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Participating Members, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Participating Members and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Participating Members in any fiscal year shall relieve the Participating Members from (or defer) their absolute and unconditional obligation to make all Annual Payments in full when due.

#### Section 5.03. Payments by Participating Members.

A. Subject to Sections 4.06A and 4.07B, each Participating Member agrees to pay a connection fee for each Point of Delivery equal to the total cost of material, labor, and equipment required to implement such connection.

B. For the treated water available to the Participating Members under this Taxable Contract (whether or not the Participating Members elect to receive such water), each of the Participating Members agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement. Each of the Participating Members shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority, in monthly installments in accordance with the schedule of payments furnished by the Authority (or its assigns), as hereinafter provided.



C. Each Participating Member shall pay its share of the Annual Requirement according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Participating Member and set forth on Exhibit A, as amended from time to time. The Authority shall charge each Participating Member its share of pumping costs according to the volume of water actually delivered.

D. Each Participating Member's allocated share of the Annual Requirement for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Participating Members by the Authority.

E. Notwithstanding the foregoing, the Annual Requirement, and each Participating Member's share thereof, shall be redetermined, after consultation with each of the Participating Members, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

1. the Authority exercises its option to acquire treated water pursuant to Section 4.01;
2. unusual, extraordinary, or unexpected Operation and Maintenance Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;
3. Operation and Maintenance Expenses of the Project are substantially less than estimated;
4. a Participating Member's interest under this Taxable Contract is terminated as provided herein or Additional Participating Members become subject to this Taxable Contract;
5. the Authority issues Bonds for the Project; or
6. the Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

F. Each Participating Member hereby agrees that it will make payments to the Authority required by this Taxable Contract at the Authority's offices within 15 days of the date a bill for service is deposited in the United States mail. If any Participating Member at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Participating Member will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority



by each Participating Member or due and owing to any Participating Member by the Authority shall, if not paid when due, bear interest at the maximum lawful nonusurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Participating Member which remains delinquent in any payments due under the preceding paragraph for a period of thirty (30) days, and shall not resume delivery of services or water while such Participating Member is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Participating Member. It is further provided and agreed that if any Participating Member should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Participating Member's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent Participating Members and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Participating Members and the Authority collectively shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent Participating Member to enforce and protect the rights of the Authority, the other Participating Members, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Participating Member shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Participating Members and the Authority during each Annual Payment Period regardless of the delinquency of a particular Participating Member. If any amount due and owing the Authority by any Participating Member is placed with an attorney for collection, such Participating Member shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

H. If, during any Annual Payment Period, any Participating Member's Annual Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Participating Member with an updated schedule of monthly payments reflecting such redetermination.

#### Section 5.04. Unconditional Payments.

A. Notwithstanding any provision of this Taxable Contract to the contrary, while this Taxable Contract remains in effect each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered



by this Taxable Contract as provided in Section 4.01, the Annual Payment of each Participating Member shall be reduced to the proportion that each Participating Member's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement, but, if the Authority exercises its option to acquire treated water from the Project pursuant to Section 4.01, the Participating Members and the Authority shall share the cost of the Project and the Bonds in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Taxable Contract.

B. Recognizing that the Participating Members urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay and secure the Bonds, it is hereby agreed that each of the Participating Members shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement, as provided and determined in this Taxable Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Participating Member hereunder, or whether or not any Participating Member actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the Authority.

Section 5.05. Continuing Right to Treated Water.

For and in consideration of agreeing to the unconditional payments to be made under this Taxable Contract, each Participating Member is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Taxable Contract. That right shall continue for the term of this Taxable Contract and any renewals thereof, subject to the terms of the GBRA Contract.

ARTICLE VI

Additional Participating Members

Section 6.01. Additional Participating Members.

If water is available, the Authority and the Original Participating Members agree that additional entities may become subject to the provisions of this Taxable Contract as Additional Participating Members by providing the following to the Authority and the then Participating Members:

- A. an executed signature page to this Taxable Contract in form satisfactory to the Authority;
- B. to the extent any representation contained in this Taxable Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Taxable Contract;
- C. a revised Exhibit A to this Taxable Contract satisfactory to the Authority and all then Participating Members;
- D. a revised Exhibit B to this Taxable Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;
- E. a completed Exhibit C to this Taxable Contract to the extent applicable to such entity and in form satisfactory to the Authority; and
- F. such other certifications and information as may be reasonably requested by the Authority and the then Participating Members.

## ARTICLE VII

### Special Conditions

#### Section 7.01. Operation and Maintenance of the Project.

The Authority will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. The Authority recognizes its right and duty to operate the Project in the most prudent and economical manner for the benefit of all Participating Members.

#### Section 7.02. Project Schedule.

It is the intent of the parties that the Project be placed in operation as soon as practicable, and the Authority agrees to proceed diligently with the evaluation of feasibility, the securing of regulatory permits, and the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Taxable Contract.

#### Section 7.03. Permits, Financing, and Applicable Laws.

Any obligations on the part of the Authority to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Participating Members shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the Authority's



final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the Authority to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

Section 7.04.      Title to Water; Indemnification.

Title to all water supplied to each Participating Member shall be in the Authority up to the Point of Delivery for such Participating Member, at which point title shall pass to the receiving Participating Member. Title to treated water transmitted through the lines of a Participating Member pursuant to Section 4.08 for the use of another Participating Member shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Participating Member. The Authority and each of the Participating Members shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

-      Section 7.05.      Payments Solely From Revenues.

The Authority shall never have the right to demand payment by any Participating Member of any obligations assumed by it or imposed on it under and by virtue of this Taxable Contract from funds raised or to be raised by taxes, and the obligations under this Taxable Contract shall never be construed to be a debt of such kind as to require any of the Participating Members to levy and collect a tax to discharge such obligation. Nonetheless, any Participating Member may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Participating Member.

Section 7.06.      Operating Expenses.

Each of the Participating Members represents and covenants that, to the extent payments under this Taxable Contract are made with utility system revenues, such payments shall constitute reasonable and necessary "operating expenses" of its utility system, as defined in Texas Revised Civil Statutes Annotated Article 1113, as amended, and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Participating Member represents and has determined that the treated utility supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Participating Member's utility system and facilities, and, accordingly, all payments required by this Taxable Contract to be made by each Participating Member shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system

in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or hereafter issued by such Participating Member, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

Section 7.07.      Rates for Water.

Each of the Participating Members agrees throughout the term of this Taxable Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment under this Taxable Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

Section 7.08.      Use of Funds and System.

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid pursuant to this Taxable Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Taxable Contract.

Section 7.09.      Rights-of-Way.

A. Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use.

B. To the extent they have such ownership authority, each Participating Member agrees that, with prior written approval, the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.



Section 7.10.        Insurance.

The Authority agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the Authority, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

Section 7.11.        Additional Special Provisions.

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C hereto. The Special Provisions for this Taxable Contract reflect circumstances or issues for specific Participating Members which may be different from those of other Participating Members and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Taxable Contract. To the extent of any conflict between any Special Provision and any other provision of this Taxable Contract, the Special Provision shall control.

ARTICLE VIII

Continuing Disclosure

Section 8.01.        Annual Reports.

Following the issuance of Bonds of any series, the offer or sale of which is not exempt from the Rule and, until any Participating Member is no longer obligated, contingently or otherwise, to make Annual Payments in respect of the Bonds of such series, any Participating Member undertakes to and shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year, (1) financial information and operating data of the general type included in the Sale and Offering Documents for the Bonds of such series, as specified in any Participating Member's approval of such Sale and Offering Documents pursuant to Section 3.02 hereof and (2) audited general purpose financial statements of any Participating Member, if then available. Any financial statements so to be provided shall be (1) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as any Participating Member may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if any Participating Member commissions an audit of such

statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then any Participating Member shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements become available.

If any Participating Member changes its fiscal year, it will notify the trustee or paying agent, each NRMSIR, and any SID in writing of the change (and of the date of the new fiscal year end) prior to the next date by which any Participating Member otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC. Copies of such information and operating data shall be furnished to the Authority at the same time the information and data are furnished to any NRMSIR or SID.

#### Section 8.02. Material Event Notices.

(a) The following are the events with respect to the Bonds which the Authority must agree to disclose in a timely manner pursuant to the Rule, if "material" under applicable federal securities laws and regulations promulgated thereunder.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of holders of the Bonds;
- (8) Bond calls;



- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

(b) The Participating Member shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in (a) above, notify the Authority of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the Participating Member shall provide, in a timely manner, notice of any failure by the Participating member to provide audited financial statements, financial information, and operating data in accordance with Section 8.01 hereof to each NRMSIR and each SID.

Section 8.03. Limitations, Disclaimers, and Amendments.

The Participating Member shall be obligated to observe and perform the covenants specified in this Article in respect of the Bonds of any series for so long as, but only for so long as, the Participating Member remains an "obligated person" with respect to the Bonds of such series within the meaning of the Rule, except that the Participating Member in any event will give notice of any deposit made in accordance with the Bond Resolution that causes Bonds of such series no longer to be Outstanding.

The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Participating Members undertake to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Participating Members' financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Participating Members make no representations or warranties concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE PARTICIPATING MEMBERS BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE PARTICIPATING MEMBERS WHETHER NEGLIGENT OR WITHOUT FAULT ON THEIR PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF



ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Participating Members in observing or performing their obligations under this Article shall comprise a breach of or default under this Taxable Contract for purposes of any other provision of this Taxable Contract.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority or the Participating Members under federal and state securities laws.

The provisions of this Article may be amended by the Authority and the Participating Members from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority or the Participating Members, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds of the applicable series in the primary offering of the Bonds of such series in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Taxable Contract that authorizes such an amendment) of the outstanding Bonds of each such series affected consent to such amendment or (b) an entity that is unaffiliated with the Authority or the Participating Members (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the owners and beneficial owners of the Bonds of such series and is permitted by the terms of the Article. If the Authority and the Participating Members so amend the provisions of this Article in connection with the financial or operating data which the Participating Members are required to disclose under Section 8.01 hereof, the Participating Members shall provide a notice of such amendment to be filed in accordance with Section 8.02(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Authority and the Participating Members may also amend or repeal the provisions of this Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.



## ARTICLE IX

### Miscellaneous

#### Section 9.01. Force Majeure.

If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Taxable Contract, other than the obligation of each Participating Member to make the payments required under Section 5.03 of this Taxable Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other Participating Members and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation of the Participating Member or the Authority giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Participating Member or the Authority shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonable within the control of the party claiming such inability.

#### Section 9.02. Allocation of Water During Drought.

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of stored water from Canyon Reservoir (or other sources) pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

#### Section 9.03. Conservation.

The Authority and Participating Member each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Participating Members further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Participating Members to the extent practicable considering any differences in the legal authority of Participating Members and other Participating Members to institute those plans.



Section 9.04.      Term of Taxable Contract.

This Taxable Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Taxable Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as the GBRA Contract or other agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Taxable Contract. The Authority's obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project. This Taxable Contract constitutes the sole agreement between the parties hereto with respect to the Project.

Section 9.05.      Approval and Consent.

Unless otherwise provided herein, any approval or consent required by the provisions of this Taxable Contract by a Participating Member or the Authority shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate party, the Authority or the Participating Member can conclusively act on the matter requiring such approval.

Section 9.06.      Modification and Amendment.

A. No change, amendment, or modification of this Taxable Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by any Participating Member under this Taxable Contract or any similar contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

B. This Taxable Contract may be amended upon the written consent of the Authority and all then Participating Members; provided, however, no amendment to this Taxable Contract shall impair the rights of any holder of any of the Authority's Bonds.

Section 9.07.      Addresses and Notice.

Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party

must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

A. If to the Authority, to:

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

B. If to County Line Water Supply Corporation, to:

County Line Water Supply Corporation  
140 Grist Mill Road  
Uhland, Texas 78640

C. If to Crystal Clear Water Supply Corporation, to:

Crystal Clear Water Supply Corporation  
2370 FM 1979  
San Marcos, Texas 78666

D. If to Martindale Water Supply Corporation, to:

Martindale Water Supply Corporation  
Post Office Box 175  
Martindale, Texas 78655

E. If to Maxwell Water Supply Corporation, to:

Maxwell Water Supply Corporation  
Post Office Box 158  
Maxwell, Texas 78156

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.



Section 9.08.            State or Federal Laws, Rules, Orders, or Regulations.

This Taxable Contract is subject to all applicable federal and state laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

Section 9.09.            Remedies Upon Default.

It is not intended hereby to specify (and this Taxable Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing, however, that the Authority's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Participating Member shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Participating Member's obligations hereunder could not be adequately compensated in money damages alone, each Participating Member agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Taxable Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstance.

Section 9.10.            Severability.

The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Taxable Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws of the State or the United States of America, or in contravention of any such laws, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Taxable Contract or the application of such sections, subsections, provisions, clauses,



or words to any other situation or circumstance, and it is intended that this Taxable Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 9.11.        Venue.

All amounts due under this Taxable Contract, including, but not limited to, payments due under this Taxable Contract or damages for the breach of this Taxable Contract, shall be paid and be due in Guadalupe County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Taxable Contract that Guadalupe County, Texas, is the place of performance of this Taxable Contract; and in the event that any legal proceeding is brought to enforce this Taxable Contract or any provision hereof, the same shall be brought in Guadalupe County, Texas.

Section 9.12.        Assignment.

Neither the Authority nor any Participating Member may assign any interest it may have under this Taxable Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Taxable Contract.

Section 9.13.        Entire Agreement.

This Taxable Contract constitutes the entire agreement among the parties with respect to the sale of treated water by the Authority to the Participating Members.

Section 9.14.        Applicable Law.

This Taxable Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 9.15.        No Sale, Lease, or Other Transfer of Participating Members' Utility System.

Pursuant to the terms of this Taxable Contract, a Participating Member, to the extent permitted by law, shall not sale, lease, or otherwise transfer any interest in such Participating Member's utility system without the written consent of the Authority.

Section 9.16.      Counterparts.

This Taxable Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[The remainder of this page intentionally left blank.]*

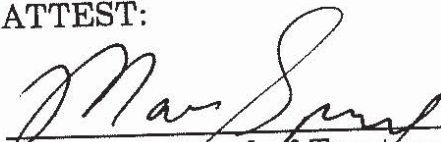
IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Taxable Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER AUTHORITY

By: 

Chairman, Board of Trustees

ATTEST:

  
Secretary, Board of Trustees

(AUTHORITY SEAL)

COUNTY LINE WATER SUPPLY  
CORPORATION

By: Kelly B. Turner  
President

ATTEST:

Bruce Lockhart  
Secretary

(SEAL)



CRYSTAL CLEAR WATER  
SUPPLY CORPORATION

By: Richard A. Hanz  
President

ATTEST:

W.L. Blenwink  
Secretary

(SEAL)

MARTINDALE WATER SUPPLY  
CORPORATION

By: Th m Delt  
President  
(ACTING)

ATTEST:

Rau Jany  
Secretary

(SEAL)

MAXWELL WATER SUPPLY  
CORPORATION

By: Bruce Bryant  
President

ATTEST:

Frank J. Will  
Secretary

(SEAL)

Exhibit A

Allocations and Maximum Rate of Flow

| <u>Participating Members</u>           | <u>Amount of Water*</u> | <u>Maximum<br/>Rate of<br/>Flow per Day</u> |
|--|-------------------------|---|
| County Line Water Supply Corporation   | 218 acre feet           | 182 gpm                                     |
| Crystal Clear Water Supply Corporation | 500 acre feet           | 418 gpm                                     |
| Martindale Water Supply Corporation    | 100 acre feet           | 84 gpm                                      |
| Maxwell Water Supply Corporation       | 438 acre feet           | 366 gpm                                     |

550 " " "

*Changed total on report from  
Maxwell WSC.*

\* Annually per Fiscal Year



Exhibit B

Points of Delivery

Crystal Clear Water Supply Corporation

Elevated tank at Guadalupe County Road 1978 from the Hays/Caldwell  
County Project

Maxwell Water Supply Corporation

Intersection of Highway 80 and FM 1984

County Line Water Supply Corporation

- Intersection of FM 1966 and Highway 21

Martindale Water Supply Corporation

Intersection of FM Highway 80 at Martindale City limits

## Exhibit C

### Special Provisions

Under the terms of this Taxable Contract the Martindale Water Supply Corporation ("MWSC") has contracted for the treatment and redelivery of 100 acre-feet of water per year at a maximum rate of flow per day of 84 gallons per minute. Canyon Regional Water Authority ("CRWA") understands and agrees that the source of MWSC's "allocated water" described herein is a long term lease between MWSC and Green Valley Farms to take water from the San Marcos River and that the "methodology" to be used in calculating the MWSC part of the Annual Requirement under Article V of this Taxable Contract will be adjusted accordingly.

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AMENDED AND RESTATED  
REGIONAL (HAYS/CALDWELL COUNTIES AREA)  
WATER SUPPLY AND TREATMENT CONTRACT

---

February 9, 2021

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by and among  
CANYON REGIONAL WATER AUTHORITY  
and  
COUNTY LINE WATER SUPPLY SPECIAL UTILITY DISTRICT,  
CRYSTAL CLEAR WATER SUPPLY SPECIAL UTILITY DISTRICT,  
MARTINDALE WATER SUPPLY CORPORATION,  
MAXWELL SPECIAL UTILITY DISTRICT, and  
CITY OF SAN MARCOS, TEXAS

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**AMENDED AND RESTATED REGIONAL (HAYS/CALDWELL COUNTIES AREA)  
WATER SUPPLY AND TREATMENT CONTRACT**

THIS AMENDED AND RESTATED REGIONAL (HAYS/CALDWELL COUNTIES AREA) WATER SUPPLY AND TREATMENT CONTRACT (this “Amended and Restated Contract”) dated as of the 9<sup>th</sup> day of February, 2021 (the “Contract Date”), amending and restating that certain Regional (Hays/Caldwell Counties Area) Taxable Water Supply Contract dated August 1, 1998, as amended (the “Original Contract”), is by and among the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas, and the hereinafter defined Authority Act (the “Authority”), and:

COUNTY LINE SPECIAL UTILITY DISTRICT, a special utility district organized pursuant to Texas Water Code, Chapters 49 and 65 (“County Line SUD”);

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT, a special utility district organized pursuant to Chapter 7206 of the Texas Special Districts Local Laws Code (“Crystal Clear SUD”);

MAXWELL SPECIAL UTILITY DISTRICT, a special utility district organized pursuant to Chapter 7222 of the Texas Special Districts Local Laws Code (“Maxwell SUD”);

MARTINDALE WATER SUPPLY CORPORATION, a Texas water supply corporation, organized originally pursuant to Texas Revised Civil Statutes Annotated Article 1434a, as amended (“Martindale WSC,” and, together with County Line SUD, Crystal Clear SUD and Maxwell SUD, the “Original Participating Members,” which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as “Participating Members”); and

CITY OF SAN MARCOS, TEXAS, a Texas home-rule municipality (the “City,” and, together with the Participating Members, the “Contracting Parties”).

**P R E A M B L E :**

WHEREAS, pursuant to applicable law, and particularly Article XVI, Section 59 of the Texas Constitution and the laws of the State of Texas (the “State”), particularly Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (“the Authority Act”) and Chapter 791 of the Texas Government Code, as amended (the “Interlocal Cooperation Act”), the Authority is empowered to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority Act also authorizes the Authority, acting through its Board of Trustees (the “Board”) to issue revenue bonds to finance such projects, payable solely from the revenues derived from payments to be made to the Authority by the participating members and other customers for the purpose of defraying the cost of financing, acquiring, and constructing the projects; and

WHEREAS, pursuant to the provisions of the Interlocal Cooperation Act and the other laws of the State, the Authority and the Original Participating Members have previously entered into the Original Contract, as amended, as a taxable take-or-pay contract pursuant to which the Authority agreed to plan, design, acquire, construct, finance, and refinance treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land, including water rights acquisitions for the Hays/Caldwell Area Water Treatment Plant (the “Original Project”) and pursuant to such terms the Original Participating Members would agree to make payments to or on behalf of the Authority in amounts sufficient to meet all of the Authority’s obligations relating to bonds issued to finance the Original Project and to operate and maintain the Original Project; and

WHEREAS, the Board has previously approved and issued, upon the request of the Original Participating Members, the following series of revenue bonds pursuant to the Original Contract to finance (or refinance) the costs of the Original Project: (i) “Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 1999” (the “Series 1999 Bonds”); (ii) “Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2001” (the “Series 2001 Bonds”); (iii) “Original Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2003” (the “Series 2003 Bonds”); (iv) “Taxable Contract Revenue Refunding Bonds (Hays/Caldwell Counties Area Project), Series 2005” (the “Series 2005 Bonds”); and (v) “Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2017” (the “Series 2017 Bonds”); and

WHEREAS, the Board has previously approved and issued, upon the request of County Line SUD, Crystal Clear SUD, and Maxwell SUD, its “Taxable Contract Revenue Bonds (San Marcos River Rights Project), Series 2008” (the “Series 2008 Bonds” or “Special Project Bonds”) in an initial amount of [REDACTED] (of which [REDACTED] is currently outstanding) pursuant to the Original Contract for the purposes of financing the acquisition of certain San Marcos River water rights for the three Participating Members listed above;

WHEREAS, the Series 2003 Bonds, Series 2005 Bonds, and Series 2017 Bonds are currently outstanding in the aggregate principal amount of [REDACTED] (the “Outstanding Bonds”); and

WHEREAS, the Contracting Parties have requested that the Authority upgrade and expand the Original Project to (i) increase the capacity of the Hays/Caldwell Area Plant from 2,908 acre feet to 4,468 acre feet, and (ii) install additional disinfection, storage and sludge handling improvements along with new raw water intake infrastructure (the “2020 Project”, and together with the Original Project, the “Project”) which will allow the Contracting Parties the ability to purchase treated water from the Authority; and

WHEREAS, the City will make a cash contribution to the Authority in the amount of [REDACTED], which amount represents a City contribution to the Original Project [REDACTED] and a City Contribution to the 2020 Project [REDACTED] (which includes a City contribution to “pay down” the cost of the 2020 Project [REDACTED]) so that the Series 2021 Bonds (as defined herein) can be issued on a tax-exempt basis); and

WHEREAS, the anticipated upgrade and expansion of the Original Project, being the 2020 Project, will cost approximately [REDACTED] and will necessitate that the Authority issue approximately [REDACTED] in tax-exempt, new money contract revenue bonds (the “Series 2021 Bonds”); and

WHEREAS, the City is requesting to purchase a right to use the hereinafter defined System, including the 2020 Project, to purchase treated water from the Authority; and

WHEREAS, to memorialize the terms pursuant to which the 2020 Project is financed by the Authority through participation in the 2020 Project by the Participating Members and the purchase of rights to the 2020 Project by the City after taking into effect the City’s purchase of capacity rights in the System, the Parties hereto now desire to enter into this Amended and Restated Contract; and

WHEREAS, the Authority recognizes that the Contracting Parties continue to hold and possess the material portions of their respective Certificates of Convenience and Necessity issued by the Commission, and continue to own and operate the material portions of their respective water pumping, storage, distribution, facilities, and any respective water treatment facilities currently owned by each of the Contracting Parties; and

WHEREAS, this Amended and Restated Contract shall constitute an interlocal cooperative agreement as authorized pursuant to the Interlocal Cooperation Act; and

WHEREAS, the adoption of this Amended and Restated Contract is hereby found and determined to be in the best interest of the Authority, its customers, the Participating Members, the City and their respective residents and customers;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Contracting Parties agree and contract as follows:

## **ARTICLE I**

### **Definitions**

#### **Section 1.01. Definitions.**

The following terms and expressions as used in this Amended and Restated Contract, unless the context clearly shows otherwise, shall have the following meanings:

“2020 Project” means the costs to finance, refinance, acquire, and construct treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land, including water rights acquisitions, including all Project Costs, to expand the Original Project from a capacity of [REDACTED] acre feet to an increased capacity of [REDACTED] acre-feet as further described in Exhibit A attached hereto.



“Additional Participating Member(s)” means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Amended and Restated Contract to be bound by the terms of this Amended and Restated Contract, as it may be amended from time to time.

“Adjusted Annual Payment” means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Amended and Restated Contract.

“Amended and Restated Contract” means this Amended and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract, as initially executed and as it may be amended from time to time.

“Annual City Payment” means the amount of money to be paid to the Authority by the City, during each Annual Payment Period, for the City Operation and Maintenance Expenses.

“Annual Payment” means the amount of money to be paid to the Authority by each Participating Member during each Annual Payment Period as its share of the Annual Requirement.

“Annual Payment Period” means the Authority’s fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority; the first Annual Payment Period under this Amended and Restated Contract is anticipated to be the period of October 1, 2020, through September 30, 2021.

“Annual Requirement” means, during an Annual Payment Period, the total amount required from the Participating Members to pay all Participating Members Operation and Maintenance Expenses of the Authority and the Project and all costs and payments due and payable for the amortization of the Bonds.

“Authority” means the Canyon Regional Water Authority, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas created in accordance with the Authority Act. Except as otherwise noted herein, actions required or permitted to be taken by the Authority under this Amended and Restated Contract may be taken by the General Manager on behalf of the Authority.

“Authority Act” means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended.

“Board” means the governing body of the Authority.

“Bond Resolution” means any resolution or other financing documents of the Authority which authorizes any Bonds.

“Bonds” means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under the Original Contract or this Amended and Restated Contract and the interest thereon, previously issued or hereafter issued by the Authority to finance or refinance the costs to acquire, construct, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance or refinance the costs to improve and extend the Project, and any bonds, notes or other obligations issued to refund any Bonds.

“City” means the City of San Marcos, Texas.

“City Operation and Maintenance Expenses” means that portion of the Operations and Maintenance Expenses allocated to the City pursuant to Section 5.02 herein.

“Code” means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

“Commission” means the Texas Commission on Environmental Quality or any successor entity thereto.

“Contracting Parties” means the Participating Members and the City.

“Credit Agreement” means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, Texas Government Code, as amended, which the Authority enters into relating to its obligations with respect to the Bonds.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Force Majeure” means such term as it is defined in Section 9.01 of this Amended and Restated Contract.

“GBRA Contract” means that certain water purchase contract entered into by and between the Authority and the Guadalupe Blanco River Authority dated as of June 16, 1999, as may be amended from time to time.

“General Manager” means the general manager of the Authority’s operations, including any party or entity that the Authority enters into a management contract to provide these services.

“Land Interests” means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Project.

“MSRB” means the Municipal Securities Rulemaking Board and any successor to its duties.

“Operation and Maintenance Expenses” means, during an Annual Payment Period, all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under the GBRA Contract

and/or any contract with any federal, state, or local agency for the construction, operation, and/or water storage rights or other interests in water in Canyon Lake or other source of raw water, any contribution or payment in lieu of taxes or any fee or charge by any government authority (including Contracting Parties) relating to the Authority's transmission or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project, including an amount to fund a special reserve for the Operation and Maintenance Expenses or for additional capital improvements to the Project; the total amount to be accumulated for such operating and additional capital improvements reserve shall not exceed 25% of the annual Operation and Maintenance Expenses (estimated to be approximately three (3) months' expenses). The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Amended and Restated Contract. "Operation and Maintenance Expenses" include the "Participating Members Operation and Maintenance Expenses" and the "City Operation and Maintenance Expenses."

"Original Contract" means that Regional (Hays/Caldwell Counties Area) Taxable Water Supply Contract entered into by the Authority and the Original Participating Members dated August 1, 1998, as amended by an Amendment dated May 12, 2003, an Amendment No. 2 dated November 1, 2003, and as further amended an Amendment date No. 3 dated February 28, 2008.

"Original Participating Members" means County Line SUD, Crystal Clear SUD, Martindale WSC, and Maxwell SUD.

"Overhead Expenses" means the Authority's reasonable and necessary costs and expenses incurred and directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to:

(a) per diem and reimbursable expenses incurred by the Board for special meetings of the Board related to the Project,

(b) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority;

(c) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the General Manager of the Authority, times an overhead factor of two (2), which factor shall be subject to adjustment by the Authority from time to time in response to actual or reasonably projected overhead expenses of the Authority;

(d) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction;

(e) the cost of property casualty and public liability insurance; including any insurance deductible charged to or required to be paid by the Authority;

(f) all costs incurred in litigation involving or relating to the Project; and

(g) any and all other reasonable and necessary costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not and whether or not included in the definition or as a part of Project Costs.

“Original Project” means the costs to finance, refinance, acquire, and construct treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land, including water rights acquisitions pursuant to the Original Contract to serve the Original Participating Members.

“Outstanding Bonds” means the Series 2003 Bonds, Series 2005 Bonds, and Series 2017 Bonds that are currently outstanding in the aggregate principal amount of \$10,800,000.

“Participating Member(s)” means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Amended and Restated Contract.

“Participating Members Operation and Maintenance Expenses” means that portion of the Operations and Maintenance Expenses allocated to the Participating Members pursuant to Section 5.01 herein.

“Parties” means the Participating Members, the Authority, the City, and all Additional Participating Members from time to time subject to this Amended and Restated Contract.

“Permitted Liens” means:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(b) Easements for roads (as used in this Amended and Restated Contract, the term “roads” shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Amended and Restated Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(c) Rights of the United States or any state or political subdivision, thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent



domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

“Point(s) of Delivery” means the point or points designated in Exhibit B to this Amended and Restated Contract or by subsequent agreement where water will be delivered by the Authority to the Contracting Parties from the Project.

“Project” means the Original Project and the 2020 Project.

“Project Costs” means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority:

(a) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;

(b) the cost of acquisition, construction, repair, replacement, or improvement of any structure, item of equipment, or other item, used for, or in connection with, the Project;

(c) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project;

(d) the cost of engineering, legal, architectural or other related services;

(e) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project;

(f) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation;

(g) finance charges and interest before, during, and after construction;

(h) costs incurred in connection with financing the Project, including, without limitation:

(1) financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;

(2) the costs of a Credit Agreement;

(3) the cost of printing, engraving, and reproduction services; and

(4) the cost of a trustee’s or paying agent’s initial or acceptance fee and subsequent fees.

(i) all costs, fees and expenses of litigation of all kinds;

(j) the cost of property casualty and public liability insurance;

(k) the Authority’s Overhead Expenses; and

(l) other costs generally recognized as a part of project construction costs.

“Refunding Bonds” means any bonds issued to refund the Outstanding Bonds.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission and any successor to its duties.

“Series 2021 Bonds” means the Bonds that the Authority intends to issue to finance the construction of the 2020 Project.

“Sale and Offering Documents” means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

“Special Project Bonds” means the Authority’s “Taxable Contract Revenue Bonds (San Marcos River Rights Project), Series 2008”.

“State” means the State of Texas.

“System” means all properties, facilities and plants (including the projects relating to the Hays/Caldwell Area Water Treatment Plant) currently owned, operated, and maintained by the Authority for the supply, treatment, and transmission of treated potable water, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the Authority; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the Authority with the proceeds from the issuance of bonds, as special revenue obligations of the Authority which are not payable from revenues of the System but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the System bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

#### Section 1.02. Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Amended and Restated Contract and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Amended and Restated Contract.

## ARTICLE II

### **Representations and Warranties**

#### Section 2.01. Representations and Warranties of Authority.

The Authority hereby represents to the Parties that:

A. The Authority is a political subdivision under the laws of the State and is duly qualified and authorized to carry out the governmental functions as contemplated by this Amended and Restated Contract; the Authority has full power and authority to sell or otherwise convey treated water to the Contracting Parties in accordance with the terms of this Amended and Restated Contract.

B. The Authority has the power, authority, and legal right to enter into and perform under this Amended and Restated Contract and the execution, delivery, and performance hereof have been duly authorized.

C. The Authority is authorized to own and finance the Project pursuant to the Authority Act, including the issuance of the Series 2021 Bonds.

D. This Amended and Restated Contract has been duly authorized, executed, and delivered and constitutes a legal, valid, and binding special obligation of the Authority enforceable in accordance with its terms.

#### Section 2.02. Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants to the Parties that:

A. It is a political subdivision or water supply corporation under the laws of the State and has full power and authority to purchase treated water from the Authority in accordance with the terms of this Amended and Restated Contract, and the execution, delivery, and performance hereof have been duly authorized.

B. The execution and delivery of this Amended and Restated Contract by such Participating Member and the performance of the provisions hereof by such Participating Member do not and will not conflict with or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

C. This Amended and Restated Contract has been duly authorized, executed, and delivered and constitutes a legal, valid, and binding obligation of the Participating Member enforceable in accordance with its terms.

Section 2.03. Representations of City.

City hereby represents to the Parties that:

A. The City is a political subdivision and a home-rule municipality under the laws of the State and is duly qualified and authorized to carry out the governmental functions as contemplated by this Amended and Restated Contract.

B. The City has the power, authority, and legal right to enter into and perform under this Amended and Restated Contract and the execution, delivery, and performance hereof have been duly authorized.

C. The City has the authority to enter into an agreement with the Authority for the provision of governmental services, including water services, pursuant to the Interlocal Cooperation Act.

D. This Amended and Restated Contract has been duly authorized, executed, and delivered and constitutes a legal, valid, and binding special obligation of the City enforceable in accordance with its terms.

**ARTICLE III**

**Construction of Project and Issuance of Bonds**

Section 3.01. Agreements of the Parties.

Each of the Participating Members and the City hereby find that the Annual Payments paid by the Participating Members pursuant to this Amended and Restated Contract is the sole security for the Outstanding Bonds, the Series 2021 Bonds, and any Refunding Bonds.

Section 3.02. Contribution of the City.

A. The City will not be a Participating Member under this Amended and Restated Contract. In return for the right to receive treated water from the 2020 Project pursuant to the terms of this Amended and Restated Contract, the City agrees to contribute [REDACTED] from any source, provided that at least \$ [REDACTED] of the City's contribution shall be made from available taxes or revenues (or any source other than tax-exempt debt). The City shall make its contributions on the following schedule:

- (1) The City will contribute to the Authority on or before February 28, 2021 the amount of [REDACTED], of which amount [REDACTED] represents the City's share of the Original Project based on an agreed depreciated value of the Original Project financed with the Outstanding Bonds as of the Contract Date of \$ [REDACTED] and [REDACTED] represents a portion of the City's financial or contractual obligations related to the acquisition, construction and financing 2020 Project. The City's contribution in the amount of [REDACTED] shall be utilized by the Authority to "pay down" the Martindale WSC's right to capacity so that such amounts are less than 10% of the total of the capacity of the 2020



Project, and so that the Series 2021 Bonds and any Refunding Bonds can be issued by the Authority on a tax-exempt basis, thereby reducing the overall financing costs (and the City's corresponding allocable share) for the 2020 Project.

- (2) The City will contribute the remaining amount of [REDACTED] for deposit to an account controlled by the Authority no later than May 31, 2021. Such amount shall prepay the City's financial or contractual obligations related to the acquisition, construction and financing of the 2020 Project.
- (3) After applying funds from the City as set forth above, the Authority, after consultation with its financial advisor and other consultants, shall use any amounts remaining from the City's contribution to repay Outstanding Bonds or in such other manner which solely benefits all of the Participating Members on a pro-rata basis, based on their percentage of Allocated Capacity.

Section 3.03. Allocation of the Projects.

After the initial contribution from the City of [REDACTED] as described in Section 3.02, the City and each Participating Member's respective share of the depreciated value of the Project, its annual capacity, and maximum daily capacity (as further defined in Exhibit A, Schedule II), based on such entity's respective participation in the Project (inclusive of the 2020 Project), shall be as follows:

| Entity             | Allocation of 2020 Project Value | Percentage of 2020 Project Value | Allocated Capacity (AF) | Maximum Capacity (GPD) |
|--------------------|----------------------------------|----------------------------------|-------------------------|------------------------|
| County Line SUD    | [REDACTED]                       | 29.275%                          | 1,308.00                | 1,610,116              |
| Crystal Clear SUD  |                                  | 11.191%                          | 500.00                  | 615,488                |
| Martindale WSC     |                                  | 9.982%                           | 446.00                  | 549,015                |
| Maxwell SUD        |                                  | 20.143%                          | 900.00                  | 1,107,878              |
| City of San Marcos |                                  | 29.409%                          | 1,314.00                | 1,617,502              |
| Total              |                                  | 100.00%                          | 4,468.00                | 5,500,000              |

The Parties further agree that all Participating Members, but not the City, shall make payments to or on behalf of the Authority in amounts sufficient to meet all of the Authority's obligations relating to the Outstanding Bonds, the Series 2021 Bonds, and any Refunding Bonds based on their respective participation in the Project as reflected in the chart below, pursuant to this Amended and Restated Agreement.

| Entity             | Percentage of Bond Cost Allocation |
|--------------------|------------------------------------|
| County Line SUD    | 41.471%                            |
| Crystal Clear SUD  | 15.853%                            |
| Martindale WSC     | 14.141%                            |
| Maxwell SUD        | 28.535%                            |
| City of San Marcos | 0.00%                              |
| Total              | 100.00%                            |

Section 3.04. Allocation of Special Project Bonds.

Costs related to the Special Project Bonds, the proceeds of which were used by the Authority to acquire certain San Marcos River water rights for the purposes of supplying treated water to Crystal Clear SUD, County Line SUD, and Maxwell SUD, shall be allocated as set forth below:

| Entity             | Percentage of Special Project Bond Cost Allocation |
|--------------------|--|
| County Line SUD    | 36.42%   |
| Crystal Clear SUD  | 18.10%   |
| Martindale WSC     | 0.00%  |
| Maxwell SUD        | 45.48%   |
| City of San Marcos | 0.00%  |
| Total              | 100.00%  |

Section 3.05. Construction of Project.

The Authority agrees that the acquisition, construction, and improvement of the 2020 Project by the Authority will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.07 to provide a source of funds, with all practical dispatch.

Section 3.06. Compliance with Certain City Rules and Regulations.

In consideration of the right to receive treated water under this Amended and Restated Contract, the City agrees that the Authority will be granted a waiver or other exemption from the following rules and regulations related to the construction of the 2020 Project:

- Section 3.8.1.7 Conventional Streetscape Type shall be modified to remove the requirement for a 6-foot sidewalk for the approximately 1,110 linear feet of frontage along Old Martindale Road, and no payment-in-lieu of construction shall be required.
- Section 3.6.2.1 Block Perimeter shall not apply to subdivision plat for the property.

- Chapter 3, Article 10 Parks and Open Space shall not apply to the Minor Plat associated with the improvements. The City acknowledges that Lot 2 of the proposed subdivision is currently used for residential purposes and no dedication or fees shall apply.

Section 3.07. Issuance of Bonds.

A. The Authority may issue its Bonds, payable from and secured by a pledge of the Annual Payments from this Amended and Restated Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project, or to refund any outstanding Bonds.

B. (1) Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Project as may be necessary for the marketing and sale of the Bonds. The Authority may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

(2) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Directors a copy of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the Participating Member for review and approval.

(3) Upon the Participating Member's approval of (i) each Bond Resolution hereafter adopted by the Authority, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the Authority of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Amended and Restated Contract, then upon the adoption and approval of the Bond Resolution in such final form by the Authority's Board of Directors and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the Authority and deemed to be in compliance with this Amended and Restated Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Amended and Restated Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(4) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Amended and Restated Contract and the Bond Resolution. Particularly, the obligation of the Participating

Member to make, promptly when due, all Annual Payments specified in this Amended and Restated Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Amended and Restated Contract. In addition, subject to the approval of the Participating Member, the Authority may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

Section 3.08. Liens. None of the Contracting Parties or the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.09. Tax-Exempt Bonds. The Parties hereto understand and agree that the Authority will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the Parties intend that the Authority will issue Bonds, the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The Parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the Parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the Parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should any Party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting Party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The Parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution or as set forth in this Amended and Restated Contract. The Parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the Parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the Parties, the Parties will identify a different firm, that is mutually acceptable to both Parties, in order to resolve the conflict of opinion.

Section 3.10. Payment to Rebate Fund. In the event that tax-exempt Bonds are issued as provided in Section 3.09, the Authority will covenant and agree in the Bond Resolution to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(f)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the trustee or paying agent to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, the Authority forthwith shall pay the amount of such insufficiency on such date to the trustee or paying agent in immediately available funds for such purpose.



Section 3.11. Sale and Offering Documents. At the request of the Authority, the Participating Members and the City shall provide to the Authority current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the Participating Members, and such other information concerning the Participating Members and the City as the Authority shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members and the City deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Participating Members and the City represent and warrant that all statements concerning the Participating Members and the City (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in light of the circumstances in which they are made, not misleading.

Section 3.12. Authority's Rights Assigned to Trustee. The Participating Members are advised and recognize that as security for the payment of the Bonds, the Authority may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the Authority's rights under this Amended and Restated Contract, including the right to receive the Annual Payments hereunder. The Participating Members herewith assent to such assignment and will make the Annual Payments directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Amended and Restated Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent, provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of this Amended and Restated Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.

## ARTICLE IV

### **Sale and Purchase of Treated Water; Operating Requirements**

Section 4.01. Water Conveyance; Right of First Refusal to Purchase Capacity.

A. The Contracting Parties hereby agree to pay for the right to receive from the Authority and the Authority hereby agrees to sell to the Contracting Parties all of the treated water produced by the Authority through the Project, subject to the terms of conditions of this Amended and Restated Contract. It is expressly recognized that the treated water delivered to each Contracting Party as disclosed in Exhibit A shall be owned by such Contracting Party and may be sold, or otherwise conveyed by such Contracting Party in accordance with applicable law; provided, however, before any Contracting Party enters into a contract or other agreement to transfer, sell, or convey the right to receive a share of the capacity of the Project pursuant to the terms of this Amended and Restated Contract, such Contracting Party shall afford the Authority

the right of first refusal for a period of 90 days to obtain such capacity for redistribution to other Contracting Parties on the same terms and conditions; and further provided, however, that no sale of the right to receive a share of capacity of the Project, nor any redistribution by the Authority of such capacity, shall adversely affect the treatment of any Bonds issued under Section 3.09 hereof as obligations described in section 103 of the Code.

Upon the exercise of such right, the Authority shall purchase, and the Contracting Parties hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Contracting Party's share of their Annual Payments under this Amended and Restated Contract.

B. Each of the Contracting Parties shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto and in accordance with this Amended and Restated Contract. To the extent the Authority has acquired additional water under the GBRA Contract or from some other source, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use such water to supply treated water to other Contracting Parties, to retail customers, if any, of the Authority, or on a spot basis. To the extent the Contracting Parties do not request all of their allotted treated water as set forth on Exhibit A, the Authority may sell or otherwise use such water to supply treated water to other Contracting Parties, to retail customers, if any, of the Authority, or on a spot basis, provided that revenues from such spot sales shall be credited in whole to the Operation and Maintenance Expenses of the Contracting Parties whose share of capacity is utilized for such sales.

#### Section 4.02. Points of Delivery.

Each Contracting Party agrees to take treated water at the Point(s) of Delivery for such Contracting Party set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Contracting Party, respectively, and the Authority. The Authority will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Contracting Parties.

#### Section 4.03. Other Contracts.

A. If the Authority exercises its right to water under this Amended and Restated Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis; provided, however, that the Authority shall afford each of the other Contracting Parties a period of 60 days to obtain such treated water in an amount equal to the Contracting Party's respective pro-rata percentage of the Project, on the same terms and conditions, prior to supplying such treated water to entities other than the Contracting Parties. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Amended and Restated Contract and shall not contain any provision which would adversely affect the Contracting Parties' percentage share of treated water covered by this Amended and Restated Contract, except as permitted by Section 4.01.

B. The Contracting Parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Contracting Party.

Section 4.04. Quality.

A. The water to be delivered by the Authority and received by each Contracting Party shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency. Each Contracting Party has satisfied itself that such water will be suitable for its needs.

The Authority shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Contracting Party's utility system.

B. The Authority shall periodically collect samples of treated water delivered to Contracting Parties and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

Section 4.05. Metering Equipment.

A. The Authority will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Amended and Restated Contract from the Project to each Contracting Party's Point(s) of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The Authority shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Contracting Party shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. If requested, a Contracting Party may witness such reading, calibration, and adjustment of meters. A Contracting Party is also entitled to the testing reports upon request. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired, or replaced by a like device having the required accuracy. A meter registering not more than five percent (5%) above or below the test results shall be deemed to be accurate; provided, however, that for any meter installed on or after the Contract Date, a meter registering not more than two percent (2%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test but in no event to exceed six (6) months in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Authority and the Contracting Party shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by the Authority. Any Contracting Party may have access to said record books during normal business hours.

B. Under the GBRA Contract, the Authority is required to install metering devices to measure the amount of water taken from Canyon Lake and purchased from GBRA. Such metering devices shall be considered to be a part of the Project.

**Section 4.06. Pressure, Backflow, Maximum Rate of Flow.**

A. The Authority shall deliver treated water to the Point(s) of Delivery for each Contracting Party at a pressure of not less than 36 psi or at such other pressure agreed upon by the Authority and the Contracting Party. After initial construction of the Project, if a Contracting Party requires a greater or lesser pressure, such Contracting Party shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood, fire, earthquakes, other catastrophes, or use of water to fight fires, or any other cause beyond the reasonable control of the Authority shall relieve the Authority from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The Authority shall install and maintain at its sole expense at each Point of Delivery a backflow preventer of AWWA-approved quality. Each Contracting Party shall have the right to inspect the backflow preventer at each of its Points of Delivery at such reasonable times at such Contracting Party in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Contracting Party by the Authority is established in Exhibit A hereto and incorporated by reference for all purposes to this Amended and Restated Contract.

**ARTICLE V**

**Fiscal Provisions**

**Section 5.01. Annual Requirement of the Participating Members.**

Subject to the terms and provisions of this Amended and Restated Contract, the Authority will provide and pay for the cost of the Project, in part, through the issuance of Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Amended and Restated Contract will be the sole or primary source of funds available to the Authority to provide the Annual Requirement. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Amended and Restated Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Amended and Restated Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority and according to their respective percentage shares of treated water covered by this Amended and Restated Contract (provided that for the purposes of Section 5.01(B) herein, the respective percentage shares shall exclude any share of treated water made available to the City pursuant to this Amended and Restated Contract), and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:



- A. all Participating Members Operation and Maintenance Expenses; and
- B. a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the Bonds.

Section 5.02. Annual City Payment.

Following the City's contribution pursuant to Section 3.02 above, the City shall have no obligation to pay any costs related to the Bonds. The City shall have no obligation to pay any costs related to water rights or raw water contract supplying water for treatment which is allocated to the Participating Members. The City shall be obligated to pay the full amount of its Annual City Payment notwithstanding that it may elect not to receive the full amount of treated water available to it under this Amended and Restated Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Amended and Restated Contract, the Annual City Payment may change from time to time. The Annual City Payment shall be allocated to the City based upon a rate methodology to be developed by the Authority and according to its respective percentage share of treated water covered by this Amended and Restated Contract, and the Annual City Payment for each Annual Payment Period shall be identified in each annual budget and shall at all times be an amount sufficient to pay the City Operation and Maintenance Expenses.

Section 5.03. Annual Budget.

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement and the Annual City Payment. The annual budget for the Project for the Annual Payment Period during Fiscal Year 2020-2021 will be prepared and adopted by the Authority based on estimates made by the Authority. Each Contracting Party will be furnished a copy of such annual budget, and each Contracting Party hereby acknowledges its ability to pay its share of the Annual Requirement or Annual City Payment, as applicable, from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, 2021, the Authority shall furnish to each Contracting Party a preliminary estimate of the Annual Payment required from each Contracting Party for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year 2020-2021, the Authority shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period. A copy of such preliminary budget shall be filed with each Contracting Party before action by the Board. Any Contracting Party may submit comments about the preliminary budget directly to the Board. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper, provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Contracting Parties which change or amendment would in effect increase the Annual Requirement or Annual City Payment without resubmitting such amended preliminary budget to the Contracting Parties. The Board shall thereupon approve the annual budget. With respect to budgetary matters, the Contracting Parties shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual

budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Contracting Parties, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Contracting Parties and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Contracting Parties in any fiscal year shall relieve the Contracting Parties from (or defer) their absolute and unconditional obligation to make all Annual Payments or Annual City Payments in full when due.

Section 5.04.      Payments by Contracting Parties.

A.      Subject to Sections 4.05.A and 4.06.B, each Contracting Party agrees to pay for the total cost of material, labor, and equipment required to implement a connection at that Contracting Party's Point of Delivery.

B.      For the treated water available to the Contracting Parties under this Amended and Restated Contract (whether or not the Contracting Parties elect to receive such water), each of the Contracting Parties agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement or Annual City Payment, as applicable. Each of the Contracting Parties shall pay its part of the Annual Requirement or Annual City Payment, as applicable, for each Annual Payment Period directly to the Authority, in monthly installments in accordance with the schedule of payments furnished by the Authority (or its assigns), as hereinafter provided.

C.      Each Contracting Party shall pay its share of the Annual Requirement or Annual City Payment, as applicable, according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Contracting Party and set forth on Exhibit A, as amended from time to time. The Authority shall charge each Contracting Party its share of pumping costs according to the volume of water actually delivered.

D.      Each Contracting Party's allocated share of the Annual Requirement or Annual City Payment, as applicable, for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Contracting Parties by the Authority.

E.      Notwithstanding the foregoing, the Annual Requirement and the Annual City Payment, and each Contracting Party's share thereof, shall be redetermined, after consultation with

each of the Contracting Parties, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

1. the Authority exercises its option to acquire treated water pursuant to Section 4.01;
2. unusual, extraordinary, or unexpected Operation and Maintenance Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;
3. Operation and Maintenance Expenses of the Project are substantially less than estimated;
4. a Contracting Party's interest under this Amended and Restated Contract is terminated as provided herein or Additional Participating Members become subject to this Amended and Restated Contract;
5. the Authority issues Bonds for the Project; or
6. the Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

F. Each Contracting Party hereby agrees that it will make payments to the Authority required by this Amended and Restated Contract at the Authority's offices within 30 days of the date a bill for service is deposited in the United States mail. If any Contracting Party at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Contracting Party will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Contracting Party or due and owing to any Contracting Party by the Authority shall, if not paid when due, bear interest at the maximum lawful non-usurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Contracting Party which remains delinquent in any payments due under the preceding paragraph for a period of thirty (30) days, and shall not resume delivery of services or water while such Contracting Party is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Contracting Party. It is further provided and agreed that if any Contracting Party should remain delinquent in any payments due hereunder for a period of one hundred twenty (120) days, and if such delinquency continues during any period thereafter, such Contracting Party's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment or Annual City Payment to be paid by the non-delinquent Contracting Parties and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Contracting Parties and the Authority collectively shall be required to pay all of the Annual Requirement and Annual City Payment. However, the Authority shall pursue all legal, remedies against any such delinquent Contracting Party to enforce and

protect the rights of the Authority, the other Contracting Parties, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Contracting Party shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Contracting Party and the Authority during each Annual Payment Period regardless of the delinquency of a particular Contracting Party. If any amount due and owing the Authority by any Contracting Party is placed with an attorney for collection, such Contracting Party shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

H. If, during any Annual Payment Period, any Contracting Party's Annual Payment or Annual City Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Contracting Party with an updated schedule of monthly payments reflecting such redetermination.

#### Section 5.05. Unconditional Payments.

A. Notwithstanding any provision of this Amended and Restated Contract to the contrary, while this Amended and Restated Contract remains in effect, each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds, and the City agrees to pay the City Operation and Maintenance Expenses. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered by this Amended and Restated Contract as provided in Section 4.01, the Annual Payment or Annual City Payment of each Contracting Party shall be reduced to the proportion that each Contracting Party's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement and the City agrees to pay 100% of the Annual City Payment, but, if the Authority exercises its option to acquire treated water from the Project pursuant to Section 4.01, the Contracting Parties and the Authority shall share the cost of the Operation and Maintenance Expenses of the Project, and the Participating Members and the Authority shall share the cost of the Bonds, in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Amended and Restated Contract.

B. Recognizing that the Contracting Parties urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay and secure the Bonds, it is hereby agreed that each of the Contracting Parties shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement or Annual City Payment, as applicable, as provided and determined in this Amended and Restated Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Contracting Party hereunder, or whether or not any Contracting Party actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the Authority.



Section 5.06. Continuing Right to Treated Water.

For and in consideration of agreeing to the unconditional payments to be made under this Amended and Restated Contract, each Contracting Party is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Amended and Restated Contract. That right shall continue for the term of this Amended and Restated Contract and any renewals thereof, subject to the terms of the GBRA Contract for the Participating Members.

**ARTICLE VI**

**Additional Participating Members**

Section 6.01. Additional Participating Members.

If water is available, the Authority and the Contracting Parties agree that the Contracting Parties shall have a right of first refusal related to such water. If more than one Contracting Party exercises its right to such water, the Authority shall allocate the water equally to those Contracting Parties. If no Contracting Party exercises its right or if water remains available after satisfying the request(s) of the Contracting Parties, the Authority and the Contracting Parties agree that additional entities may become subject to the provisions of this Amended and Restated Contract as Additional Participating Members by providing the following to the Authority and the then Contracting Parties:

A. an executed signature page to this Amended and Restated Contract in form satisfactory to the Authority;

B. to the extent any representation contained in this Amended and Restated Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Amended and Restated Contract;

C. a revised Exhibit A to this Amended and Restated Contract satisfactory to the Authority and all then Participating Members;

D. a revised Exhibit B to this Amended and Restated Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;

E. a revised Exhibit C to this Amended and Restated Contract to the extent applicable to such entity and in form satisfactory to the Authority; and

F. such other certifications and information as may be reasonably requested by the Authority and the then Contracting Parties.

## ARTICLE VII

### **Special Conditions**

#### Section 7.01. Operation and Maintenance of the Project.

The Authority will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. The Authority recognizes its right and duty to operate the Project in the most prudent and economical manner for the benefit of all Contracting Parties.

#### Section 7.02. Project Schedule.

It is the intent of the Parties that the 2020 Project be placed in operation as soon as practicable, and the Authority agrees to proceed diligently with the evaluation of feasibility, the securing of regulatory permits, and the design and construction of the 2020 Project to meet such schedule, subject to the other terms and conditions in this Amended and Restated Contract.

#### Section 7.03. Permits, Financing, and Applicable Laws.

Any obligations on the part of the Authority to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Contracting Parties shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the Authority's final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the Authority to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

#### Section 7.04. Title to Water; Indemnification.

A. Title to all water supplied by the Contracting Parties to the intake structure of the Project that each such Party owns under Certificates of Adjudication shall remain in that Party's ownership, which water as it passes through the Project facility to the individual Points of Delivery shall be held by the Authority acting as a bailee.

B. Title to all water supplied to each Contracting Party that is obtained by lease from the Guadalupe-Blanco River Authority and the Baughs family and its successors shall be in the Authority up to the Point of Delivery for such Contracting Parties, at which point title shall pass to the Contracting Party. Title to leased treated water transmitted through the lines of a Contracting Party for the use of another Contracting Party shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Contracting Party. The Authority and each of the Contracting Parties shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

Section 7.05.      Payments Solely From Revenues.

The Authority shall never have the right to demand payment by any Contracting Party of any obligations assumed by it or imposed on it under and by virtue of this Amended and Restated Contract from funds raised or to be raised by taxes, and the obligations under this Amended and Restated Contract shall never be construed to be a debt of such kind as to require any of the Contracting Parties to levy and collect a tax to discharge such obligation. Nonetheless, any Contracting Party may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Contracting Party.

Section 7.06.      Operating Expenses.

Each of the Contracting Parties represents and covenants that, to the extent payments under this Amended and Restated Contract are made with utility system revenues, such payments shall constitute reasonable and necessary “operating expenses” of its utility system, as defined in Chapter 1502, Texas Government Code, as amended, and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Contracting Party represents and has determined that the treated utility supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Contracting Party’s utility system and facilities, and, accordingly, all payments required by this Amended and Restated Contract to be made by each Contracting Party shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or hereafter issued by such Contracting Party, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

Section 7.07.      Rates for Water.

Each of the Contracting Parties agrees throughout the term of this Amended and Restated Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment or Annual City Payment, as applicable, under this Amended and Restated Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

Section 7.08.      Use of Funds and System.

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid it pursuant to this Amended and Restated Contract, nor any earnings from the

investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Amended and Restated Contract.

Section 7.09. Rights-of-Way.

A. Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use; and further provided, however, that the Authority and the affected Participating Member may mutually agree to a charge in lieu of any such fees normally applied to utilities.

B. To the extent they have such ownership authority, each Participating Member agrees that, with prior written approval the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.

Section 7.10. Insurance.

The Authority agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the Authority, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

Section 7.11. Additional Special Provisions.

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C attached hereto and incorporated herein for all purposes. The Special Provisions for this Amended and Restated Contract reflect circumstances or issues for specific Contracting Parties which may be different from those of other Contracting Parties and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Amended and Restated Contract. To the extent of any conflict between any Special Provision and any other provision of this Amended and Restated Contract, the Special Provision shall control.



## ARTICLE VIII

### Continuing Disclosure

#### Section 8.01. Continuing Disclosure Annual Reports.

Following the issuance of Bonds of any series, the offer or sale of which is not exempt from the Rule and, until any Participating Member is no longer obligated, contingently or otherwise, to make Annual Payments in respect of the Bonds of such series, any Participating Member undertakes to and shall file annually with the MSRB through EMMA, within six months after the end of each fiscal year, (1) financial information and operating data of the general type included in the Sale and Offering Documents for the Bonds of such series, as specified in any Participating Member's approval of such Sale and Offering Documents pursuant to Section 3.02 hereof, and (2) audited general purpose financial statements of any Participating Member, if then available. Any financial statements so to be provided shall be (1) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as any Participating Member may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if any Participating Member commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then any Participating Member shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on each statement becomes available.

If any Participating Member changes its fiscal year, it will notify the trustee or paying agent and the MSRB in writing of the change (and of the date of the new fiscal year end) prior to the next date by which any Participating Member otherwise would be required to provide financial information and operating data, pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Copies of such information and operating data shall be furnished to the Authority at the same time the information and data are furnished to the MSRB.

#### Section 8.02. Material Event Notices.

A. The following are the events with respect to the Bonds which the Authority must agree to disclose in a timely manner pursuant to the Rule, if "material" under applicable federal securities laws and regulations promulgated thereunder.

- i. Principal and interest payment delinquencies.
- ii. Non-payment related defaults, if material.
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties.

- iv.      Unscheduled draws on credit enhancements reflecting financial difficulties.
- v.       Substitution of credit or liquidity providers, or their failure to perform.
- vi.      Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- vii.     Modifications to rights of owners, if material.
- viii.    Bond calls, if material, and tender offers.
- ix.      Defeasances.
- x.       Release, substitution, or sale of property securing repayment of the bonds, if material.
- xi.      Rating changes.
- xii.     Bankruptcy, insolvency, receivership or similar event of the obligated person.
- xiii.    The consummation of a merger, consolidation, or acquisition of the obligated person, or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- xiv.     Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- xv.      Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
- xvi.     Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

For these purposes (a) any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction

over substantially all of the assets of business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision of jurisdiction over substantially all of the assets or business of the obligated person, and (b) Participating Members intend the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No 34-83885, dated August 20, 2018.

B. A Participating Member shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in A. above, notify the Authority of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the Participating Member shall provide, in a timely manner, notice of any failure by the Participating Member to provide audited financial statements, financial information, and operating data in accordance with Section 8.01 hereof to the MSRB.

#### Section 8.03. Limitations, Disclaimers, and Amendments.

A Participating Member shall be obligated to observe and perform the covenants specified in this Article in respect of the Bonds of any series for so long as, but only for so long as, the Participating Member remains an “obligated person” with respect to the Bonds of each series within the meaning of the Rule, except that the Participating Member in any event will give notice of any deposit made in accordance with the Bond Resolution that causes Bonds of such series no longer to be Outstanding.

The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Participating Members undertake to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Participating Members’ financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Participating Members make no representations or warranties concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE PARTICIPATING MEMBERS BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE PARTICIPATING MEMBERS WHETHER NEGLIGENT OR WITHOUT FAULT ON THESE PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Participating Members in observing or performing their obligations under this Article shall comprise a breach of or default under this Amended and Restated Contract for purposes of any other provision of this Amended and Restated Contract.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority or the Participating Members under federal and state securities laws.

The provisions of this Article may be amended by the Authority and the Participating Members from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority or the Participating Members, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds of the applicable series in the primary offering of the Bonds of such series in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Amended and Restated Contract that authorizes such an amendment) of the outstanding Bonds of each such series affected consent to such amendment, or (b) an entity that is unaffiliated with the Authority or the Participating Members (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the owners and beneficial owners of the Bonds of such series and is permitted by the terms of the Article. If the Authority and the Participating Members so amend the provisions of this Article in connection with the financial or operating data which the Participating Members are required to disclose under Section 8.01 hereof, the Participating Members shall provide a notice of such amendment to be filed in accordance with Section 8.01 hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Authority and the Participating Members may also amend or repeal the provisions of this Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

## **ARTICLE IX**

### **Miscellaneous**

#### **Section 9.01.      Force Majeure.**

If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Amended and Restated Contract, other than the obligation of each Contracting Party to make the payments required under Section 5.04 of this Amended and Restated Contract, then if such Party shall give notice and full particulars of such Force Majeure in writing to the other Contracting Parties and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation, of the Contracting Party or the Authority giving such notice, so far as it is affected by each Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Contracting Party or the Authority shall endeavor to remove or



overcome such inability with all reasonable dispatch. The term “Force Majeure” as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonable within, the control of the party claiming such inability.

Section 9.02.      Allocation of Water During Drought.

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided amongst all customers of stored water from Canyon Reservoir (or other sources) pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike; *provided, however*, that if any Contracting Party is providing raw water to the Authority for treatment by the Project, such water when treated shall be allocated solely to the providing Contracting Party and shall not be subject to pro rata allocation.

Section 9.03.      Conservation.

The Authority and Contracting Parties each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Contracting Parties further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Contracting Parties to the extent practicable considering any differences in the legal authority among the Contracting Parties to institute those plans.

Section 9.04.      Term of Amended and Restated Contract.

This Amended and Restated Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Amended and Restated Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Contracting Parties for as long as the GBRA Contract or other agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Amended and Restated Contract. The Authority’s obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project. This Amended and Restated Contract constitutes the sole agreement between the Parties hereto with respect to the Project.

Section 9.05. Approval and Consent.

Unless otherwise provided herein, any approval or consent required by the provisions of this Amended and Restated Contract by a Contracting Party or the Authority shall be evidenced by a written resolution adopted by the governing body of the Party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate Party, the Authority or the Contracting Party can conclusively act on the matter requiring such approval.

Section 9.06. Modification and Amendment.

A. No change, amendment, or modification of this Amended and Restated Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by any Contracting Party under this Amended and Restated Contract or any similar contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

B. This Amended and Restated Contract may be amended upon the written consent of the Authority and all then Contracting Parties; provided, however, no amendment to this Amended and Restated Contract shall impair the rights of any holder of any of the Authority's Bonds.

Section 9.07. Addresses and Notice.

Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

A. If to the Authority, to:

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

With a copy to:

Norton Rose Fulbright US LLP  
Attn: Stephanie Leibe  
98 San Jacinto Blvd., Suite 1100  
Austin, Texas 78701  
Phone: (512) 536-2420

B. If to County Line SUD, to:

County Line Special Utility District  
Attn: General Manager  
8870 Camino Real  
Uhland, Texas 78640-6482

With a copy to:

Lloyd Gosselink Rochelle and Townsend, P.C.  
Attn: David J. Klein  
816 Congress Ave., Suite 1900  
Austin, Texas 78701

C. If to Crystal Clear SUD, to:

Crystal Clear Special Utility District  
2370 FM 1979  
San Marcos, Texas 78666

D. If to Martindale WSC, to:

Martindale Water Supply Corporation  
Post Office Box 175  
Martindale, Texas 78655

E. If to Maxwell SUD, to:

Maxwell Special Utility District  
Post Office Box 158  
Maxwell, Texas 78156

F. If to the City, to:

City of San Marcos, Texas  
Attn: City Manager  
630 East Hopkins  
San Marcos, Texas 78666  
Phone: (512) 393-8100

With a copy to:

McCall, Parkhurst & Horton L.L.P.  
Attn: Bart Fowler  
600 Congress Ave., Suite 1800  
Austin, Texas 78701  
Phone: (512) 478-3805

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.

Section 9.08.      State or Federal Laws, Roles, Orders, or Regulations.

This Amended and Restated Contract is subject to all applicable federal and state laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

Section 9.09.      Remedies Upon Default.

It is not intended hereby to specify (and this Amended and Restated Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any Party hereto and shall be cumulative. Recognizing, however, that the Authority's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Contracting Party shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Contracting Party's obligations hereunder could not be adequately compensated in money damages alone, each Contracting Party agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Amended and Restated Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment or Annual City Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any Party hereto or of performance by any other Party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstance.

Section 9.10.      Severability.

The Parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Amended and Restated Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws of the State or the United States of America, or in contravention of any such laws, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Amended and Restated Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it



is intended that this Amended and Restated Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the Parties hereto shall be construed and remain in force accordingly.

Section 9.11. Venue.

All amounts due under this Amended and Restated Contract, including, but not limited to, payments due under this Amended and Restated Contract or damages for the breach of this Amended and Restated Contract, shall be paid and be due in Guadalupe County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the Parties to this Amended and Restated Contract that Guadalupe County, Texas, is the place of performance of this Amended and Restated Contract; and in the event that any legal proceeding is brought to enforce this Amended and Restated Contract or any provision hereof, the same shall be brought in Guadalupe County, Texas.

Section 9.12. Assignment.

Neither the Authority nor any Contracting Party may assign any interest it may have under this Amended and Restated Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Amended and Restated Contract.

Section 9.13. Entire Agreement.

This Amended and Restated Contract constitutes the entire agreement among the Parties with respect to the sale of treated water by the Authority to the Contracting Parties.

Section 9.14. Applicable Law.

This Amended and Restated Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the Parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 9.15. Waiver of Governmental Immunity.

The Contracting Parties under the Amended and Restated Contract agree that the mutual commitment stated in the Amended and Restated Contract to provide water, water treatment services, and funding for utility system improvements constitute an agreement by each Party for providing goods and services to the other Parties, and that the Amended and Restated Contract, as amended, is subject to Chapter 271, Subchapter I, of the Texas Local Government Code. The Parties hereto recognize and agree that the Legislature has thereby waived governmental immunity for Parties under this Amended and Restated Contract to the extent permitted by Chapter 271, Subchapter I, of the Texas Local Government Code.

Section 9.16.      No Sale, Lease, or Other Transfer of Contracting Party's Utility System.

Pursuant to the terms of this Amended and Restated Contract, a Contracting Party, to the extent permitted by law, shall not sale, lease, or otherwise transfer any interest in such Contracting Party's utility system that would materially impair that Contracting Party's ability to meet its payment obligations under this Amended and Restated Contract, without the written consent of the Authority.

Section 9.17.      Counterparts.

This Amended and Restated Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Amended and Restated Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER AUTHORITY

By:   
Chairman, Board of Trustees

ATTEST:

  
Secretary, Board of Trustees

(AUTHORITY SEAL)



COUNTY LINE SPECIAL UTILITY DISTRICT

By: \_\_\_\_\_

Chris Betz  
President, Board of Directors

ATTEST:

\_\_\_\_\_

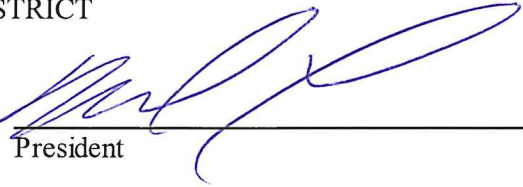
Toni Brewer  
Secretary, Board of Directors

(SEAL)





CRYSTAL CLEAR SPECIAL UTILITY  
DISTRICT

By:   
\_\_\_\_\_  
President

ATTEST:

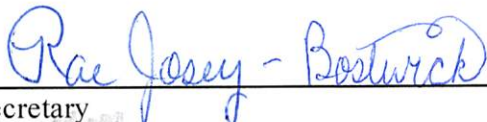
  
\_\_\_\_\_  
Secretary



MARTINDALE WATER SUPPLY  
CORPORATION

By:   
President


ATTEST:

  
Secretary



MAXWELL SPECIAL UTILITY DISTRICT

By: \_\_\_\_\_  
President



ATTEST:

Maurel Vaughn  
Secretary

(SEAL)

CITY OF SAN MARCOS, TEXAS

By: Jane Hugheson  
Mayor

ATTEST:

Jenny K. Cue  
City Secretary

(CITY SEAL)

I, the undersigned, City Attorney of the City of San Marcos, Texas, hereby certify that I read, passed upon, and approved as to form and legality the foregoing Amended and Restated Contract prior to its adoption and passage as aforesaid.

Mark Conner  
City Attorney, City of San Marcos, Texas



## Exhibit A

### Schedule I

#### Original Contract Allocations

The table below lists the amounts of production of treated water from the Hays Caldwell Area Plant (the “Plant”), expressed in acre-feet (AF) and gallons-per-day (GPD), that have been contracted with the Participating Members pursuant to the Original Contract, as amended.

In addition to the Plant contract figures, the Authority recognizes a peaking factor of 1.3 (30%) as a logical and necessary requirement and the peaking GPD figures are also listed.

The Authority agrees to supply to each Participating Member, on any given day, the amount of treated water specified in the peaking figures.

The total capability of the Plant is listed in the Maximum Capacity GPD column in the table below. Each Participating Member can be provided with this amount of treated water from the Plant on any given day, at the discretion of the Plant Manager. Additional treated water, over the peaking GPD and up to the Maximum Capacity GPD, will be provided to the Participating Member without penalty; however, any treated water processed over and above the amounts listed in the Maximum Capacity GPD column will incur a System Capacity Fee as determined by the Participating Members.

The total amount of treated water processed through the Plant for each Participating Member must be supported by a sufficient amount of raw water that is under contract to each Participating Member and that water must be available to the Authority for processing at the Plant.

#### Hays Caldwell Area Plant – Original Contract

|                                 | <b>Plant<br/>Capacity<br/>in<br/>AF</b> | <b>Percent<br/>of<br/>Allocation</b> | <b>Contract<br/>Capacity<br/>in<br/>GPD</b> | <b>1.3 Peak<br/>Capacity<br/>in<br/>GPD</b> | <b>Maximum<br/>Capacity<br/>GPD</b> |
|---------------------------------|---|--------------------------------------|---|---|-------------------------------------|
| <b>Hays Caldwell</b>            |   |                                      |   |   |                                     |
| County Line                     | 1,308.00                                | 44.98%                               | 1,167,707                                   | 1,518,019                                   | 2,473,865                           |
| Crystal Clear                   | 500.00                                  | 17.19%                               | 446,371                                     | 580,283                                     | 945,667                             |
| Martindale                      | 200.00                                  | 6.88%                                | 178,548                                     | 232,113                                     | 378,267                             |
| Maxwell                         | 900.00                                  | 30.95%                               | 803,468                                     | 1,044,509                                   | 1,702,201                           |
| <b>Hays Caldwell<br/>Totals</b> | <b>2,908.00</b>                         | <b>100.00%</b>                       | <b>2,596,095</b>                            | <b>3,374,924</b>                            | <b>5,500,000</b>                    |

## Schedule II

### Amended and Restated Contract Allocations

The attached table lists the amount of production of treated water from the Hays Caldwell Area Plant (the “Plant”), expressed in acre-feet (AF) and gallons-per-day (GPD), that have been contracted with the Contracting Parties from the 2020 Project pursuant to the Amended and Restated Contract.

In addition to the Plant contract figures, the Authority recognizes a peaking factor of 1.3 (30%) as a logical and necessary requirement and the peaking GPD figures are also listed.

The Authority agrees to supply to each Contracting Party, on any given day, the amount of treated water specified in the peaking figures.

The total capacity of the Plant is listed in the Maximum Capacity GPD column in the table below. Each Contracting Party can be provided with this amount of treated water from the Plant on any given day, at the discretion of the Plant Manager. Additional treated water, over the peaking GPD and up to the Maximum Capacity GPD, will be provided to the Contracting Party without penalty; however, any treated water processed over and above the amounts listed in the Maximum Capacity GPD column will incur a System Capacity Fee as determined by the Contracting Parties.

The total amount of treated water processed through the Plant for each Contracting Party must be supported by a sufficient amount of raw water that is under contract to each Contracting Party and that raw water must be available to the Authority for processing at the Plant.

#### Hays Caldwell Area Plant – Amended and Restated Contract

|                                 | <b>Plant<br/>Capacity<br/>in<br/>AF</b> | <b>Percent<br/>of<br/>Allocation</b> | <b>Contract<br/>Capacity<br/>in<br/>GPD</b> | <b>1.3 Peak<br/>Capacity<br/>in<br/>GPD</b> | <b>Maximum<br/>Capacity<br/>GPD</b> |
|---------------------------------|---|--------------------------------------|---|---|-------------------------------------|
| <b>Hays Caldwell</b>            |   |                                      |   |   |                                     |
| County Line                     | 1,308.00                                | 29.2748%                             | 1,167,707                                   | 1,518,019                                   | 1,610,116                           |
| Crystal Clear                   | 500.00                                  | 11.1910%                             | 446,371                                     | 580,283                                     | 615,488                             |
| Martindale                      | 446.00                                  | 9.9821%                              | 398,163                                     | 517,612                                     | 549,015                             |
| Maxwell                         | 900.00                                  | 20.1430%                             | 803,468                                     | 1,044,509                                   | 1,107,878                           |
| San Marcos                      | 1,314.00                                | 29.4090%                             | 1,173,064                                   | 1,524,983                                   | 1,617,502                           |
| <b>Hays Caldwell<br/>Totals</b> | <b>4,468.00</b>                         | <b>100.00%</b>                       | <b>3,988,773</b>                            | <b>5,185,405</b>                            | <b>5,500,000</b>                    |

## **Exhibit B**

### Points of Delivery

Crystal Clear Special Utility District

Elevated tank at Guadalupe County Road 1978 from the Hays/Caldwell County Project

Maxwell Special Utility District

Intersection of Highway 80 and FM 1984

County Line Special Utility District

Ground Storage Tank located at the intersection of High Road and N. Plum Creek Road

Martindale Water Supply Corporation

Intersection of FM Highway 80 at Martindale City limits

City of San Marcos, Texas

Upon exit from the Hays Caldwell Area Plant

## **Exhibit C**

### **Special Provisions**

#### **Special Provisions Related to the Martindale Water Supply Corporation (“Martindale WSC”)**

The Contracting Parties understand and agree that under the terms of this Amended and Restated Contract the Martindale WSC independently owns water right Certificate of Adjudication 18-3887D which authorizes the diversion of 255.84 acre-feet of water from the San Marcos River at the Project’s diversion point and that this 255.84 acre-feet forms an integral part of its 446.00 acre-foot Plant Capacity share as set out in Exhibit A, Schedule II.

#### **Special Provisions Related to the City of San Marcos, Texas (the “City”)**

Notwithstanding the requirements of Section 4.06, the Authority shall deliver treated water to the Point(s) of Delivery for the City at a pressure within a range mutually agreed upon by the Authority and the City.



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## **APPENDIX I**

### **WATER CONTRACT SUMMARY TABLE**

| Existing Sources                           | Contract Name(s)  | CCSUD Capacity (AF/Year) | Permit Execution  | Permit Expiration | Contract Execution | Contract Expiration | Term of Contract  | Reference Pages (Water Availability Report- January 2024) |
|--|---|--------------------------|-------------------|-------------------|--------------------|---------------------|---|---|
| Edwards Aquifer Permit #P100-215 (HA00214) |   | 1187.009                 | August 17, 2020   | N/A               | N/A                | N/A                 |   | Appendix D  |
| Edwards/Uvalde Permit #P103-038 (UV00414)  |   | 864.600                  | December 03, 2019 | N/A               | N/A                | N/A                 |   | Appendix D  |
| GBRA Surface Water (Lake Dunlap)           | The Contract between Guadalupe-Blanco River Authority and Crystal Clear Water Supply Corporation  | 500 <sup>1</sup>         |                   |                   | April 23, 1990     | Amended. See below. | This Contract shall extend for a term of forty (40) years from contract execution date and may be renewed or extended for such term, or terms, as may be agreed upon by GBRA and Crystal Clear.   | Appendix E  |
|  | Amendment No.1 to the Water Purchase Contract Between Guadalupe-Blanco River Authority and Crystal Clear Water Supply Corporation   |                          |                   |                   | November 12, 1992  | Amended. See below. | This Contract shall extend for a term of forty (40) years from contract execution date and may be renewed or extended for such term, or terms, as may be agreed upon by GBRA and Crystal Clear.   | Appendix E  |
|  | Second Amendment to Contract Raw Water Service Between Guadalupe-Blanco River Authority and Crystal Clear Water Supply Corporation  |                          |                   |                   | November 1, 1996   | Amended. See below. | The initial annual commitment shall be 800 acre-feet of water per year, but may increased from storage in Canyon Reservoir, or other reservoir storage available to GBRA, if available, pursuant to provisions.   | Appendix E  |
|  | Third Amendment to Contract Raw Water Service Between Guadalupe-Blanco River Authority and Crystal Clear Water Supply Corporation   |                          |                   |                   | December 19, 2012  | November 12, 2032   | No change affecting the contract time. Guadalupe-Blanco River Authority and Crystal Clear Water Supply Corporation to adopt and implement Drought Contingency Plan .  | Appendix E  |
| CRWA Wells Ranch Phase I                   | Water Supply Contract between Canyon Regional Water Authority and Bexar Metropolitan Water District; City of Cibolo, Texas; City of Marion, Texas; East Central Special Utility District; Green Valley Water Supply Corporation; Crystal Clear Water Supply Corporation; Springs Hill Water Supply Corporation (Wells Ranch Project)                            | 300                      |                   |                   | May 1, 2007        | May 1, 2047         | This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as an agreement providing an adequate source of raw water remains in effect.   | Appendix F  |
|  | Amendment No. 1 to the Water Supply Contract (Wells Ranch Project) between the Canyon Regional Water Authority and Bexar Metropolitan Water District; City of Cibolo, Texas; City of Marion, Texas; East Central Special Utility District; Green Valley Water Supply Corporation; Crystal Clear Water Supply Corporation; Springs Hill Water Supply Corporation |                          |                   |                   | June 8, 2009       | May 1, 2047         | This amendment was for issuance of additional bonds in the amount of \$3,700,000.   | Appendix F  |
|  | Amendment No. 2 to the Water Supply Contract (Wells Ranch Project) between the Canyon Regional Water Authority and Bexar Metropolitan Water District; City of Cibolo, Texas; City of Marion, Texas; East Central Special Utility District; Green Valley Water Supply Corporation; Crystal Clear Water Supply Corporation; Springs Hill Water Supply Corporation |                          |                   |                   | October 24, 2011   | May 1, 2047         | This amendment was for issuance of additional bonds in the amount of \$15,575,000.  | Appendix F  |
| CRWA Wells Ranch Phase II                  | New Water Supply Contract between Canyon Regional Water Authority and City of Cibolo, Texas; City of Converse, Texas; City of Marion, Texas; Crystal Clear Special Utility District; East Central Special Utility District; and Green Valley Special Utility District (Wells Ranch Project II)  | 492.39                   |                   |                   | October 19, 2015   | October 19, 2055    | This Contract shall be effective shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Memebers as long as an agreement providing an adequate source of raw water remains in effect.   | Appendix G  |
| CRWA Hays Caldwell                         | Regional (Hays/Caldwell Counties Areas) Taxable Water Supply Contract between Canyon Regional Water Authority and County Line Water Supply Corporation, Crystal Clear Water Supply Corporation, Martindale Water Supply Corporation, and Maxwell Water Supply Corporation.  | 1059 <sup>2</sup>        |                   |                   | August 1, 1998     | Amended. See below. | This Taxable Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Taxable Contract and the expiration date may be extended for succeeding five (5) years period at the option of one or more of the Participating Members as long as the GBRA Contract or other agreement providing an adequate source of raw water remains in effect.                             | Appendix H  |
|  | Amended and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract, February 09, 2021, by and among Canyon Regional Water Authority and County Line Water Supply Corporation, Crystal Clear Water Supply Corporation, Martindale Water Supply Corporation, Maxwell Water Supply Corporation, and City of San Marcos, Texas.        |                          |                   |                   | February 9, 2021   | February 9, 2061    | This Amended and Restated Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Amended and Restated Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Contracting Parting for as long as the GBRA Contract or other agreement providing an adequate source of raw water remains in effect. | Appendix H  |

| Future Sources  | Contract Name  | CCSUD Capacity (AF/Year) | Permit Execution | Permit Expiration              | Contract Execution | Contract Expiration | Term of Contract  | Reference Pages (Water Availability Report- January 2024) |
|---|--|--------------------------|------------------|--------------------------------|--------------------|---------------------|---|---|
| Hays Caldwell Public Utility Agency /Alliance Regional Water Authority (ARWA) | Regional Water Supply Contract   | Volume Not Stated        |                  |                                | January 9, 2008    | Amended. See below. | This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of each Bond Resolution and thereafter continue in force and effect during the entire useful life of the Project.        | Appendix M  |
|   | Amendment No.1 to Regional Water Supply Contract   | Volume Not Stated        |                  |                                | October 31, 2009   | Amended. See below. | 40 years from the issuance of debt, and or the total useful lift of the project.  | Appendix M  |
|   | Contract for Sale of CRWA's Ownership in the HCPUA Contract as Amended   | 2480 <sup>3</sup>        |                  |                                | August 11, 2014    | Amended. See below. | This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid and thereafter continue in force and effect during the entire useful life of the Project.  | Appendix M  |
|   | Second Contract for Sale of CRWA's Ownership in the HCPUA Contract as Amended  | 3011 <sup>4</sup>        |                  |                                | October 13, 2014   | Amended. See below. | This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid and thereafter continue in force and effect during the entire useful life of the Project.  | Appendix M  |
|   | CRWA/SUDs Take-Or-Pay Contract between Canyon Regional Water Authority and Crystal Clear Special Utility District, County Line Special Utility District, and Green Valley Special Utility District | N/A                      |                  |                                | October 19, 2015   | October 19, 2055    | This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided; however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as an agreement providing an adequate source of raw water remains in effect. | Appendix M  |
| Wilcox Well Field   | Permit Number PWS-2018-WX-02 between Crystal Clear Special Utility District (CCSUD) and Guadalupe County Groundwater Conservation District (GCGCD)   | 766.252                  | May 10, 2023     | Automatic renewal ever 5 years | n/a                | n/a                 |   | Appendix L  |
| Trinity Aquifer (Wells 1,2, and 3)  | Settlement Agreement and Mutual Release between Martin Marietta Materials Southwest, LLC and Crystal Clear Special Utility District  | 1988 <sup>5</sup>        |                  |                                | April 29, 2019     | n/a                 | No expiration. District owns the water rights.  | Appendix K  |
| GBRA Surface Water (Lake Dunlap)  | Refer to the CRWA Lake Dunlap (GBRA) under the Existing Sources  | 300 <sup>6</sup>         |                  |                                | December 19, 2012  | November 12, 2032   | This Contract shall extend for a term of forty (40) years from contract execution date and may be renewed or extended for such term, or terms, as may be agreed upon by GBRA and Crystal Clear.   | Appendix E  |
| McDonald Wells  | Groundwater Lease is Between Thomas L. McDonald and Anne L. McDonald ("Lessor" whether one or more") and Crystal Clear Special Utility District ("Lessee")   | 500                      |                  |                                | November 16, 2015  | Amended. See below. |   | Appendix N  |
|   | Amendment to Groundwater Lease   |                          |                  |                                | January 26, 2018   | n/a                 | Amendment changes the royalty payment section of the original agreement.  | Appendix N  |
|   | Second Amendment to Groundwater Lease  |                          |                  |                                | April 1, 2024      | none                | First Amendment is rescinded and replaced with second amendment. No expiration date. The District can hold the groundwater lease indefinitely by paying delay rental.   | Appendix N  |
| Kutscher Well   | Agreement for Water Well and Easements Associated Therewith between DANK Property and Investment LLC ("Landowner") and Crystal Clear Water Supply Corporation ("Utility")                          | 714.223                  |                  |                                | August 30, 2011    | August 30, 2051     | This Agreement shall have a term of 40 years from the effective date. The Agreement shall automatically renew for successive 10-year tem(s) until a part announces it does not wish to renew. The election not to renew must be made in writing 12 months before the expiration of the current term.  | Appendix O  |

Notes:

<sup>1</sup> Crystal Clear Special Utility District (CCSUD) was allotted for an additional 300 AF/Year of GBRA raw surface water in the Second Amendment. However, CCSUD does not account for it in existing supplies because the CRWA Lake Dunlap Treatment Plant needs to be expanded to treat this additional water supply. See Note 4.

<sup>2</sup> The District is entitled to 500 AF/year and 30% peaking factor on any day (650 AF/year) and if available, up to 1,059 AF/year without penalty. The 1998 Regional Taxable Water Supply Contract conveys the 292 AF and 208 AF of surface water to CCSUD per the contract terms.

<sup>3</sup> Transfers 33.33% of CRWA's 30.89% ownership from the Regional Water Supply Contract to CCSUD.

<sup>4</sup> Transfers an additional 20.191% of CRWA's water ownership to CCSUD.

<sup>5</sup> Estimated capacity based on 2015 pumping results and well production testing report.

<sup>6</sup> The 300 AF/Year from the GBRA raw water contract (Second Amendment) shows up here based on when the Lake Dunlap Water Treatment Plant expansion is expected to be completed.



## **APPENDIX J**

### **TCEQ PUBLIC WATER SANITARY SURVEY**

## Texas Commission on Environmental Quality Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact [oce@tceq.texas.gov](mailto:oce@tceq.texas.gov)

**Customer: Crystal Clear Sud**  
**Customer Number: CN604553909**

**Regulated Entity Name: CRYSTAL CLEAR SUD**

**Regulated Entity Number: RN101437994**

|  |  |
|--|--|
| <b>Investigation #</b> 1805247<br><br><b>Investigator:</b> AARON RODRIGUEZ<br><br><b>Conducted:</b> 03/09/2022 -- 05/12/2022<br><br><b>Program(s):</b> PUBLIC WATER SYSTEM/SUPPLY<br><br><b>Investigation Type:</b> Compliance Investigation<br><b>Additional ID(s):</b> 0940015 | <b>Incident Numbers</b><br>374615<br><b>Site Classification</b> GW >1K-10K CONNECTION<br>PURCHASE WATER<br><br><b>NAIC Code:</b> 221310<br><b>SIC Code:</b> 4941<br><br><b>Location:</b> FM 1979 S OF SAN MARCOS |
|--|--|

|                          |   |
|--------------------------|---|
| <b>Address:</b> ,<br>, , | <b>Local Unit:</b> REGION 13 - SAN ANTONIO<br><b>Activity Type(s):</b> PWSCCISWCM - CCI SURFACE<br>WATER - COMMUNITY<br>MANDATORY |
|--------------------------|---|

**Principal(s):**

| Role       | Name              |
|------------|-------------------|
| RESPONDENT | CRYSTAL CLEAR SUD |

**Contact(s):**

| Role                                | Title                 | Name                   | Phone        |                                  |
|-------------------------------------|-----------------------|------------------------|--------------|----------------------------------|
| REGULATED<br>ENTITY MAIL<br>CONTACT | PRESIDENT             | MR MIKE COX            | Phone        | (830) 382-1031                   |
| NOTIFIED                            | OPERATOR              | MR CAYTON R<br>GERMANY | Home<br>Work | (830) 305-0153<br>(512) 214-1800 |
| PARTICIPATED<br>IN                  | OPERATOR              | MR CAYTON R<br>GERMANY | Work<br>Home | (512) 214-1800<br>(830) 305-0153 |
| REGULATED<br>ENTITY<br>CONTACT      | OPERATOR              | MR CAYTON R<br>GERMANY | Work<br>Home | (512) 214-1800<br>(830) 305-0153 |
| PARTICIPATED<br>IN                  | OPERATIONS<br>MANAGER | MR BRAD JOHNSON        | Office       | (830) 372-1031                   |
| PARTICIPATED<br>IN                  | OFFICE MANAGER        | MS YESSSENIA TELLO     | Office       | (830) 372-1031                   |

# CRYSTAL CLEAR SUD - SAN MARCOS

3/9/2022 to 5/12/2022 Inv. # - 1805247

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## Other Staff Member(s):

| Role                        | Name              |
|-----------------------------|-------------------|
| Office System Administratic | SUNIL JOSEPH      |
| QA Reviewer                 | CHRIS FRIESENHAHN |
| Supervisor                  | JOY THURSTON-COOK |

## **Associated Check List**

### Checklist Name

PWS STANDARD FIELD  
PWS COMPLAINT INVESTIGATION  
WATER EQUIPMENT

### Unit Name

0940015 CCI  
0940015 COMPLAINT  
0940015 EQUIPMENT

## Investigation Comments:

### INTRODUCTION

02/11/2022-An anonymous complaint was received in the Texas Commission on Environmental Quality (TCEQ) San Antonio Region office. The complaint alleged Crystal-Clear SUD had not properly notified customers of a boil water notice (BWN) that had been issued in the subdivision the complainant resided in. Incident #374615 was generated to address the allegations.

03/02/2022-An appointment was made with Mr. Cayton Germany, General Manager to conduct a Comprehensive Compliance Investigation (CCI) of the Crystal-Clear SUD public water system (PWS) on 03/09/2022. Mr. Germany was informed of the complaint that was received.

03/09/2022- The investigation was conducted with Mr. Germany, and Mr. Brad Johnson, Operations Manager and consisted of a review of all pertinent records, an inspection of the water production, treatment and distribution facilities, and disinfectant residual tests and pressure checks in the distribution system. The investigator advised Mr. Germany of the violations being alleged as a result of the investigation and if any other issues found after further review, they would be noted in the Exit Interview forms.

03/11/2022- Mr. Germany emailed additional documents for review.

03/18/2022-The investigator contacted Mr. Germany to examine the regulated entity's BWN procedures. Mr. Germany informed the investigator that Ms. Yesenia Tello, Office Manager was in charge of the notification system. The investigator attempted to contact Ms. Tello by phone.

04/05/2022-The investigator attempted to contact Ms. Tello by email to discuss Crystal Clear SUD's BWN procedures. A voicemail was left and an email was issued requesting a response.

04/11/2022-Ms. Tello emailed her availability.

04/19/2022-The investigator attempted to contact Ms. Tello once again by email and voicemail. Ms. Tello responded and was advised of the complaint received.

05/09/2022- An anonymous complaint was received in the TCEQ San Antonio Region Office. The complaint alleged a company connected to Crystal SUD was filling holding tanks with water from the San Marcos River to supply bathrooms and showers which is a potential cross connection. Incident #379121 was generated to address the allegations.

05/12/2022- Incident #379121 was referred to Mr. Germany by the investigator by phone.

06/10/2022- An Exit Interview Form was emailed to Mr. Germany.

A Notice of Violation letter will be issued as a result of this investigation.

GENERAL FACILITY AND PROCESS INFORMATION

## CRYSTAL CLEAR SUD - SAN MARCOS

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The Crystal-Clear SUD water system is classified as a community public water supply system, serving 5,308 connections and a population of approximately 15,924 people. The system is located beginning at FM 1979 South of San Marcos and around the San Marcos area, Guadalupe County, Texas. The water system consists of:

Havenwood (Pressure Plane (PP #1) -One elevated storage tank is fed by two transfer pumps at the Nelson plant. Water from the elevated storage tank flows with gravity to distribution.

NELSON PLANT (Entry Point (EP)#005): Two wells, with submersible pumps, discharge to one ground storage tank. Two service pumps take suction from the ground storage tank and discharge to the Nelson (PP#3) distribution system through one pressure tank. Hypochlorination is added upstream of the ground storage tank.

KUENSTLER PLANT: One ground storage tank is filled from the Nelson PP#3. Two service pumps take suction from the ground storage tank and discharge to the Kuenstler (PP#2) distribution system through one pressure tank.

CRWA HAYS/CALDWELL (EP#012): Treated water is discharged into distribution from an interconnection with the Canyon Regional Water Authority (CRWA) Hays/Caldwell SWTP. This feeds into the Old Bastrop elevated storage tank and gravity flows into the Hays Caldwell Pressure Plane (PP#5).

EL CAMINO PLANT: One ground storage tank is filled from the Hays Caldwell PP. Two service pumps take suction from the ground storage tank and discharge from the plant against two pressure tanks to the El Camino Pressure Plane (PP#4). The flow fills the Zorn Standpipe which floats on the distribution plane. Hypochlorination is added upstream of the ground storage tank.

WINDMILL PLANT (EP#010): One ground storage tank takes treated water from an interconnection with the CRWA-Dunlap Surface Water Treatment Plant (SWTP). Three service pumps take suction from the ground storage tank and discharge to the Windmill North Pressure Plane (PP#6). Two additional service pumps take suction from the ground storage system and discharge to the Dunlap Pressure Plane (PP#7). Hypochlorination is added upstream of the ground storage tank.

BOEDER PLANT: One ground storage tank is filled from the Dunlap PP#7. Two service pumps take suction from the ground storage tank and discharge to the Kingsbury Pressure Plane (PP#8) distribution against one pressure tank.

ILKA PLANT: One ground storage tank is filled from Boeder Plant. Two service pumps take suction from the ground storage tank and discharge to the Ilka Pressure Plane (PP#9) against one pressure tank.

CRWA Wells Ranch (EP#011): Treated water is discharged into distribution from an interconnection through Springs Hill WSC. This connection is for emergency use only and the valve is kept closed when not in use.

#### CAPACITIES

gallons per person (gpp), people per day (ppd), minutes per day (mpd), gallons per minute (GPM), gallons (Gals.), million gallons (MG), maximum daily demand (MDD), service pump (SP), pounds per square inch (PSI), chlorine residual (Cl<sub>2</sub>), milligrams per liter (mg/L)

#### System Capacities

Pressure Plane Number: 1 ; Pressure Plane Name: Havenwood \*

| Capacities:                 |                         | Required  | Provided |
|-----------------------------|-------------------------|-----------|----------|
| Well Production:            | 0.6 GPM x 1,348 Conn.=  | 808 GPM   | 2600 GPM |
| Elevated/Pressure:          | 200 Gals. x 756 Conn. = | 0.250 MG  | 0.151 MG |
| Ground/Total Storage:       | 200 Gals. x 756 Conn. = | 0.1512 MG | 0.450 MG |
| Service Pump (SP) Capacity: | GPM x Conn. =           | GPM       | GPM      |

SP Peaking Factor:



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Tested PSI: 49    Tested Cl2: 1.74 mg/L Free    Location: 775 Lehmann Rd.

\*Supplied per the two Nelson wells

## System Capacities

Pressure Plane Number: 2;    Pressure Plane Name: Kuenstler\*

| Capacities:                 |                        | Required   | Provided  |
|-----------------------------|------------------------|------------|-----------|
| Well Production:            | GPM x Conn.=           | GPM        | GPM       |
| Elevated/Pressure:          | 20 Gals. x 91 Conn. =  | 0.00182 MG | 0.0025 MG |
| Ground/Total Storage:       | 200 Gals. x 91 Conn. = | 0.0182 MG  | 0.200 MG  |
| Service Pump (SP) Capacity: | 2.0 GPM x 91 Conn. =   | 54.6 GPM   | 700 GPM   |

SP Peaking Factor: N/A

Tested PSI: 73    Tested Cl2: 1.02 mg/L Free    Location: 3470 E. US Hwy 90

\*Supplied per the two Nelson wells

## System Capacities

Pressure Plane Number: 3;    Pressure Plane Name: Nelson\*

| Capacities:                 |                         | Required   | Provided |
|-----------------------------|-------------------------|------------|----------|
| Well Production:            | GPM x Conn.=            | GPM        | GPM      |
| Elevated/Pressure:          | 20 Gals. x 501 Conn. =  | 0.01002 MG | 0.010 MG |
| Ground/Total Storage:       | 200 Gals. x 501 Conn. = | 0.1002 MG  | 0.200 MG |
| Service Pump (SP) Capacity: | 0.6 GPM x 501 Conn. =   | 300.6 GPM  | 400 GPM  |

SP Peaking Factor: 2.62 MGD/1440 x 1.85/5,308 Conn \* 501Con = 315.27 GPM 400 GPM

Tested PSI: 105    Tested Cl2: 0.22 mg/L Free    Location: 250Thornmeyer

\*Supplied per the two Nelson wells

## System Capacities

Pressure Plane Number: 4 ;    Pressure Plane Name: El Camino\*

| Capacities:                 |                         | Required | Provided |
|-----------------------------|-------------------------|----------|----------|
| Well Production:            | GPM x Conn.=            | GPM      | GPM      |
| Elevated/Pressure:          | 200 Gals. x 660 Conn. = | 0.132 MG | 0.325 MG |
| Ground/Total Storage:       | 200 Gals. x 660 Conn. = | 0.132 MG | 0.825 MG |
| Service Pump (SP) Capacity: | 0.6 GPM x 660 Conn. =   | 396 GPM  | 700 GPM  |

SP Peaking Factor: N/A

Tested PSI: 40    Tested Cl2: 1.84 mg/L Free    Location: 140 Ridge Dr.

\*Supplied per the CRWA HAYS CALDWELL INTERCONNECT

## System Capacities

**CRYSTAL CLEAR SUD - SAN MARCOS****3/9/2022 to 5/12/2022 Inv. # - 1805247****Page 5 of 12**

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Pressure Plane Number: 5 ; Pressure Plane Name: Hays Caldwell

| Capacities:                 |                          | Required   | Provided |
|-----------------------------|--------------------------|------------|----------|
| Well Production:            | 0.6 GPM x 2323 Conn.=    | 1393.8 GPM | 497 GPM* |
| Elevated/Pressure:          | 200 Gals. x 1663 Conn. = | 0.332 MG   | 0.500 MG |
| Ground/Total Storage:       | 200 Gals. x 1663 Conn. = | 0.332 MG   | 0.500 MG |
| Service Pump (SP) Capacity: | GPM x Conn. =            | GPM        | GPM      |

SP Peaking Factor: N/A

Tested PSI:80 Tested Cl2: 1.44 mg/L Free Location: 4370 TX HWY 123

\*Supplied per the CRWA HAYS CALDWELL INTERCONNECT

## System Capacities

Pressure Plane Number: 6 ; Pressure Plane Name: Windmill North\*

| Capacities:                 |                         | Required   | Provided |
|-----------------------------|-------------------------|------------|----------|
| Well Production:            | 0.6 GPM x 1636 Conn.=   | 1636 GPM   | 403 GPM  |
| Elevated/Pressure:          | 20 Gals. x 422 Conn. =  | 0.00822 MG | MG       |
| Ground/Total Storage:       | 200 Gals. x 422 Conn. = | 0.084 MG   | 1.0 MG   |
| Service Pump (SP) Capacity: | 0.6 GPM x 422 Conn. =   | 253.2 GPM  | 2400 GPM |

SP Peaking Factor: N/A

Tested PSI: 60 Tested Cl2: 1.17 mg/L Free Location: 2121 South Bastrop HWY

\*Supplied per the CRWA LAKE DUNLAP INTERCONNECT

## System Capacities

Pressure Plane Number: 7 ; Pressure Plane Name: Dunlap\*

| Capacities:                 |                         | Required   | Provided |
|-----------------------------|-------------------------|------------|----------|
| Well Production:            | GPM x Conn.=            | GPM        | GPM      |
| Elevated/Pressure:          | 20 Gals. x 151 Conn. =  | 0.00302 MG | MG       |
| Ground/Total Storage:       | 200 Gals. x 151 Conn. = | 0.0302 MG  | 1.0 MG   |
| Service Pump (SP) Capacity: | 0.6 GPM x 151 Conn. =   | 90.6 GPM   | 830 GPM  |

SP Peaking Factor: N/A

Tested PSI: 50 Tested Cl2: 0.48 mg/L Free Location: 2730 Beaver Lane

\*Supplied per the CRWA LAKE DUNLAP INTERCONNECT

## System Capacities

Pressure Plane Number: 8 ; Pressure Plane Name: Kingsbury\*

| Capacities: |  | Required | Provided |
|-------------|--|----------|----------|
|-------------|--|----------|----------|

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|                             |                         |           |           |
|-----------------------------|-------------------------|-----------|-----------|
| Well Production:            | GPM x Conn.=            | GPM       | GPM       |
| Elevated/Pressure:          | 200 Gals. x 277 Conn. = | 0.0554 MG | 0.010 MG  |
| Ground/Total Storage:       | 200 Gals. x 277 Conn. = | 0.0554 MG | 0.3215 MG |
| Service Pump (SP) Capacity: | 0.6 GPM x 277 Conn. =   | 166.2 GPM | 1000 GPM  |

SP Peaking Factor: N/A

Tested PSI: 40    Tested Cl2: 1.93 mg/L Free    Location: 5661 Crossover Road

\*Supplied per the CRWA LAKE DUNLAP INTERCONNECT

**System Capacities**

Pressure Plane Number: 9 ;    Pressure Plane Name: Ilka\*

|                             |   |            |           |
|-----------------------------|---|------------|-----------|
| Capacities:                 |   | Required   | Provided  |
| Well Production:            | GPM x Conn.=                                | GPM        | GPM       |
| Elevated/Pressure:          | 20 Gals. x 786 Conn. =                      | 0.01572 MG | 0.010 MG  |
| Ground/Total Storage:       | 200 Gals. x 786 Conn. =                     | 0.1572 MG  | 0.4876 MG |
| Service Pump (SP) Capacity: | 2.62 MGD/1440 x 1.85/5,308 Conn * 786 Con = | 494.62 GPM | 1200 GPM  |

SP Peaking Factor: N/A

Tested PSI: 57    Tested Cl2: 0.45 mg/L Free    Location: 3390 West Meyer Rd.

\*Supplied per the CRWA LAKE DUNLAP INTERCONNECT

**BACKGROUND**

The last CCI was conducted on 05/22/2017 and two violations were cited as a result of the investigation. Both were resolved in a File Record Review conducted on 09/19/2017.

Enforcement Actions: N/A

Agreed Orders and Compliance Agreements: N/A

**Complaints-**

07/09/2017-A low water pressure complaint was lodged (Incident No. 262559) and a complaint investigation file review (Investigation No.: 1430908) was conducted to determine if protocol was followed regarding the issuance of a boil water notice. The water system followed the regulatory process during the line break and subsequent boil water notice. No violations were issued.

05/16/2018-A complaint alleging dirt water being supplied by the regulated entity was lodged (Incident No. 283932) and a complaint investigation file review (Investigation No.: 1499964) was conducted to determine water quality. No violations were issued.

02/06/2020-A complaint alleging the regulated entity had a systemic problem of not repairing leaky water lines at three locations (Incident No. 328331) and a complaint investigation (Investigation No.: 1623566) was conducted to determine water quality. No violations were issued.

05/14/2020- A complaint alleging water with a taste and odor was being supplied by the regulated entity was lodged (Incident No. 328331) and a complaint investigation file review (Investigation No.: 1652409) was conducted to determine water quality. No violations were issued.

**CRYSTAL CLEAR SUD - SAN MARCOS**

**3/9/2022 to 5/12/2022 Inv. # - 1805247**

**Page 7 of 12**

08/24-09/03/2020- A complaint alleging water with a color and film was being supplied by the regulated entity was lodged (Incident No. 341225) and a complaint investigation file review (Investigation No.: 1677581) was conducted to determine water quality. No violations were issued.

10/15-10/22/2020- Three complaints alleging no Boil Water notification had been received from the regulated entity and white cloudy water supplied was causing an itchy sensation (Incident No. 342876). The third complaint alleged that the water was going to be turned off via notification. (Incident No. 344689) A complaint investigation (Investigation No.: 1683698) was conducted to determine water quality. No violations were issued.

03/04/2022- A complaint alleging flammable gasses in water supplied by Crystal Clear SUD was received. (Incident No. 375566). A complaint investigation (Investigation No.: 1797359) was conducted to determine water quality. No violations were issued.

**ADDITIONAL INFORMATION**

04/19/2022- Ms. Tello was contacted by the investigator about the details of Incident #374615. Ms. Tello stated there will be a system push to make sure all customers are signed up for Crystal Clear's boil water notification service.

05/12/2022- The investigator contacted Mr. Germany with details of Incident #379121. An email was sent specifying the address of the complaint.

Please see the attached Texas Commission on Environmental Quality SDWIS and Public Water System Flow Diagram for water sources, treatment, and storage and pressure maintenance facility specifics.

**NOV Date** 06/27/2022 **Method** WRITTEN

**OUTSTANDING ALLEGED VIOLATION(S)**

**ASSOCIATED TO A NOTICE OF VIOLATION**

**Track Number:** 814480

**Compliance Due Date:** To Be Determined

**Violation Start Date:** 3/9/2022

**30 TAC Chapter 290.45(b)(1)(D)(iv)**

**Alleged Violation:**

**Investigation: 1805247**

Comment Date: 06/17/2022

Failure to provide adequate pressure tank or elevated storage capacity.

At the time of the investigation, it was observed by the investigator that Crystal Clear SUD did not provide adequate pressure tank or elevated storage capacity for Pressure Plane 3 Nelson, Pressure Plane 6 Windmill North, Pressure Plane 7 Dunlap and Pressure Plane 9 Ilka. For the Nelson pressure plane, the required capacity was 0.01002 MG and the provided capacity was 0.0010 MG. For the Pressure Plane 6 Windmill North, the required capacity was 0.00822 MG and there is no provided pressure tank capacity. For Pressure Plane 7 Dunlap, the required capacity is 0.00302 MG and there is no provided pressure tank capacity. For Pressure Plane 9 Ilka, the required capacity is 0.01572 MG and the provide capacity is 0.010 MG.

30 TAC 290.45(b)(1)(D)(iv)- an elevated storage capacity of 100 gallons per connection or a pressure tank capacity of 20 gallons per connection. If pressure tanks are used, a maximum capacity of 30,000 gallons is sufficient for up to 2,500 connections. An elevated storage capacity of 100 gallons per connection is required for systems with more than 2,500 connections. Alternate methods of pressure maintenance may be proposed and will be approved if the criteria contained in subsection (g)(5) of this section are met.

**Investigation: 1896910**

Comment Date: 05/01/2023

This violation is still active.



**Investigation: 1929763**

**Comment Date: 09/20/2023**

On 07/20/2023, documentation received by the TCEQ San Antonio Region Office advised that Crystal Clear SUD planned to construct several elevated storage tanks to address the violation, however, plans for only one have been submitted to the TCEQ Plan and Technical Review section for review. This violation remains outstanding.

**Recommended Corrective Action:** The water system must be modified to meet this requirement to assure adequate capacity at all times; however, the water system may request an exception to this requirement.

Please be advised that public water systems shall notify the executive director prior to making significant change resulting in an increase or decrease of the system's production, treatment, storage, pressure maintenance or distribution facilities. Public water systems shall submit plans and specifications for proposed changes and receive approval.

Exceptions and/or proposed capacity changes must be submitted to the Texas Commission on Environmental Quality, Utilities Technical Review and Oversight Team, MC 159, P.O. Box 13087, Austin, TX 78711-3087.

Provide a compliance plan or verification that the system meets minimum capacity requirements or that an exception has been granted, to verify compliance.

To document compliance, submit a copy of the compliance plan or exception received to the TCEQ Enforcement Division by their compliance due date. Additional corrective actions may be prescribed by the TCEQ Enforcement Division.

**ALLEGED VIOLATION(S) NOTED AND RESOLVED  
ASSOCIATED TO A NOTICE OF VIOLATION**

**Track Number: 814481**

**Resolution Status Date: 9/15/2023**

**Violation Start Date: 3/9/2022**

**Violation End Date: 7/20/2023**

**30 TAC Chapter 290.45(b)(1)(D)(i)**

**Alleged Violation:**

**Investigation: 1805247**

**Comment Date: 06/17/2022**

Failure to provide adequate well or purchased water production.

At the time of the investigation, it was observed by the investigator that Crystal Clear SUD did not provide adequate well or purchased water production capacity for Pressure Plane 5 Hays Caldwell, Pressure Plane 6 Windmill North. For Pressure Plane 5 Hays Caldwell, the required well production is 1393.8 GPM and the provided is 497 GPM. For Pressure Plane 6 Windmill North, the required well production is 1636 GPM and the provided is 403 GPM.

30 TAC 290.45(b)(1)(D)(i)- two or more wells having a total capacity of 0.6 gpm per connection. Where an interconnection is provided with another acceptable water system capable of supplying at least 0.35 gpm for each connection in the combined system under emergency conditions, an additional well will not be required as long as the 0.6 gpm per connection requirement is met for each system on an individual basis. Each water system must still meet the storage and pressure maintenance requirements on an individual basis unless the interconnection is permanently open. In this case, the systems' capacities will be rated as though a single system existed;

**Investigation: 1896910**

**Comment Date: 05/01/2023**

This violation is still active.

**Investigation: 1929763**

**Comment Date: 09/15/2023**

This violation has been resolved.

**Recommended Corrective Action:** The water system must be modified to meet this requirement to assure adequate capacity at all times; however, the water system may request an exception to this requirement.

Please be advised that public water systems shall notify the executive director prior to making significant change resulting in an increase or decrease of the system's production, treatment, storage, pressure maintenance or distribution facilities. Public water systems shall submit plans and specifications for proposed changes and receive approval.

Exceptions and/or proposed capacity changes must be submitted to the Texas Commission on Environmental Quality, Utilities Technical Review and Oversight Team, MC 159, P.O. Box 13087, Austin, TX 78711-3087.

Provide a compliance plan or verification that the system meets minimum capacity requirements or that an exception has been granted, to verify compliance.

To document compliance, submit a copy of the compliance plan or exception received to this office by the due date.

**Resolution:** On 07/20/2023, documentation received by the TCEQ San Antonio Region Office clarified that the maximum purchase production capacity is 1,500 GPM for the Pressure Plane 5, Hays Caldwell and 2,000 GPM for Pressure Plane 6, Windmill North. A conference call with members of Crystal Clear SUD staff on 09/13/2023, further clarified the capacity capabilities of its facilities. The amounts used in the investigation capacity calculations were the amounts of minimum production capacity enumerated by the contracts between CRWA and Crystal Clear SUD.

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**Track Number:** 814593

**Resolution Status Date:** 5/1/2023

**Violation Start Date:** 3/9/2022

**Violation End Date:** 8/2/2022

**30 TAC Chapter 290.45(f)(1)**

**Alleged Violation:**

**Investigation: 1805247**

Comment Date: 06/10/2022

Failure to provide the purchase water contracts for the CRWA Dunlap and Spring Hill WSC delivery points.

At the time of the investigation, it was observed by the investigator that the regulated entity did not provide a purchase water contract for either the CRWA Dunlap and Spring Hill WSC.

30 TAC 290.45(f)(1)- The water purchase contract must be available to the executive director in order that production, storage, service pump, or pressure maintenance capacity may be properly evaluated. For purposes of this section, a contract may be defined as a signed written document of specific terms agreeable to the water purchaser and the water wholesaler, or in its absence, a memorandum or letter of understanding between the water purchaser and the water wholesaler.

**Investigation: 1896910**

Comment Date: 05/01/2023

This violation is being resolved.

**Recommended Corrective Action:** Provide a copy of the two purchase water contracts which includes a clearly defined maximum daily or hourly rate of purchase or a uniform purchase rate from the system's supplier.

To document compliance, submit copies of the system's purchase water contracts with the required details to this office by the compliance due date.

**Resolution:** 08/02/2022- Resolution documentation was received in the TCEQ San Antonio Region Office. The regulated entity sent a copy of its purchase water contracts.

**Track Number:** 814825

**Resolution Status Date:** 5/1/2023

**Violation Start Date:** 3/9/2022

**Violation End Date:** 8/2/2022

**30 TAC Chapter 290.46(n)(3)**

**Alleged Violation:**

**Investigation:** 1805247

Comment Date: 06/10/2022

Failure to provide well completion data.

At the time of the investigation, it was observed by the investigator that Crystal Clear SUD did not provide well completion data for either of the two Nelson wells.

30 TAC 290.46(n)(3) --Copies of well completion data such as well material setting data, geological log, sealing information (pressure cementing and surface protection), disinfection information, microbiological sample results, and a chemical analysis report of a representative sample of water from the well shall be kept on file for as long as the well remains in service.

**Investigation:** 1896910

Comment Date: 05/01/2023

This violation is being resolved.

**Recommended Corrective Action:** Locate or otherwise acquire copies of the well completion data or acquire an exception to the rule requirement.

All exception requests must be submitted to: TCEQ Technical Review and Oversight Team, MC 159 PO BOX 13087 Austin, Texas 78711-3087, (512) 239-4691

It is recommended that the TCEQ Technical Review and Oversight Team be contacted prior to any submittal to ensure that all the information required for review is being submitted.

To document compliance, submit copies of the well completion data or an approved exception to the requirement to this office by the compliance due date.

**Resolution:** 08/02/2022- Resolution documentation was received in the TCEQ San Antonio Office. The regulated entity sent electronic copies of the well completion data and the investigator reviewed the documentation online.

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**Track Number:** 814913

**Resolution Status Date:** 5/1/2023

**Violation Start Date:** 3/9/2022

**Violation End Date:** 8/10/2022

**30 TAC Chapter 290.42(l)**

**Alleged Violation:**

**Investigation:** 1805247

Comment Date: 06/10/2022

Failure to have provide a plant operations manual.

At the time of the investigation, it was observed by the investigator that the Crystal Clear SUD did not provide a plant operations manual for the system.

30 TAC 290.42(l)- Plant operations manual. A thorough plant operations manual must be compiled and kept up-to-date for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures, with protocols to be utilized in the event of a natural or

man-made catastrophe, as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency. If operating a reverse osmosis or nanofiltration membrane system, the manual must also include the system's configuration, baseline performance data, and any set point for membrane cleaning or replacement.

**Investigation: 1896910**

**Comment Date: 05/01/2023**

This violation is being resolved.

**Recommended Corrective Action:** Locate or otherwise create a plant operations manual for the system.

To document compliance, submit copies of the plant operations manual to this office by the compliance due date.

**Resolution:** 08/10/2022-Resolution documentation was received in the TCEQ San Antonio Office. The regulated entity emailed electronic files containing it's Operations and Maintenance Manuals. The investigator reviewed the files online.

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**Track Number: 814981**

**Resolution Status Date: 5/1/2023**

**Violation Start Date: 3/9/2022**

**Violation End Date: 8/2/2022**

**30 TAC Chapter 290.46(s)(1)**

**Alleged Violation:**

**Investigation: 1805247**

**Comment Date: 06/10/2022**

Failure to calibrate the well meter at least once every three years.

At the time of the investigation, the well meter had not been calibrated or replaced within the last three years.

30 TAC 290.46(s)(1)-- Flow-measuring devices and rate-of-flow controllers that are required by §290.42(b) and (d) of this title (relating to Water Treatment) shall be calibrated at least once every 12 months. Well meters required by §290.41(c)(3)(N) of this title shall be calibrated at least once every three years.

**Investigation: 1896910**

**Comment Date: 05/01/2023**

This violation is being resolved.

**Recommended Corrective Action:** Calibrate the well meter or replace it with a new meter to ensure accurate water usage recordings.

To document compliance, submit a receipt or invoice which indicates that the well meter has been calibrated or replaced to this office by the compliance due date.

**Resolution:** 08/02/2022-Resolution documentation was received in the TCEQ San Antonio Office. The regulated entity sent an electronic copy of its well meter calibration record and the investigator reviewed the documentation online.

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Environmental Investigator**

**Signed**

**Date** \_\_\_\_\_

\_\_\_\_\_  
**Supervisor**

**Attachments: (in order of final report submittal)**

\_\_\_\_ Enforcement Action Request (EAR)

\_\_\_\_ Maps, Plans, Sketches

\_\_\_\_ Letter to Facility (specify type) : \_\_\_\_\_

\_\_\_\_ Photographs

Investigation Report

\_\_\_\_ Correspondence from the facility

\_\_\_\_ Sample Analysis Results

\_\_\_\_ Other (specify) : \_\_\_\_\_

\_\_\_\_ Manifests

\_\_\_\_ Notice of Registration

\_\_\_\_\_  
\_\_\_\_\_



**APPENDIX K**

**FUTURE PURCHASED WATER**

**TRINITY WELLS SETTLEMENT AGREEMENT**

## SETTLEMENT AGREEMENT AND MUTUAL RELEASE

In consideration of the following recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Martin Marietta Materials Southwest, LLC ("Martin Marietta") and Crystal Clear Special Utility District ("Crystal Clear") enter into this Settlement Agreement and Mutual Release (or "Agreement") to be effective this 29<sup>th</sup> day of April, 2019 (the "Effective Date"). In this Settlement Agreement and Mutual Release, Crystal Clear and Martin Marietta are sometimes referred to individually as a "Party" and collectively as the "Parties."

### RECITALS

WHEREAS, Crystal Clear Water Supply Corporation (Crystal Clear's predecessor-in-interest) and TXI Operations, LP ("TXI") entered into a Temporary Agreement for Drilling Test Water Wells on September 21, 2011 (the "Temporary Agreement"), which Temporary Agreement authorized Crystal Clear to drill three wells in the Trinity Aquifer (the "Three Wells") on TXI's property at Crystal Clear's expense; and

WHEREAS, under the Temporary Agreement, Crystal Clear would then produce and test water to determine the suitability of the Three Wells for production after which, if any of the Three Wells proved to be an adequate commercial potable water source, the Parties agreed to negotiate in good faith with the intent of signing a long-term agreement; and

WHEREAS, Martin Marietta Materials, Inc. is the parent of Martin Marietta Materials Southwest, LLC and TXI Operations, LP; and

WHEREAS, TXI Operations, LP retains title to the subject property; and

WHEREAS, Crystal Clear Water Supply Corporation was converted to Crystal Clear and assumed the rights and obligations under the Temporary Agreement prior to the final negotiation and execution of a long-term agreement; and

WHEREAS, on or about June 21, 2016, Crystal Clear filed suit against Martin Marietta in a case styled Cause No. C2016-1037C, *Crystal Clear Special Utility District v. Martin Marietta Materials Southwest, LLC*, in the 274<sup>th</sup> Judicial District Court of Comal County, Texas (the "Lawsuit"); and

WHEREAS, Martin Marietta denies the claims asserted against it by Crystal Clear in the Lawsuit; and

WHEREAS, Crystal Clear denies the claims asserted by Martin Marietta in defense of the claims asserted by Crystal Clear in the Lawsuit; and

WHEREAS, to avoid the cost, uncertainty, and inconvenience of further litigation and to buy peace, Crystal Clear and Martin Marietta (on behalf of itself and TXI Operations, LP) mutually desire to compromise and settle all claims and obligations among them relating to the transactions and occurrences that gave rise to the Lawsuit, for the execution and delivery by the Parties to this Settlement Agreement and Mutual Release and the consideration stated herein, and the dismissal of all claims and causes of action pending in the Lawsuit with prejudice; and

WHEREAS, the Parties entered into a Memorandum of Settlement Agreement pursuant to Rule 11 of the Texas Rules of Civil Procedure which was filed in the Lawsuit on October 12, 2018 wherein, *inter alia*, the Parties agreed to reduce the terms and conditions of the Memorandum of Settlement Agreement into a final settlement agreement; and

WHEREAS, the Parties hereby acknowledge the sufficiency of the consideration; and

WHEREAS, the Parties intend by this Settlement Agreement and Mutual Release to forever settle, compromise and release any and all claims relating to the transactions and occurrences that gave rise to the claims and defenses in the Lawsuit;

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, Martin Marietta and Crystal Clear do hereby agree as follows:

### **AGREEMENT**

#### **1. Definitions**

- 1.1 “Closing” means the execution by the Parties and filing in the Comal County property records of all legal documents: (a) granting permanent utility, rights of way, access and sanitary control easements and temporary construction easements to Crystal Clear through the execution of Exhibits D, E-1, E-2, F, G-1, G-2 and H, attached to this Agreement and incorporated herein; and (b) conveying ownership of the Three Wells, fixtures and appurtenances and all property rights in groundwater from the Three Wells to Crystal Clear through the execution of Exhibit D attached to this Agreement and incorporated herein. Closing shall be accomplished through a title company mutually agreed-to by the Parties, with the title company insuring title to the applicable real property at the request and expense of the applicable party.
- 1.2 “Well No. 1” means the existing well completed in the Trinity Aquifer and located at 29° 49’ 22.8724” North latitude, 98° 05’ 04.1538” West longitude, as depicted on **Exhibit A** to this Agreement.
- 1.3 “Well No. 2” means the existing well completed by Crystal Clear in the Trinity Aquifer and located at 29° 49’ 47.0865” North latitude, 98° 04’ 49.4634” West longitude, as depicted on **Exhibit A** to this Agreement.
- 1.4 “Well No. 3” means the existing well completed in the Trinity Aquifer and located 29° 49’ 55.2455” North latitude, 98° 04’ 41.2345” West longitude, as depicted on **Exhibit A** to this Agreement.
- 1.5 “Hunter Well” means the existing well completed and owned by Crystal Clear in the Edwards Aquifer and located at 29° 48’ 29.3184” North latitude, 98° 02’ 50.9388” West longitude, as depicted on **Exhibit A** to this Agreement and as more particularly described by the metes and bounds description and special warranty deed attached as **Exhibit B-1**.

- 1.6 “Hunter Well Transmission Line” means the transmission line identified on **Exhibit A** as running from the Hunter Well to the Hunter Pumping Facility and as more particularly described by the metes and bounds description and the release of easement attached as **Exhibit B-2**.
- 1.7 “Hunter Pumping Facility” means the real property and infrastructure owned in fee simple by Crystal Clear, identified as the Hunter Pumping Facility on **Exhibit A** and more particularly described by the metes and bounds description attached as **Exhibit C**.
- 1.8 “Kutscher Well” means the well completed in the Trinity Aquifer and located at 29° 50’ 16.6” North latitude, 98° 04’ 22.6” West longitude, as depicted on **Exhibit A** to this Agreement.
- 1.9 “Three Wells” means collectively, Well No. 1, Well No. 2 and Well No. 3.
- 1.10 “Three Wells Access Gate No. 1” means a point of access as depicted on **Exhibit A** to this Agreement, being located along the southeastern fence line of Lot 1102, River Chase Subdivision, Unit 7, also being the northwestern line of a TXI Operations, LP 2,165.60-acre tract, said point of access being generally depicted on Document No. 201506016596 in the Official Public Records of Comal County, Texas.
- 1.11 “Three Wells Access Gate No. 2” means a point of access as depicted on **Exhibit A** to this Agreement, said point of access to be provided at a point to be determined along the southeastern fence line of River Chase Subdivision, Unit 7, between Lot 1158 and Lot 1177, also being the northwestern line of a TXI Operations, LP 2,165.80-acre tract.
- 1.12 “Three Wells Temporary Construction and Access Easement” means the temporary construction easement for the existing road that circumnavigates a ravine as identified and depicted on **Exhibit A** and as more particularly described by the metes and bounds description attached as **Exhibit D** and in Exhibit “C” to **Exhibit D**.
- 1.13 “Three Wells-Nelson Well Permanent Water Rights and Access Easement” means the permanent utility easement as more particularly described by the metes and bounds description attached as **Exhibit D** and in Exhibit “B” to **Exhibit D**.
- 1.14 “Nelson Booster Station Easement” means the permanent right of way easement in the form of **Exhibit E-1** attached to this Agreement.
- 1.15 “Nelson Well Easement” means the permanent right of way easement in the form of **Exhibit E-2** attached to this Agreement.

1.16 "Sanitary Control Easement" means the easement for the Three Wells in the form required as of the Effective Date of this Agreement by the Texas Commission on Environmental Quality ("TCEQ") for public drinking water supply wells, and as incorporated in this Agreement as **Exhibit H**.

2. **Ownership and Operation of the Three Wells:** The Parties agree that Crystal Clear shall own and have operational authority of the Three Wells, and have such other rights and benefits reasonably necessary for the full enjoyment and use of the Three Wells, including, without limitation: (1) use and ownership of the Three Wells, together with all associated groundwater rights necessary for the production, usage and quiet enjoyment of the Three Wells; (2) the reasonable right of ingress and egress over and across lands owned by TXI which are directly adjacent to the Three Wells for the purpose of accessing the Three Wells in the most efficient and effective manner but not to use TXI's directly adjacent property for other purposes; and (3) the reasonable right from time to time to remove and clear all undergrowth and other obstructions reasonably likely to injure Crystal Clear's facilities and appurtenances or reasonably likely to injure or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, or upgrading thereof.

The Parties further agree that at Closing, Martin Marietta will cause TXI to convey to Crystal Clear a permanent water rights and access easement in the form reflected in **Exhibit D**, which is incorporated herein and made part of this Agreement for all purposes. Crystal Clear is authorized to construct a 60' x 50' pad centered on each well head for each of the Three Wells for Crystal Clear's wells and related facilities. Crystal Clear has the authority to install an intruder-resistant fence surrounding each 60' x 50' pad. At Closing, Martin Marietta will cause TXI to authorize Crystal Clear to record a sanitary control easement using the TCEQ-approved form for the Three Wells in the form of **Exhibit H**, and install intruder-resistant fencing to TCEQ standards surrounding each of the Three Wells. Crystal Clear agrees that Crystal Clear will be responsible for equipping, maintaining and operating the Three Wells at its sole cost and in compliance with applicable law and in a commercially reasonable manner.

The Parties further agree that Crystal Clear has full authority to produce, transport, use and own all water from the Three Wells for any purpose without any encumbrance.

3. **Ownership and Operation of the Hunter Well, the Hunter Transmission Line and the Hunter Pumping Facility:** The Parties agree that, within eighteen months of the date this Agreement is executed, Crystal Clear will: (a) transfer ownership of the Hunter Well and Hunter Well access (completed in the Edwards Aquifer) to TXI Operations, LP by causing to be executed a special warranty deed in the form of **Exhibit B-1** to this Agreement; and (b) release the easement held by Crystal Clear for the Hunter Transmission Line by causing to be executed the release in the form of **Exhibit B-2** to this Agreement. The Parties agree that Crystal Clear's conveyance of the Hunter Well and release of the easement for the Hunter Transmission Line shall be made in "as is" condition and that, at Closing, the Parties shall cause **Exhibit B-1 and Exhibit B-2** to be duly executed and filed in the Official Public Records of Comal County, Texas.



The Parties agree that Crystal Clear retains all Edwards Aquifer Authority (“EAA”) water rights under EAA Permit No. P100-215 (HA00214), including but not limited to those assigned to the Hunter Well. The Parties agree that, following (a) transfer of ownership of the Hunter Well and Hunter Transmission Line; (b) regulatory approval from the EAA and receipt of all other required regulatory approvals, TXI will assume ownership, control, responsibility and liability for the Hunter Well and the Hunter Transmission Line. The Parties further agree that, following the conveyance of the Hunter Well to TXI, Martin Marietta, TXI or their affiliates, will be responsible for obtaining EAA water rights for the Hunter Well and for all regulatory approvals necessary for TXI’s ownership and operation of the Hunter Well.

The Parties further agree that the Hunter Pumping Facility, which is owned in fee simple by Crystal Clear and described by metes and bounds in **Exhibit C**, will not be abandoned by Crystal Clear, but will be disconnected from the Hunter Well and Hunter Transmission Line and will continue to be owned by Crystal Clear in fee simple.

4. **Easements and Access:** The Parties agree that Crystal Clear shall be entitled to easement rights reasonably necessary to allow for Crystal Clear to convey water from the Three Wells, the Nelson Well and the Kutscher Well to Crystal Clear’s public drinking water system. The Parties further agree that Crystal Clear’s easement rights will allow pipeline conveyance of water from the Three Wells and Kutscher Well to connect with Crystal Clear’s existing Nelson Pumping Facility and Hunter Pumping Facility metering and delivery point. In furtherance of this purpose, the Parties agree that, at Closing, Crystal Clear will cause to be executed a release of the current Crystal Clear utility easements for the Nelson Well site, pump and booster station site and access easement in the form of **Exhibit G-1** for the purpose of replacing those easements with the following easements and access which Martin Marietta shall cause TXI to convey to Crystal Clear:
- a. Three Wells-Nelson Well Permanent Water Rights and Access Easement in the form of **Exhibit D**;
  - b. Nelson Booster Station Easement in the form of **Exhibit E-1**;
  - c. Nelson Well Site Easement in the form of **Exhibit E-2**;
  - d. Hunter Road-TXI USDA Easement in the form of **Exhibit F-1**; and
  - e. Hunter Road-Martin Marietta USDA Easement in the form of **Exhibit F-2**.

The Parties shall cause each of the referenced easements in this paragraph to be duly recorded in the real property records of Comal County, Texas at the earliest convenience of the Parties following Closing.

5. **Regulatory Approvals:** The Parties agree that Crystal Clear will obtain, at its sole cost, the necessary regulatory permits and approvals from the Comal Trinity Groundwater Conservation District, the EAA, and the TCEQ in connection with the production and

operation of the Three Wells, and in connection with the conveyance of the Hunter Well from Crystal Clear to TXI.

6. **Mutual Cooperation:** The Parties agree to mutually cooperate as reasonably necessary to effectuate the terms of Settlement Agreement and Mutual Release. Martin Marietta agrees to reasonably cooperate with Crystal Clear and provide necessary access and consents needed to secure the regulatory approvals contemplated in Paragraphs 2 through 5, above. Likewise, Crystal Clear agrees to reasonably cooperate with Martin Marietta and provide any necessary access or consents needed to secure the regulatory approval contemplated in Paragraphs 3 and 5, above. The Parties further covenant and agree to execute any and all documents reasonably necessary to effectuate the provisions of this Agreement, including but not limited to a joint motion to dismiss with prejudice all claims in the Lawsuit and all releases, easements and conveyances referenced and incorporated herein.
7. **Reservation of Water Supply for Martin Marietta:** The Parties agree that, upon the receipt of all necessary regulatory approvals and placement into operation by Crystal Clear of the Three Wells, Martin Marietta will have the right to reserve for up to ten (10) years, but not the obligation to take, up to 500 acre-feet of water per year from Crystal Clear without payment of reservation fees. If Martin Marietta wishes to reserve additional water rights from Crystal Clear (in excess of the 500 acre-feet per year for the ten-year (10) years identified above), and subject to availability, Martin Marietta will pay the prevailing rate for reservation fees charged by the Lower Colorado River Authority ("LCRA"). Following the initial ten-year period, Martin Marietta will have the right to reserve up to 500 acre feet per year for up to an additional five (5) years at the then-prevailing rate for reservation fees charged by LCRA. For supply of water reserved by Martin Marietta, Crystal Clear will have operational discretion regarding the source from which the water is supplied. All water provided by Crystal Clear pursuant to a proper reservation of capacity under this Agreement will be potable water meeting TCEQ drinking water standards at Crystal Clear's prevailing standard rates with the exception of reservation fees, which shall be provided in accordance with this paragraph. All water provided by Crystal Clear shall be provided with instantaneous availability subject to Crystal Clear's mandatory obligation to provide "continuous and adequate service" to its retail customers as required by Texas Water Code Section 13.250 and the TCEQ standards for CCN holders. Martin Marietta will be responsible for all facilities and costs necessary to obtain water from Crystal Clear at a metered delivery point at the Hunter Pumping Facility.
8. **Dismissal of the Lawsuit:** The Parties agree that, upon the completion of all conveyances and approvals identified in this Agreement, they will cause to be filed an Agreed Motion to Dismiss with prejudice the Lawsuit in the form attached hereto as **Exhibit I**, which is a part of this Agreement and incorporated herein for all purposes.
9. **Crystal Clear Release:** In consideration of the promises and the covenants herein contained, including the recitals set forth above, Crystal Clear, for itself and for its present and former subsidiary and parent companies, predecessors or successors in interest, officers, directors, employees, agents, servants, shareholders, members, insurers, assigns and representatives, RELEASES, ACQUITS, FOREVER DISCHARGES and

COVENANTS NOT TO SUE Martin Marietta, together with any and all of its present and former subsidiary and parent companies, predecessors or successors in interest, officers, directors, employees, agents, servants, shareholders, members, insurers, assigns and representatives and any firms or corporations in privity with it or affiliated with it, whether named herein or not, of and from any and all claims, demands, actions, causes of action, costs, expenses, obligations, liabilities, suits and losses or damages of every kind and character whatsoever, whether known or unknown, at law or in equity and however, whenever and by whomever caused, whether solely, jointly or otherwise, including, but not limited to damages for economic loss, personal injuries, injury to property, exemplary and/or statutory damages and/or pecuniary loss of any kind, if any, whether accrued or unaccrued, whether known or unknown, that Crystal Clear ever had, now has or hereafter may acquire, that relates in any way to the subject matter of the Lawsuit, and that is based on any act or omission of Martin Marietta its predecessors, successors or agents occurring before the Effective Date.

10. **Martin Marietta Release.** In consideration of the promises and the covenants herein contained, including the recitals set forth above, Martin Marietta for itself and for its present and former subsidiary and parent companies, predecessors or successors in interest, officers, directors, employees, agents, servants, shareholders, members, insurers, assigns and representatives, and anyone else claiming by, through or under it, agrees to and does here fully and finally RELEASES, ACQUITS, FOREVER DISCHARGES and COVENANTS NOT TO SUE Crystal Clear, together with any and all of its present and former subsidiary and parent companies, predecessors or successors in interest, officers, directors, employees, agents, servants, shareholders, members, insurers, assigns and representatives and any firms or corporations in privity with it or affiliated with it, whether named herein or not, of and from any and all claims, demands, actions, causes of action, costs, expenses, obligations, liabilities, suits and losses or damages of every kind and character whatsoever, whether known or unknown, at law or in equity and however, whenever and by whomever caused, whether solely, jointly or otherwise, including, but not limited to damages for economic loss, personal injuries, injury to property, exemplary and/or statutory damages and/or pecuniary loss of any kind, if any, whether accrued or unaccrued, whether known or unknown, that Martin Marietta ever had, now has or hereafter may acquire, that relates in any way to the subject matter of the Lawsuit, and that is based on any act or omission of Crystal Clear, its predecessors, successors or agents occurring before the Effective Date.
11. **Effective Date:** The Parties agree and acknowledge that the releases provided for in Paragraphs 9 and 10 shall first become effective upon dismissal of the Lawsuit, which will not occur until all regulatory approvals have been obtained and the granting of easements and conveyances set forth in this Agreement have been accomplished. The Parties further agree and acknowledge that all other terms and conditions contained in this Agreement shall become effective on the date on which the last person or entity signs and/or notarizes this Agreement.

## GENERAL PROVISIONS

12. **Basis for Parties' Understanding of the Agreement:** The Parties warrant and represent that they consulted with legal counsel and were advised by its counsel concerning the meaning and effect of this Agreement. The Parties represent and warrant that they have read and fully understand the terms of this Agreement, that the Agreement has been negotiated and prepared by the joint efforts of the respective attorneys for each of the Parties, and that the Parties have relied wholly upon their own judgment and knowledge along with the advice of their respective attorneys, and that they freely and voluntarily enter into and execute this Agreement without undue influence by any person and without relying on any promises, conditions, terms, statements or representations not expressly contained in this Agreement.
13. **Terms are Contractual:** The Parties acknowledge and agree that this Settlement Agreement and Mutual Release and its terms are contractual and not mere recitals. The Parties acknowledge and agree that this Settlement Agreement and Mutual Release shall be final and binding upon them.
14. **Texas Law Governs:** This Settlement Agreement and Mutual Release has been executed and delivered in the State of Texas and its validity, interpretation, performance and enforcement shall be governed by the laws of the State of Texas without regard to Texas conflict of law principles.
15. **Forum Selection and Venue:** In the event that disputes arise from or related to this Agreement or the obligations herein contained, the Parties agree that venue and jurisdiction of any such disputes shall be in the Texas state courts of Comal County, Texas.
16. **Amendment:** This Settlement Agreement and Mutual Release shall be modified or amended only by writing executed by all Parties hereto, and shall be governed by and construed in accordance with the laws of the State of Texas.
17. **No Oral Modification:** This Agreement may not be modified, amended, or terminated orally. No modification, amendment, termination, or any waiver of any of the provisions of this Agreement shall be binding on unless same is in writing and signed by the person against whom such modification, amendment, or waiver is sought to be enforced.
18. **Authority and Approvals:** The Parties represent and warrant that: (1) their authorized representative(s) has read and fully understands this Agreement; (2) all corporate, board of directors or other approvals necessary to authorize entry into this Agreement have been obtained; (3) the authorized representatives are duly authorized to fully and completely resolve all disputes between the Parties that are the subject of the Lawsuit and of this Agreement; (4) their authorized representatives are fully authorized to make this Agreement and to bind the terms and conditions contained in this Agreement those persons and entities on whose behalf they purport to act; (5) the authorized representatives signing this Agreement are duly authorized to execute this Agreement on their behalf in the capacity identified below; and (6) this Agreement is the Parties' respective binding and enforceable obligation.

19. **Notices and Communications:** All notices and other communications pursuant to this Agreement shall be in writing and shall be deemed given if (a) delivered personally, (b) sent by nationally recognized, overnight courier, (c) mailed by certified mail (return receipt requested) with postage prepaid, or (d) sent by facsimile (followed by a copy sent by courier or certified mail) to the Parties at the following addresses:

**To Martin Marietta:**

Martin Marietta Materials Southwest, LLC  
Attn: Legal Department  
2710 Wycliff Road  
Raleigh, North Carolina 27607

With a copy to:  
Monica W. Latin  
Joshua D. Kipp  
Carrington, Coleman, Sloman & Blumenthal, L.L.P.  
901 Main Street  
Suite 5500  
Dallas, Texas 75202

**To Crystal Clear:**

Crystal Clear Special Utility District  
Attn: Mike Taylor, General Manager  
2370 FM 1979  
San Marcos, Texas 78666

With a copy to:

Paul M. Terrill III  
Shan S. Rutherford  
Terrill & Waldrop  
810 West 10<sup>th</sup> Street  
Austin, Texas 78701

20. **Counterparts:** This Agreement may be signed in any number of counterparts or copies or on separate signature pages or by facsimile transmission, which when taken together shall be deemed to be an original for all purposes.
21. **Section Numbers and Headings:** Section numbers and section titles have been set forth herein for convenience only and shall not be construed to limit or extend the meaning or interpretation of any part of this Agreement.
22. **Integration:** This Agreement, inclusive of all exhibits and documents attached hereto, contains the entire understanding between the Parties concerning the matters set forth

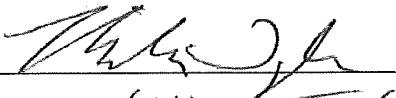


herein, and there are no representations, warranties, agreements, promises, understandings, or arrangements, oral or written, express or implied, between the Parties relating to the subject matter of this Agreement except those recited herein. This Agreement supersedes all previous representations, warranties, agreements, promises, understandings, or arrangements, oral or written, relating to its subject matter, all of which are no longer of any effect as of the Effective Date of this Agreement, including the Memorandum of Settlement Agreement signed by representatives of the Parties and filed of record in the Lawsuit on

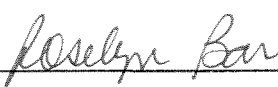
23. **Rules of Construction:** The language used in this Agreement is chosen jointly by the Parties to express their mutual intent and no rule of construction will be applied against any Party, including any rule of draftsmanship. The Parties hereby expressly agree that any uncertainty or ambiguity existing herein shall not be interpreted against any of them.
24. **Attorneys' Fees:** The Parties agree to pay their own attorneys' fees, court costs, and expenses incurred in relation to the Lawsuit and this Agreement.
25. **Taxes:** The Parties understand and agree that none of the Parties or their attorneys has made any representations or warranties regarding the taxability or non-taxability of any of the consideration exchanged pursuant to this Agreement.
26. **Bankruptcy:** The Parties agree that the stipulations and settlement embodied in this Agreement shall be binding on the Parties even if one or more of them shall become debtors in a bankruptcy proceeding. To the extent permitted by applicable law, this Agreement shall bind any trustee or representative appointed for debtor's estate. Such binding effect is an integral part of this Agreement.
27. **No Waiver:** The failure of any of the Parties to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way affect the validity of this Agreement or any part thereof or any right of any person thereafter to enforce each and every provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other breach.

**IN WITNESS WHEREOF,** Crystal Clear Special Utility District and Martin Marietta Materials Southwest, LLC have executed this Settlement Agreement and Mutual Release to be effective on the date on which the last person or entity signs below and/or notarizes this Settlement Agreement and Mutual Release.

**CRYSTAL CLEAR  
SPECIAL UTILITY DISTRICT**

By:   
Printed Name: Mike Taylor  
Title: General Manager  
Date: April 25, 2019

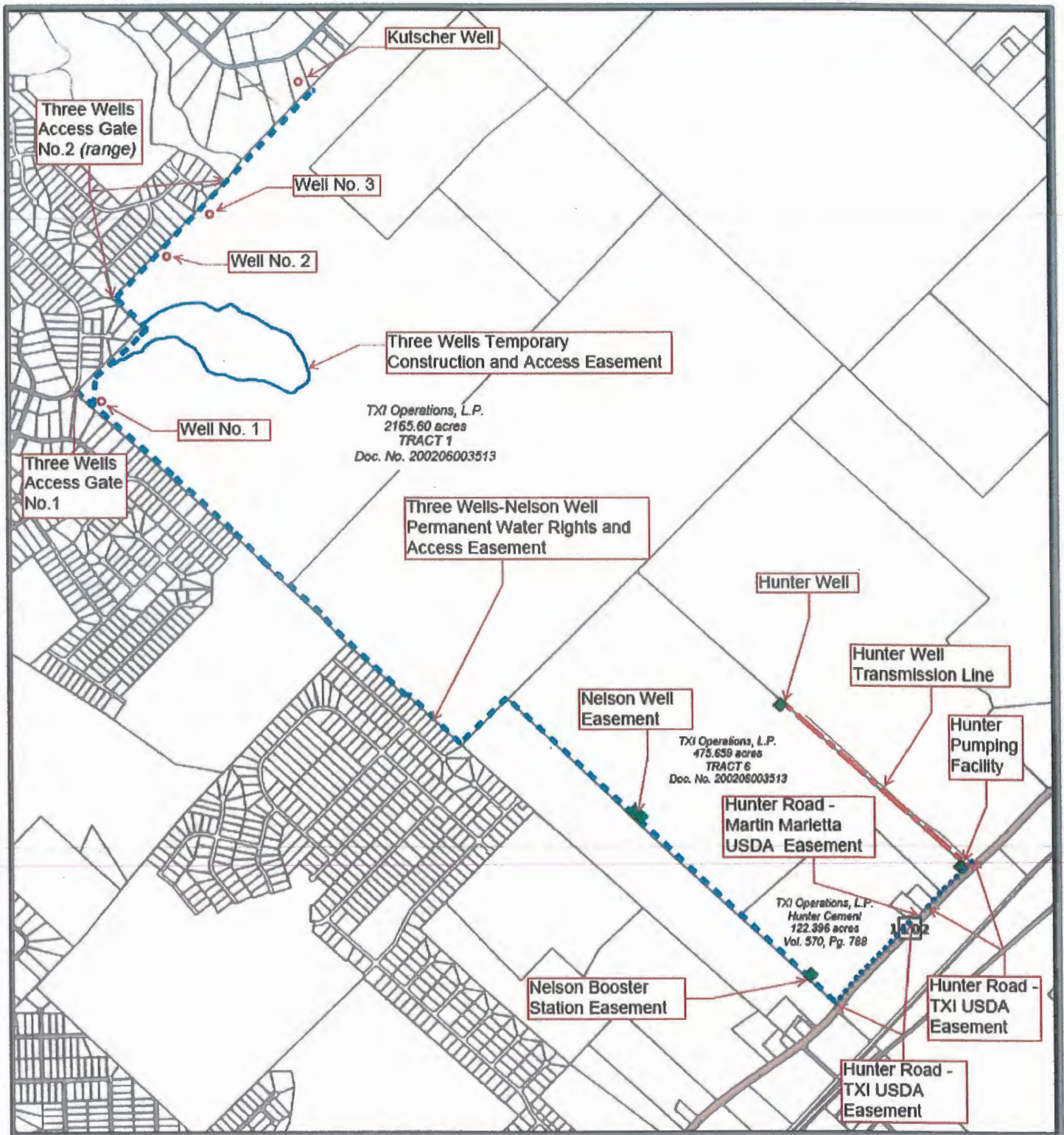
**MARTIN MARIETTA  
MATERIALS SOUTHWEST, LLC**

By:   
Printed Name: ROSELYN BAR  
Title: Vice President and Secretary  
Date: April 29, 2019

### **Index of Exhibits**

- Exhibit A:** Map of Overview of Locations Addressed in Settlement Agreement and Release
- Exhibit B-1:** Hunter Well Special Warranty Deed
- Exhibit B-2:** Hunter Transmission Line Release
- Exhibit C:** Hunter Pumping Facility Description
- Exhibit D:** Three Wells-Nelson Well Permanent Water Rights and Access Easement.
- Exhibit E-1:** Nelson Booster Station Easement
- Exhibit E-2:** Nelson Well Site Easement
- Exhibit F-1:** Hunter Road-TXI USDA Easement
- Exhibit F-2:** Hunter Road-Martin Marietta USDA Easement
- Exhibit G-1:** Nelson Pump and Booster Station Release
- Exhibit G-2:** Nelson Well Site and Access Easement Release
- Exhibit H:** Three Wells Sanitary Control Easement
- Exhibit I:** Agreed Motion to Dismiss and Agreed Order of Dismissal

Exhibit A



CRYSTAL CLEAR SPECIAL UTILITY DISTRICT – MARTIN MARIETTA MATERIALS SOUTHWEST, LLC  
SETTLEMENT AGREEMENT AND MUTUAL RELEASE  
Comal County, Texas

NOT TO SCALE

## **Exhibit B-1**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

### **Special Warranty Deed**

**Date:** April \_\_\_\_\_, 2019

**Grantor:** CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

**Grantor's Mailing Address:**

2370 FM 1979  
San Marcos, Guadalupe County, Texas 78666

**Grantee:** TXI OPERATIONS, LP

**Grantee's Mailing Address:**

2710 Wycliff Road  
Raleigh, Wake County, North Carolina, 27607

**Consideration:**

Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

**Property (including any improvements):**

Being a 0.082 acre tract out of the Samuel Craft Survey No.1, Comal County, Texas, said tract being that same 0.082 acre tract called First Tract, Nelson Well Site in a conveyance from H.C. Nelson, et ux to Crystal Clear Water Supply Corporation in that General Warranty Deed recorded in Volume 143, Page 0381, Official Public Records of Comal County, Texas, and being more specifically described by metes and bounds in **Exhibit "A"**, attached hereto.

**Exceptions to Conveyance and Warranty:** This conveyance is made subject to any and all conditions, restrictions, reservations, covenants, easements and setbacks, relating to the hereinabove described property, to the extent they are still in effect and shown of record in the above mentioned County and State; and to all regulations and ordinances of municipal or other governmental authority, if any, relating to the above described property.

GRANTEE SHALL RELY SOLELY ON GRANTEE'S OWN INSPECTIONS OF THE PROPERTY AND IS NOT ENTITLED TO AND WILL NOT RELY ON ANY MATTER OR STATEMENT RELATING TO THE CONDITION OF THE PROPERTY MADE BY, FOR,



OR ON BEHALF OF GRANTOR. THE PURCHASE PRICE WAS BARGAINED ON THE BASIS OF AN "AS IS, WHERE IS" TRANSACTION AND REFLECTS THE AGREEMENT OF THE GRANTOR AND GRANTEE THAT THERE ARE NO REPRESENTATIONS, DISCLOSURES, OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT FOR THE WARRANTY OF TITLE STATED IN THIS DEED.

**Conveyance and Warranty:** Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee in fee simple the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

When the context requires, singular nouns and pronouns include the plural.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

By: \_\_\_\_\_  
Mike Taylor, General Manager

STATE OF TEXAS

COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2019, by **Mike Taylor**, as **General Manager** for **Crystal Clear Special Utility District**.

\_\_\_\_\_  
Notary Public, State of Texas  
Commission expires: \_\_\_\_\_

## **Exhibit "A"**

Being a 0.082 acre tract out of the Samuel Craft Survey No.1, Comal County, Texas, said tract being that same 0.082 acre tract called First Tract, Nelson Well Site in a conveyance from H.C. Nelson, et ux to Crystal Clear Water Supply Corporation in that General Warranty Deed recorded in Volume 143, Page 0381, Deed Records, Comal County, Texas, and being more specifically described by metes and bounds as follows:

BEGINNING at an iron rod in a pile of rocks in the East Corner of the tract herein described; said East corner bears N. 45° 36' W. 252.0 Varas (700.0') from the East corner of a 50.88 acre tract of land deeded to H. C. Nelson by W.S. Higgins, Jr., Trustee on October 15, 1964 and recorded in Vol. 141, page 118 of the Comal County Deed Records, said East corner of the 50.88 acre tract bears N. 86° 14' W. 2148.82 Varas from the West corner of the Samuel Craft Survey No. 1, Comal County, Texas;

THENCE N. 45° 36' W. with the Northeast line of said 50.88 acre tract a distance of 60 feet to an iron rod in a pile of rocks;

THENCE S. 45° 24' W. 60 feet to an iron rod in a pile of rocks;

THENCE S. 45°, 36' E. 60 feet to an iron rod in a pile of rocks;

THENCE S. 45° 24' W. 60 feet to the Place of Beginning containing 0.082 acres of land, more or less.

Exhibit B-2

**RELEASE OF EASEMENT**

STATE OF TEXAS                   §  
   §                   KNOW ALL MEN BY THESE PRESENTS  
COUNTY OF COMAL           §

GRANTOR:   CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
                  2370 FM 1979  
                  San Marcos, Guadalupe County, Texas 78666

GRANTEE:   TXI OPERATIONS, LP, a Delaware limited partnership  
                  2710 Wycliff Road  
                  Raleigh, Wake County, North Carolina, 27607

WHEREAS, a certain Easement to Crystal Clear Water Supply Corporation, a/k/a Crystal Clear Special Utility District was executed by H.C. Nelson, et ux, and recorded at Volume 143, Page 0381, Official Public Records, Comal County, Texas, over and across 475.659 acres of land, more or less, described in Volume 270, Page 0830, (hereinafter the "Easement"); and

WHEREAS, Grantee is the current owner of the 475.659 acres of land, described as Tract 6 in Document No. 200206003513, Official Public Records, Comal County, Texas (hereinafter the "Property"); and

WHEREAS, Grantor and Grantee mutually desire that the said twenty foot (20') water line easement, and all rights, titles and interests provided for or contemplated by that Easement, be released; and

WHEREAS, Grantor has and does hereby agree to release the Easement over and across the Property.

NOW, THEREFORE, for and in consideration of the mutual benefits to be derived by and between the parties hereto, it is mutually understood and agreed as follows:

1. CRYSTAL CLEAR SPECIAL UTILITY DISTRICT hereby releases all right, title and interest to the Easement described and recorded at Volume 143, Page 0381, Deed Records, Comal County, Texas.

EXECUTED on this the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

By: \_\_\_\_\_  
Mike Taylor, General Manager

**ACKNOWLEDGEMENT**

STATE OF TEXAS

COUNTY OF GUADALUPE

The foregoing Release of Easement was acknowledged before me the undersigned authority by Mike Taylor, as General Manager, of CRYSTAL CLEAR SPECIAL UTILITY DISTRICT on this the \_\_\_\_\_ day of \_\_\_\_\_, 2019, in the capacity therein stated.

\_\_\_\_\_  
Notary Public, State of Texas

## Exhibit C

### “Hunter Pumping Facility” Description

Being a 0.057 acre tract out of the Samuel Craft Survey No.1, Comal County, Texas, said tract being that same 0.057 acre tract called Second Tract, Nelson Plant Site in a conveyance from H.C. Nelson, et ux to Crystal Clear Water Supply Corporation in that General Warranty Deed recorded in Volume 143, Page 0381, Deed Records, Comal County, Texas, and being more specifically described by metes and bounds as follows:

BEGINNING at the East corner of the Tract herein described, said East Corner coinciding with a re-entrant corner in a tract belonging to H.C. Nelson, recorded in Vol. 81, page 422 of the Comal County Deed Records. Said point lies in the Northwest right-of-way line of Farm-to-Market Highway No. 1102, (previously No. 2429) and bears N.  $86^{\circ} 14'$  E. 2148.82 Varas;

THENCE S.  $45^{\circ} 36'$  E. 1368.92 Varas from the West corner of said Samuel Craft Survey No. 1;

THENCE N.  $45^{\circ} 36'$  West leaving said Farm-to-Market Highway No. 1102 right-of-way along Nelson's Northeast line a distance of 50 feet to a point;

THENCE S.  $44^{\circ}, 24'$  West leaving said Northeast line a distance of 50 feet to a point;

THENCE S.  $45^{\circ} 36'$  East 50 feet to a point in the Northwest right-of-way of said Farm-to-Market Highway No. 1102;

THENCE North  $44^{\circ} 24'$  East along said right-of-way, a distance of 50 feet to the place of BEGINNING, containing 0.057 acres of land, more or less.



**PERMANENT WATER RIGHTS AND ACCESS EASEMENT**

**KNOW ALL MEN BY THESE PRESENTS**, that TXI Operations, L.P., a Delaware limited partnership, (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Crystal Clear Special Utility District, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual right-of-way easement with the right to erect, construct, install, lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water and/or electric distribution and communications lines, and all related facilities and/or appurtenances necessary for the purpose of providing public water services, over and across that tract of land called 122.36 acres, more or less, described in instrument recorded in Vol. 570, Pg. 0788 in the Official Public Records, Comal County, Texas; over and across that tract of land called 475.659 acres, more or less, described as Tract 6 in instrument recorded in Document No. 200206003513, in the Official Public Records, Comal County, Texas; and also over and across that tract of land called 2165.60 acres, more or less, described as Tract 1 in instrument recorded in Document No. 200206003513, in the Official Public Records, Comal County, Texas. The easement hereby granted, being an aggregate of 29.40 acres, more or less, shall be fifty feet (50') in width and Grantee is hereby authorized to designate the course of the improvements made within the easement, as described in **Exhibit "A"** and depicted in **Exhibit "B"**, attached hereto and made a part of this easement.

Grantee shall have such other rights and benefits reasonably necessary for the full enjoyment and use of the rights herein granted, including without limitation, (1) ownership of three wells completed in the Trinity Aquifer and located respectively at 29° 49' 22.8724" North latitude, 98° 05' 04.1538" West longitude; 29° 49' 47.0865" North latitude, 98° 04' 49.4634" West longitude; and 29° 49' 55.2455" North latitude, 98° 04' 41.2345" West longitude (jointly, the "Three Wells"), all associated groundwater rights necessary for the use, production and enjoyment of the three wells, and all appurtenances and fixtures associated with the three wells: (2) the reasonable right of ingress and egress over and across lands owned by Grantor which are directly adjacent to the easement: (3) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions within the easement that is reasonably likely to injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, relocation (as above limited), substitution or removal thereof: and (4) the rights to abandon-in-place any and all water supply and/or sewer distribution lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor, or their successors or assigns, to remove any such abandoned lines or appurtenances, except insofar as removal of such abandoned lines or appurtenances shall be required by applicable law.

During the period of construction of the Three Wells, the easement shall be extended by a Temporary Construction and Access Easement, being twenty feet (20') in width, as depicted in **Exhibit "C"**, together with the right of ingress and egress for pedestrians, equipment and vehicles for the purpose for which the above mentioned rights are granted. The temporary construction easement shall revert to Grantor six (6) months after the conclusion of all construction and the restoration of the surface to its preconstruction condition and shall not be available to Grantee without future consent of Grantor, which consent shall not be unreasonably withheld if the easement is needed for future construction on the Three Wells.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water and/or sewer line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water and/or sewer line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width directly adjacent to the right of way for such widened or relocated roadway, the center line thereof being the pipeline as relocated.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantor by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantor's premises. This Agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns.

The Grantor covenants that it is the owner of the above described lands and that said lands are free and clear of all encumbrances and liens except the following:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the easement herein granted to Grantee, or Grantee's successors and assigns, against every person whomsoever claiming, or to claim, the same or any part thereof by, through or under Grantor but not otherwise.

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

**IN WITNESS WHERE OF** the said Grantor has executed this instrument this \_\_\_\_ day of \_\_\_\_\_, 2019.

TXI Operations, L.P., a Delaware limited partnership

by: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**ACKNOWLEDGEMENT**

STATE OF NORTH CAROLINA §

COUNTY OF WAKE §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
by Roselyn Bar, acting as General Counsel and Secretary, for **TXI Operations, L.P., a Delaware limited  
partnership.**

\_\_\_\_\_  
Notary Public, State of North Carolina

## Exhibit "A"



6477 FM 311 | PO BOX 992  
SPRING BRANCH, TX 78070  
830.228.5788 P | 830.885.2170 F  
WWW.MSENGR.COM | TBPLS #10044200

29.40 ACRE EASEMENT  
18MS100 MASTER FILE\_CTE.DWG

FN NO. 18MS100 MASTER FILE  
DECEMBER 17, 2018

### FIELDNOTE DESCRIPTION 29.40 ACRE (50' WIDE) WATER, COMMUNICATIONS, ELECTRIC, AND ACCESS EASEMENT

BEING A 29.40 ACRE (50' WIDE) WATER, COMMUNICATIONS, ELECTRIC, AND ACCESS EASEMENT, SITUATED IN THE S. CRAFT SURVEY, ABSTRACT NO. 98, COMAL COUNTY, AND OUT OF A CALLED 122.36 ACRE TRACT, RECORDED IN VOLUME 570, PAGE 788, A CALLED 475.659 ACRE TRACT, RECORDED IN DOCUMENT NO. 200206003513, AND A CALLED 2165.60 ACRE TRACT, RECORDED IN DOCUMENT NO. 200206003513, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS, SAID 29.40 ACRE EASEMENT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING, AT A TYPE 1 TXDOT MONUMENT IN THE NORTHWESTERLY APPARENT RIGHT-OF-WAY LINE OF FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF A CALLED 164.537 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 200006011446, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS;

THENCE, ALONG SAID COMMON LINE, THE FOLLOWING COURSES:

ALONG THE ARC OF A CURVE TO THE LEFT, WITH AN ARC LENGTH OF 235.81 FEET, A RADIUS OF 1105.92 FEET, AND A CHORD BEARING AND DISTANCE OF S 41°23'46" W, 235.36 FEET TO A POINT,

N 34°49'42" E, 76.08 FEET TO A POINT FOR THE SOUTHEASTERLY CORNER OF SAID 164.537 ACRE TRACT, THE SOUTHERLY CORNER OF SAID 122.36 ACRE TRACT, AND THE POINT OF BEGINNING;

THENCE, ALONG THE NORTHEASTERLY LINE OF SAID 164.537 ACRE TRACT, COMMON WITH THE SOUTHWESTERLY LINE OF SAID 122.396 ACRE TRACT AND SAID 475.659 ACRE TRACT, THE FOLLOWING COURSES:

N 46°22'56" W, A DISTANCE OF 30.31 FEET TO A POINT;

N 46°22'53" W, A DISTANCE OF 331.19 FEET TO A POINT;

N 46°14'57" W, A DISTANCE OF 358.30 FEET TO A POINT;

N 46°19'13" W, A DISTANCE OF 256.83 FEET TO A POINT;

N 46°19'49" W, A DISTANCE OF 4858.53 FEET TO A POINT;

N 46°37'58" W, A DISTANCE OF 714.37 FEET TO A POINT;

N 46°26'29" W, A DISTANCE OF 1253.00 FEET TO A FOUND 1/2" IRON ROD IN THE SOUTHEASTERLY LINE OF THE AFOREMENTIONED 2165.60.60 ACRE TRACT, FOR THE NORTHWESTERLY CORNER OF SAID 475.659 ACRE TRACT, AND FOR THE NORTHERLY CORNER OF SAID 164.537 ACRE TRACT;

THENCE, ALONG NORTHWESTERLY LINE OF SAID 164.537 ACRE TRACT, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 2165.60.60 ACRE TRACT, S 44°18'21" W, A DISTANCE OF 1033.27 FEET TO A POINT, FROM WHICH A FOUND CONCRETE MONUMENT WITH BRASS DISC BEARS S 44°18'21" W, A DISTANCE OF 8.44 FEET, FOR THE NORTHERLY CORNER OF LOT 225, HAVENWOOD AT HUNTERS CROSSING, UNIT THREE, DOCUMENT NUMBER 200606046131, MAP AND PLAT RECORDS, COMAL COUNTY, TEXAS;

THENCE, OVER AND ACROSS SAID 2162.60 ACRE TRACT, N 46°23'44" W, A DISTANCE OF 1283.74 FEET TO A POINT IN THE NORTHEASTERLY LINE OF SAID HAVENWOOD AT HUNTERS CROSSING, UNIT THREE, THE FOLLOWING COURSES:

THENCE, ALONG THE NORTHEASTERLY LINE OF SAID HAVENWOOD AT HUNTERS CROSSING, THE FOLLOWING COURSES:

N 78°02'17" W, A DISTANCE OF 65.16 FEET TO A POINT;

N 46°54'36" W, A DISTANCE OF 1333.44 FEET TO A POINT;

N 44°00'28" E, A DISTANCE OF 29.83 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 2162.60 ACRE TRACT, N 46°02'39" W, A DISTANCE OF 3002.64 FEET TO A POINT, IN THE NORTHEASTERLY LINE OF RIVER CHASE UNIT 9, RECORDED IN DOCUMENT NUMBER 200606019467, MAP AND PLAT RECORDS, COMAL COUNTY, TEXAS;

THENCE, ALONG THE NORTHEASTERLY LINE OF SAID RIVER CHASE UNIT 9, N 46°15'46" W, A DISTANCE OF 625.00 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 2162.60 ACRE TRACT, N 46°23'19" W, A DISTANCE OF 745.58 FEET TO A POINT IN THE SAID NORTHEASTERLY LINE OF RIVER CHASE UNIT 9;

THENCE, ALONG THE NORTHEASTERLY LINE OF RIVER CHASE UNIT 9, N 46°54'57" W, A DISTANCE OF 375.01 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 2162.60 ACRE TRACT, N 47°12'43" W, A DISTANCE OF 1760.44 FEET TO A POINT FOR THE NORTHEASTERLY CORNER OF LOT 677, RIVER CHASE UNIT 6, AND THE SOUTHERLY CORNER OF LOT 1102, RIVER CHASE UNIT 7, RECORDED IN VOLUME 15, PAGE 3, MAP AND PLAT RECORDS, COMAL COUNTY, TEXAS;

THENCE, ALONG THE SOUTHEASTERLY LINE OF RIVER CHASE UNIT 7, N 44°14'43" E, A DISTANCE OF 50.02 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 2162.60 ACRE TRACT, THE FOLLOWING COURSES:

S 47°12'43" E, A DISTANCE OF 161.33 FEET TO A POINT;

N 29°24'45" E, A DISTANCE OF 44.54 FEET TO A POINT;



N 34°07'33" E, A DISTANCE OF 278.23 FEET TO A POINT;

N 15°00'00" E, A DISTANCE OF 65.00 FEET TO A POINT;

N 19°36'06" E, A DISTANCE OF 166.08 FEET TO A POINT IN SAID SOUTHEASTERLY LINE OF RIVER CHASE UNIT 7;

THENCE, ALONG THE SOUTHEASTERLY LINE OF RIVER CHASE UNIT 7, COMMON WITH THE NORTHEASTERLY LINE OF SAID 2162.60 ACRE TRACT, THE FOLLOWING COURSES:

N 44°14'25" E, A DISTANCE OF 70.25 FEET TO A POINT;

N 44°07'05" E, A DISTANCE OF 247.91 FEET TO A POINT;

N 44°55'55" E, A DISTANCE OF 316.68 FEET TO A POINT;

N 43°57'29" E, A DISTANCE OF 111.56 FEET TO A POINT;

N 36°08'04" E, A DISTANCE OF 180.78 FEET TO A POINT;

N 60°48'36" E, A DISTANCE OF 80.11 FEET TO A POINT;

N 56°41'00" E, A DISTANCE OF 72.43 FEET TO A POINT;

N 45°38'53" W, A DISTANCE OF 310.86 FEET TO A POINT;

N 45°23'16" W, A DISTANCE OF 421.47 FEET TO A POINT;

N 42°53'42" E, A DISTANCE OF 646.61 FEET TO A POINT;

N 42°53'42" E, A DISTANCE OF 601.91 FEET TO A POINT;

N 42°43'36" E, A DISTANCE OF 438.05 FEET TO A POINT;

N 43°12'12" E, A DISTANCE OF 408.84 FEET TO A POINT;

N 42°28'06" E, A DISTANCE OF 321.27 FEET TO A POINT;

N 43°10'31" E, A DISTANCE OF 424.59 FEET TO A POINT FOR THE SOUTHERLY CORNER OF LOT 2, LOST TRAIL RANCH, VOLUME 9, PAGE 21, MAP AND PLAT RECORDS, COMAL COUNTY, TEXAS;

THENCE, ALONG THE SOUTHEASTERLY LINE OF SAID LOT 2, LOST TRAIL RANCH, N 42°54'02" E, COMMON WITH THE NORTHWESTERLY LINE OF SAID 2165.60.60 ACRE TRACT, A DISTANCE OF 444.61 FEET TO A POINT FOR THE SOUTHERLY CORNER OF LOT 96C, ROYAL FORREST, RECORDED IN VOLUME 4, PAGE 4, MAP AND PLAT RECORDS, COMAL COUNTY TEXAS;

THENCE, ALONG THE SOUTHEASTERLY LINE OF ROYAL FORREST, COMMON WITH THE NORTHWESTERLY LINE OF SAID 2165.60.60 ACRE TRACT, N 43°31'42" E, A DISTANCE OF 1647.70 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 2165.60.60 ACRE TRACT, THE FOLLOWING COURSES:

S 47°14'14" E, A DISTANCE OF 50.00 FEET TO A POINT;  
S 43°31'42" W, A DISTANCE OF 1648.09 FEET TO A POINT;  
S 42°54'02" W, A DISTANCE OF 444.46 FEET TO A POINT;  
S 43°10'31" W, A DISTANCE OF 424.40 FEET TO A POINT;  
S 42°28'06" W, A DISTANCE OF 71.78 FEET TO A POINT;  
S 18°22'32" E, A DISTANCE OF 125.74 FEET TO A POINT;  
S 71°37'28" W, A DISTANCE OF 50.00 FEET TO A POINT;  
N 18°22'32" W, A DISTANCE OF 99.79 FEET TO A POINT;  
S 41°30'00" W, A DISTANCE OF 132.29 FEET TO A POINT;  
S 42°58'09" W, A DISTANCE OF 60.93 FEET TO A POINT;  
S 43°12'12" W, A DISTANCE OF 408.95 FEET TO A POINT;  
S 42°43'36" W, A DISTANCE OF 437.91 FEET TO A POINT;  
S 42°53'42" W, A DISTANCE OF 97.61 FEET TO A POINT;  
S 59°21'50" E, A DISTANCE OF 98.86 FEET TO A POINT;  
S 30°38'10" W, A DISTANCE OF 50.00 FEET TO A POINT;  
N 59°23'29" W, A DISTANCE OF 110.66 FEET TO A POINT;  
S 42°50'45" W, A DISTANCE OF 1051.04 FEET TO A POINT;  
S 45°23'16" E, A DISTANCE OF 372.83 FEET TO A POINT;  
S 45°38'53" E, A DISTANCE OF 372.86 FEET TO A POINT;  
S 56°41'00" W, A DISTANCE OF 136.34 FEET TO A POINT;  
S 60°48'36" W, A DISTANCE OF 70.97 FEET TO A POINT;  
S 36°08'04" W, A DISTANCE OF 173.27 FEET TO A POINT;  
S 43°57'29" W, A DISTANCE OF 115.40 FEET TO A POINT;  
S 44°55'55" W, A DISTANCE OF 316.75 FEET TO A POINT;  
S 44°07'05" W, A DISTANCE OF 247.61 FEET TO A POINT;  
S 43°00'47" W, A DISTANCE OF 62.31 FEET TO A POINT;

S 19°36'06" W, A DISTANCE OF 149.95 FEET TO A POINT;  
S 15°29'43" W, A DISTANCE OF 71.25 FEET TO A POINT;  
S 33°42'11" W, A DISTANCE OF 218.90 FEET TO A POINT;  
S 74°37'15" E, A DISTANCE OF 48.74 FEET TO A POINT;  
S 15°00'00" W, A DISTANCE OF 50.00 FEET TO A POINT;  
N 74°37'15" W, A DISTANCE OF 65.63 FEET TO A POINT;  
S 33°42'11" W, A DISTANCE OF 66.78 FEET TO A POINT;  
S 47°12'43" E, A DISTANCE OF 1549.22 FEET TO A POINT;  
S 46°54'57" E, A DISTANCE OF 375.37 FEET TO A POINT;  
S 46°23'19" E, A DISTANCE OF 745.87 FEET TO A POINT;  
S 46°15'46" E, A DISTANCE OF 625.15 FEET TO A POINT;  
S 46°02'39" E, A DISTANCE OF 3052.78 FEET TO A POINT;  
S 44°00'28" W, A DISTANCE OF 29.07 FEET TO A POINT;  
S 46°54'36" E, A DISTANCE OF 1268.73 FEET TO A POINT;  
S 78°02'17" E, A DISTANCE OF 65.40 FEET TO A POINT;  
S 46°23'44" E, A DISTANCE OF 1249.01 FEET TO A POINT;  
N 44°19'13" E, A DISTANCE OF 1033.30 FEET TO A POINT;

**THENCE**, PROJECTING OVER AND ACROSS THE AFOREMENTIONED 475.659 ACRE TRACT AND 122.396 ACRE TRACT, THE FOLLOWING COURSES:

S 46°26'18" E, A DISTANCE OF 651.00 FEET TO A POINT;  
S 46°30'26" E, A DISTANCE OF 1008.21 FEET TO A POINT;  
S 46°27'08" E, A DISTANCE OF 886.92 FEET TO A POINT;  
S 46°19'49" E, A DISTANCE OF 529.72 FEET TO A POINT;  
S 46°19'52" E, A DISTANCE OF 1899.15 FEET TO A POINT;  
S 46°19'38" E, A DISTANCE OF 2413.07 FEET TO A POINT;  
S 46°16'00" E, A DISTANCE OF 456.00 FEET TO A POINT IN THE NORTHWESTERLY RIGHT OF WAY LINE OF SATD FM 1102;

**THENCE**, ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 122.396 ACRE TRACT, S 35°28'14" W, A DISTANCE OF 50.12 FEET TO THE **POINT OF BEGINNING**, CONTAINING AN AREA OF 29.40 ACRES OF LAND MORE OR LESS.

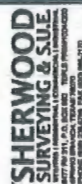
A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE. BASIS OF BEARING IS NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

I, RICHARD A. GOODWIN, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

SHERWOOD SURVEYING, LLC  
P.O. BOX 970  
SPRING BRANCH, TEXAS 78070  
TEPLS FIRM #10044200

*Richard A. Goodwin* 12/17/18  
\_\_\_\_\_  
RICHARD A. GOODWIN      DATE  
R.P.L.S. #4069 STATE OF TEXAS





**SERVICER CERTIFICATE**

I, **RICHARD A. GOODWIN**, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, REGISTRATION NUMBER **4987**, HEREBY STATE THAT DURING THE MONTH OF **OCTOBER, 2018**, A SURVEY OF THE REAL PROPERTY **SIXTHY EIGHTH WARDMADE UPOON THE GROUND UNDER MY DIRECTED LAND SURVEYOR** WAS COMPLETED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION.

*Richard A. Goodwin* **11/19** **DATE**

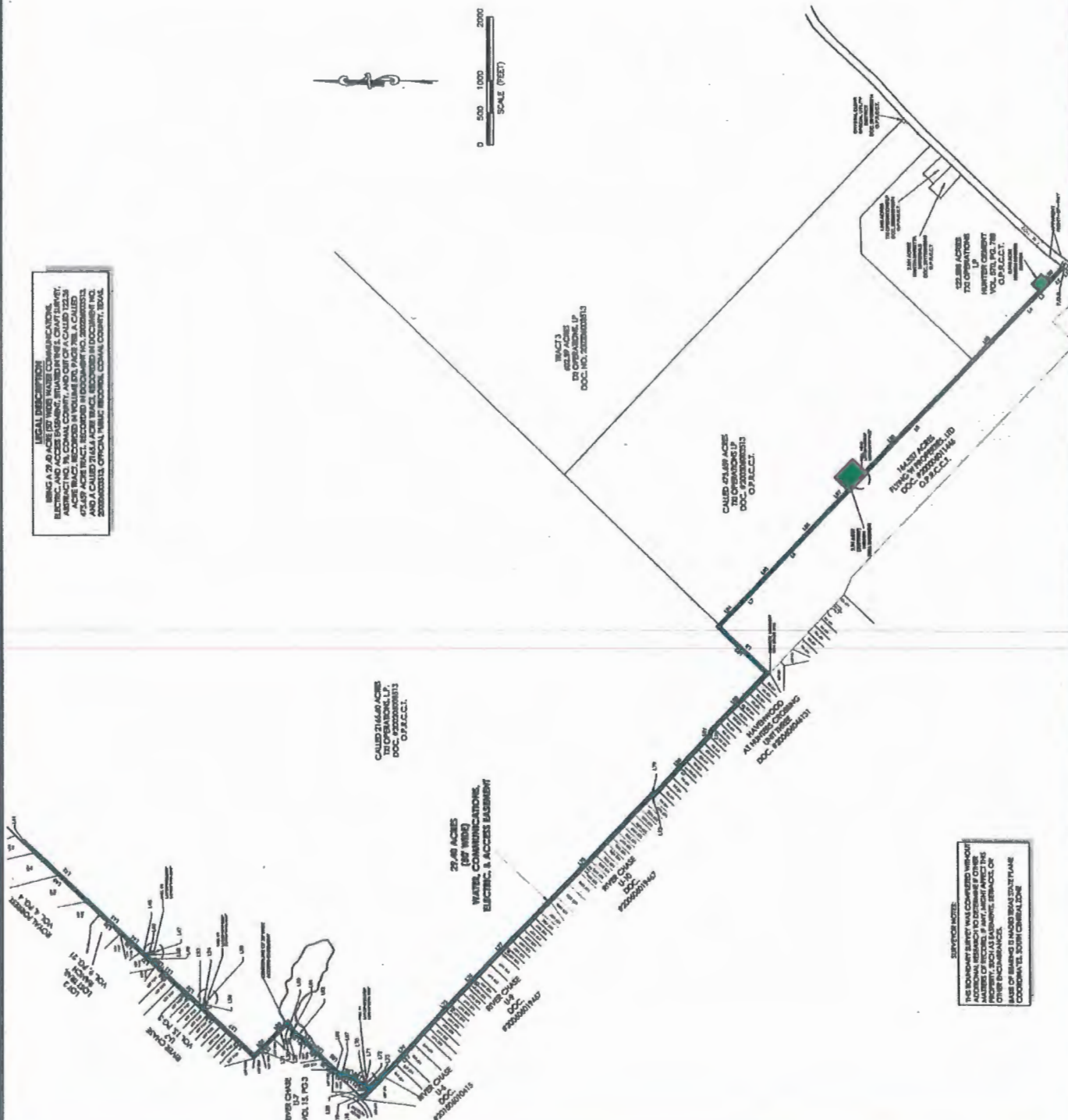
**RICHARD A. GOODWIN**  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4987

REVISED HELSON BOOKS 1/7/99

[illegible]

**LEGAL DESCRIPTION**

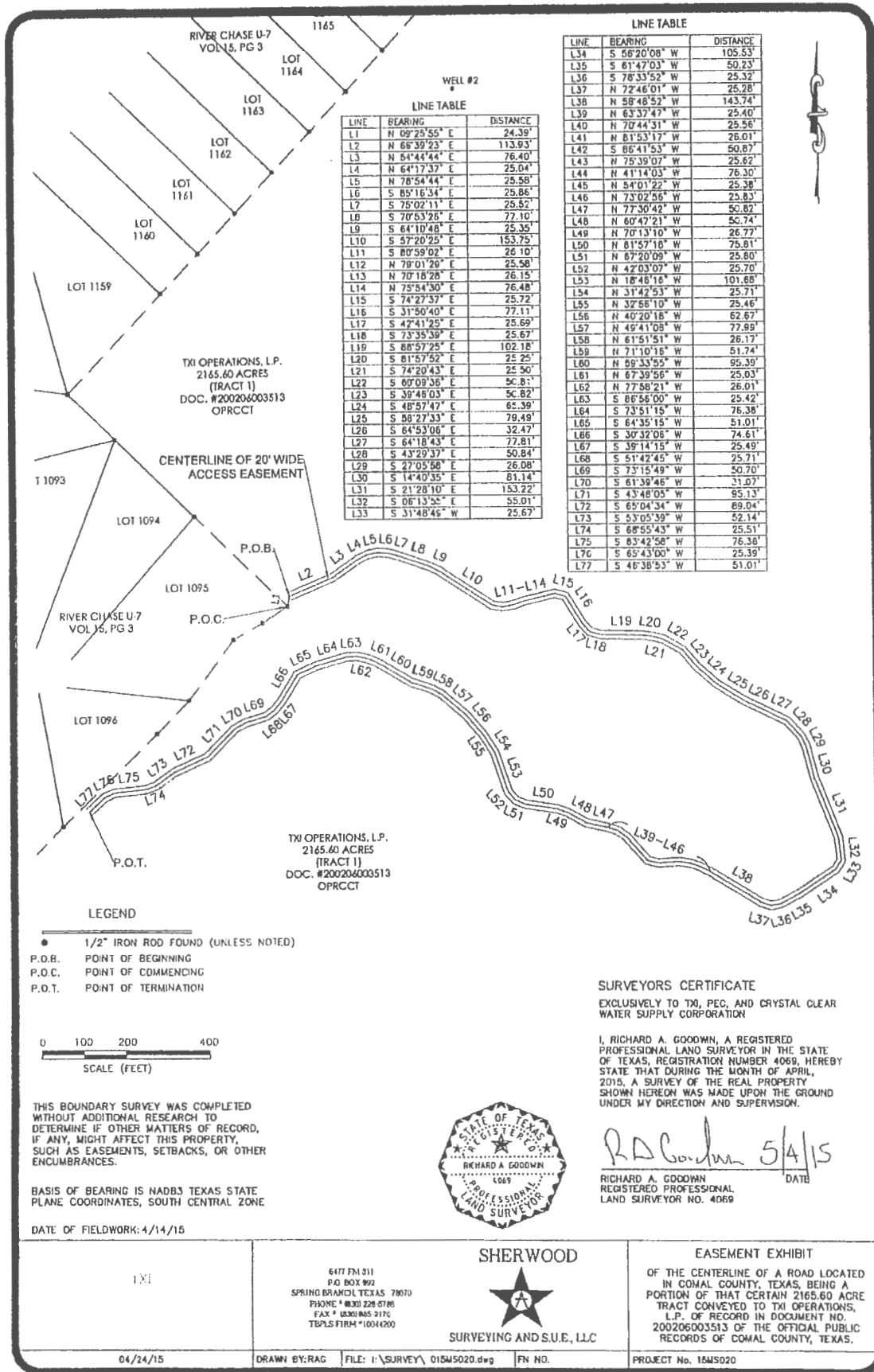
ARE A 29.40 ACRE (±) WIDE WATER COMMUNICATIONS, ELECTRIC, AND ACCESS EASEMENT, SITUATED IN THE 1<sup>ST</sup> CRAFT SURVEY, ABSTRACT NO. 19, COMAL COUNTY, AND OUT OF A CALLED 122.56 ACRE TRACT, RECORDED IN VOLUME 60, PAGE 788, A CALLED 67.649 ACRE TRACT, RECORDED IN DOCUMENT NO. 20020030313, AND A CALLED 714.6 ACRE TRACT, RECORDED IN DOCUMENT NO. 20020030313, OFFICIAL, PUBLIC, RECORD, COMAL COUNTY, TEXAS.



**SERVICE NOTES:**  
THIS BOUNDARY SURVEY WAS COMPLETED WITHOUT ANY ADDITIONAL RESEARCH TO DETERMINE IF OTHER INTERESTED PARTIES OR RECORDS, IF ANY, AFFECT THIS PROPERTY, SUCH AS EASEMENTS, EMBARKMENTS, OR OTHER ENCUMBRANCES.  
BASIS OF BOUNDING: 1/4 SECTION 35, T14N, R10E, N1/2, S1/2, S1/4, S1/8, S1/16, S1/32, S1/64, S1/128, S1/256, S1/512, S1/1024, S1/2048, S1/4096, S1/8192, S1/16384, S1/32768, S1/65536, S1/131072, S1/262144, S1/524288, S1/1048576, S1/2097152, S1/4194304, S1/8388608, S1/16777216, S1/33554432, S1/67108864, S1/134217728, S1/268435456, S1/536870912, S1/1073741824, S1/2147483648, S1/4294967296, S1/8589934592, S1/17179869184, S1/34359738368, S1/68719476736, S1/137438953472, S1/274877906944, S1/549755813888, S1/1099511627776, S1/2199023255552, S1/4398046511104, S1/8796093022208, S1/17592186044416, S1/35184372088832, S1/70368744177664, S1/140737488355328, S1/281474976710656, S1/562949953421312, S1/1125899906842624, S1/2251799813685248, S1/4503599627370496, S1/9007199254740992, S1/18014398509481984, S1/36028797018963968, S1/72057594037927936, S1/144115188075855872, S1/288230376151711744, S1/576460752303423488, S1/1152921504606846976, S1/2305843009213693952, S1/4611686018427387904, S1/9223372036854775808, S1/18446744073709551616, S1/36893488147419103232, S1/73786976294838206464, S1/147573952589676412928, S1/295147905179352825856, S1/590295810358705651712, S1/1180591620717411303424, S1/2361183241434822606848, S1/4722366482869645213696, S1/9444732965739290427392, S1/18889465931478580854784, S1/37778931862957161709568, S1/75557863725914323419136, S1/151115727451828646838272, S1/302231454903657293676544, S1/604462909807314587353088, S1/1208925819614629174706176, S1/2417851639229258349412352, S1/4835703278458516698824704, S1/9671406556917033397649408, S1/19342813113834066795298816, S1/38685626227668133590597632, S1/77371252455336267181195264, S1/154742504910672534362390528, S1/309485009821345068724781056, S1/618970019642690137449562112, S1/1237940039285380274899124224, S1/2475880078570760549798248448, S1/4951760157141521099596496896, S1/9903520314283042199192993792, S1/19807040628566084398385987584, S1/39614081257132168796771975168, S1/79228162514264337593543950336, S1/158456325028528675187087900672, S1/316912650057057350374175801344, S1/633825300114114700748351602688, S1/1267650600228229401496703205376, S1/2535301200456458802993406410752, S1/5070602400912917605986812821504, S1/10141204801825835211973625643008, S1/20282409603651670423947251286016, S1/40564819207303340847894502572032, S1/81129638414606681695789005144064, S1/162259276829213363391578010288128, S1/324518553658426726783156020576256, S1/649037107316853453566312041152512, S1/1298074214633706907132624082305024, S1/2596148429267413814265248164610048, S1/5192296858534827628530496329220096, S1/10384593717069655257060992658440192, S1/20769187434139310514121985316880384, S1/41538374868278621028243970633760768, S1/83076749736557242056487941267521536, S1/166153499473114484112975882535043072, S1/332306998946228968225951765070086144, S1/664613997892457936451903530140172288, S1/1329227995784915872903807060280344576, S1/2658455991569831745807614120560689152, S1/5316911983139663491615228241121378304, S1/10633823966279326983230456482242756608, S1/21267647932558653966460912964485513216, S1/42535295865117307932921825928971026432, S1/85070591730234615865843651857942052864, S1/170141183460469231731687303715884105728, S1/340282366920938463463374607431768211456, S1/680564733841876926926749214863536422912, S1/1361129467683753853853498429727072845824, S1/2722258935367507707706996859454145691648, S1/5444517870735015415413993718908291383296, S1/10889035741470030830827987437816582766592, S1/21778071482940061661655974875633165533184, S1/43556142965880123323311949751266331066368, S1/87112285931760246646623899502532662132736, S1/174224571863520493293247799005065324265472, S1/348449143727040986586495598010130648530944, S1/696898287454081973172991196020261297061888, S1/1393796574908163946345982392040522594123776, S1/2787593149816327892691964784081045188247552, S1/5575186299632655785383929568162090376495104, S1/11150372599265311570767859136324180752990208, S1/22300745198530623141535718272648361505980416, S1/44601490397061246283071436545296723011960832, S1/89202980794122492566142873090593446023921664, S1/178405961588244985132285746181186892047843328, S1/356811923176489970264571492362373784095686656, S1/71362



# Exhibit "C"



## RIGHT-OF-WAY EASEMENT

**KNOW ALL MEN BY THESE PRESENTS**, that **TXI Operations, L.P., a Delaware limited partnership**, (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by **Crystal Clear Special Utility District**, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual right-of-way easement with the right to erect, construct, install, lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water and/or electric distribution and communications lines, and all related facilities and/or appurtenances necessary for the purpose of providing public water services, more specifically for the operation of Grantee's Nelson Booster Station over and across that tract of land called **122.36** acres, more or less, described in instrument recorded in Vol. **570**, Pg. **0788** in the Official Public Records, **Comal** County, Texas; together with the right of ingress and egress over Grantor's directly adjacent lands for the purpose for which the above mentioned rights are granted. Grantee is hereby authorized to designate the course of the improvements made within the easement, as described in **Exhibit "A"** and depicted in **Exhibit "B"**, attached hereto and made a part of this easement.

Grantee shall have such other rights and benefits reasonably necessary for the full enjoyment and use of the rights herein granted, including without limitation, (1) the reasonable right of ingress and egress over and across lands owned by Grantor which are directly adjacent to the easement: (2) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions within the easement that are reasonably likely to injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, relocation (as above limited), substitution or removal thereof: and (3) the rights to abandon-in-place any and all water supply and/or sewer distribution lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor, or their successors or assigns, to remove any such abandoned lines or appurtenances, except insofar as removal of such abandoned lines or appurtenances shall be required by applicable law.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water and/or sewer line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water and/or sewer line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width directly adjacent to the right of way for such widened or relocated roadway, the center line thereof being the pipeline as relocated.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantor by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantor's premises. This Agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns.

The Grantor covenant that it is the owner of the above described lands and that said lands are free and clear of all encumbrances and liens except the following:

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Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the easement herein granted to Grantee, or Grantee's successors and assigns, against every person whomsoever claiming, or to claim, the same or any part thereof by, through or under Grantor but not otherwise.

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

IN WITNESS WHERE OF the said Grantor has executed this instrument this \_\_\_\_ day of \_\_\_\_\_, 2019.

**TXI Operations, L.P., a Delaware limited partnership**

by: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**ACKNOWLEDGEMENT**

STATE OF NORTH CAROLINA                      §

COUNTY OF WAKE                                      §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
by \_\_\_\_\_, acting as \_\_\_\_\_, for **TXI Operations,**  
**L.P., a Delaware limited partnership.**

\_\_\_\_\_  
Notary Public, State of North Carolina



**SHERWOOD  
SURVEYING & S.U.E.**

TBPLS FIRM #10044200  
6477 FM 311, SPRING BRANCH, TX 78070  
SHERWOODSURVEYING.COM | (830) 228-5788

0.998 ACRE TRACT  
18MS100-EXH.DWG

FN NO. 18MS100  
JANUARY 3, 2019

**FIELDNOTE DESCRIPTION  
NELSON BOOSTER STATION  
0.998 ACRES**

BEING A 0.998 ACRE TRACT OF LAND LOCATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98, COMAL COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 122.396 ACRE TRACT OF RECORD IN VOLUME 570, PAGE 788 OF THE DEED RECORDS OF COMAL COUNTY, TEXAS, SAID 0.998 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**COMMENCING**, AT A POINT ON THE NORTHWESTERLY LINE OF FM HIGHWAY 1102, FOR THE EASTERLY CORNER OF THAT CERTAIN 164.537 ACRE TRACT CONVEYED TO FLYING W PROPERTIES, LTD. BY DEED OF RECORD IN DOCUMENT NO. 200006011446 OF THE OFFICIAL PUBLIC RECORDS OF COMAL COUNTY, TEXAS, BEING THE SOUTHERLY CORNER OF SAID 122.396 ACRE TRACT;

**THENCE**, ALONG THE NORTHEASTERLY LINE OF SAID 164.537 ACRE TRACT, COMMON WITH THE SOUTHWESTERLY LINE OF SAID 122.396 ACRE TRACT, THE FOLLOWING COURSES:

N 46° 22' 56" W, A DISTANCE OF 30.31 FEET TO A POINT;

N 46° 22' 53" W, A DISTANCE OF 292.71 FEET TO THE POINT OF **BEGINNING**, OF THE HEREIN DESCRIBED TRACT;

N 46° 22' 53" W, A DISTANCE OF 38.48 FEET TO A POINT;

N 46° 14' 57" W, A DISTANCE OF 181.07 FEET TO THE WESTERLY CORNER HEREOF;

**THENCE**, INTO AND ACROSS SAID 122.396 ACRE TRACT, THE FOLLOWING COURSES:

N 43° 28' 18" E, A DISTANCE OF 197.35 FEET TO THE NORTHERLY CORNER HEREOF;

S 46° 31' 42" E, A DISTANCE OF 220.05 FEET TO THE EASTERLY CORNER HEREOF;

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# SHERWOOD SURVEYING & S.U.E.

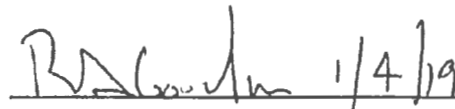
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S 43° 37' 07" W, A DISTANCE OF 198.33 FEET TO THE POINT OF BEGINNING, CONTAINING AN AREA OF 0.998 OF LAND, MORE OR LESS.

I, RICHARD A. GOODWIN, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE. BASIS OF BEARING IS NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

SHERWOOD SURVEYING & SUE, LLC  
P.O. BOX 992  
SPRING BRANCH, TEXAS 78070  
TBPLS FIRM #10044200

 1/4/19  
RICHARD A. GOODWIN DATE  
R.P.L.S. #4096 STATE OF TEXAS



# Exhibit "B"

0 50 100 200  
SCALE (FEET)

NELSON  
BOOSTER  
STATION  
0.998 ACRES

## LEGEND

- 1/2" IRON ROD FOUND (UNLESS NOTED)
- MONUMENT FOUND
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCING

| LINE | BEARING       | DISTANCE |
|------|---------------|----------|
| L1   | N 46°22'53" W | 38.48'   |
| L2   | N 46°14'57" W | 181.07'  |
| L3   | N 43°28'18" E | 197.35'  |
| L4   | S 46°31'42" E | 220.05'  |
| L5   | S 43°37'07" W | 198.33'  |

122.396 ACRES  
TXI OPERATIONS LP  
HUNTER CEMENT  
VOL. 570, PG. 788

P.O.B.  
PROPOSED 50' WIDE  
WATER,  
COMMUNICATIONS,  
ELECTRIC, & ACCESS  
EASEMENT

FLYING W  
PROPERTIES, LTD  
164.537 ACRES  
DOC. #200006011446

### SURVEYOR NOTES:

THIS BOUNDARY SURVEY WAS COMPLETED WITHOUT ADDITIONAL RESEARCH TO DETERMINE IF OTHER MATTERS OF RECORD, IF ANY, MIGHT AFFECT THIS PROPERTY, SUCH AS EASEMENTS, SETBACKS, OR OTHER ENCUMBRANCES.

BASIS OF BEARING IS NAD83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE

DATE OF FIELDWORK: 2/10/16

4-26-16 REVISED EASEMENT MTH

01-03-19 REVISED EASEMENT RAG

P.O.C.  
(GRID)

N 46°22'53" W  
38.48'

### LEGAL DESCRIPTION

BEING A 0.998 ACRE TRACT OF LAND LOCATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98, COMAL COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 122.396 ACRE TRACT OF RECORD IN VOLUME 570, PAGE 788 OF THE DEED RECORDS OF COMAL COUNTY, TEXAS.



**SHERWOOD  
SURVEYING & S.U.E.**  
UTILITIES | RESIDENTIAL | COMMERCIAL | INDUSTRIAL  
6477 FM 311, P.O. BOX 992 TBPLS FIRM#10044200  
SPRING BRANCH, TEXAS 76070  
PHONE (830) 228-5768 FAX (830) 885-2170

DATE: 01/03/19 DRAWN BY: RG PROJECT No. 18MS100



I, RICHARD A. GOODWIN, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, REGISTRATION NUMBER 4069, HEREBY STATE THAT DURING THE MONTH OF DECEMBER, 2018, A SURVEY OF THE REAL PROPERTY SHOWN HEREON WAS MADE UPON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

*Richard A. Goodwin* 1/4/19  
RICHARD A. GOODWIN  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4069

## RIGHT-OF-WAY EASEMENT

**KNOW ALL MEN BY THESE PRESENTS**, that **TXI Operations, L.P., a Delaware limited partnership**, (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by **Crystal Clear Special Utility District**, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual right-of-way easement with the right to erect, construct, install, lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water and/or electric distribution and communications lines, and all related facilities and/or appurtenances necessary for the purpose of providing public water services, more specifically for the operation of Grantee's Nelson Well, over and across that tract of land called **475.659** acres, more or less, described as **Tract 6** in instrument recorded in Document No. **200206003513**, in the Official Public Records, **Comal** County, Texas; together with the right of ingress and egress over Grantor's directly adjacent lands for the purpose for which the above mentioned rights are granted. Grantee is hereby authorized to designate the course of the improvements made within the easement, as described in **Exhibit "A"** and depicted in **Exhibit "B"**, attached hereto and made a part of this easement.

Grantee shall have such other rights and benefits reasonably necessary for the full enjoyment and use of the rights herein granted, including without limitation, (1) the reasonable right of ingress and egress over and across lands owned by Grantor which are directly adjacent to the easement: (2) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions within the easement that are reasonably likely to injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, relocation (as above limited), substitution or removal thereof: and (3) the rights to abandon-in-place any and all water supply and/or sewer distribution lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor, or their successors or assigns, to remove any such abandoned lines or appurtenances, except insofar as removal of such abandoned lines or appurtenances shall be required by applicable law.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water and/or sewer line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water and/or sewer line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width directly adjacent to the right of way for such widened or relocated roadway, the center line thereof being the pipeline as relocated.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantor by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantor's premises. This Agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns.

The Grantor covenants that it is the owner of the above described lands and that said lands are free and clear of all encumbrances and liens except the following:

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Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the easement herein granted to Grantee, or Grantee's successors and assigns, against every person whomsoever claiming, or to claim, the same or any part thereof by, through or under Grantor but not otherwise.

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

**IN WITNESS WHERE OF** the said Grantor has executed this instrument this \_\_\_\_ day of \_\_\_\_\_, 2019.

**TXI Operations, L.P., a Delaware limited partnership**

by: \_\_\_\_\_

Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**ACKNOWLEDGEMENT**

STATE OF NORTH CAROLINA                      §

COUNTY OF WAKE                                      §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
by Roselyn Bar, acting as General Counsel and Secretary, for **TXI Operations, L.P., a Delaware limited  
partnership.**

\_\_\_\_\_  
Notary Public, State of North Carolina



Exhibit "A"



6477 FM 311 | PO BOX 992  
SPRING BRANCH, TX 78070  
830.228.5788 P | 830.885.2170 F  
WWW.MSENGR.COM | TBPLS #10044200

2.94 ACRE (320' X 400') NELSON WELL EASEMENT  
18MS100 NELSON WELL EASEMENT.DWG

FN NO. 18MS100  
DECEMBER 20, 2018

FIELDNOTE DESCRIPTION

2.94 ACRE (320' X 400') NELSON WELL EASEMENT

BEING A 2.94 ACRE (320' X 400') NELSON WELL EASEMENT SITUATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98, COMAL COUNTY, TEXAS, BEING OUT OF A CALLED 475.659 ACRE TRACT RECORDED IN DOCUMENT NO. 200206003513, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS; SAID 2.94 ACRE EASEMENT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING, AT A FOUND 1/2 INCH IRON ROD MARKING THE NORTHERLY CORNER OF THAT CERTAIN 164.537 ACRE TRACT RECORDED IN DOCUMENT NO. 200006011446 OF SAID OFFICIAL PUBLIC RECORDS, BEING THE WESTERLY CORNER OF SAID 475.659 ACRE TRACT, FROM WHICH A FOUND CONCRETE MONUMENT WITH BRASS DISC MARKING THE EASTERLY CORNER OF SAID 164.537 ACRE TRACT BEARS S 44° 18' 21" W, A DISTANCE OF 1041.71 FEET;

THENCE, ALONG A PORTION OF THE COMMON BOUNDARY LINE OF SAID 164.537 ACRE TRACT AND SAID 475.659 ACRE TRACT, THE FOLLOWING COURSES:

S 46° 26' 29" E, A DISTANCE OF 1253.00 FEET TO A POINT;

S 46° 37' 58" E, A DISTANCE OF 714.37 FEET TO A POINT;

S 46° 19' 49" E, A DISTANCE OF 952.87 FEET TO THE POINT OF BEGINNING;

THENCE, CONTINUING ALONG SAID COMMON LINE OF SAID 164.537 ACRE TRACT AND SAID 475.659 ACRE TRACT, S 46°19'49" E, A DISTANCE OF 400.00 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 475.659 ACRE TRACT, THE FOLLOWING COURSES:

N 43°40'57" E, A DISTANCE OF 320.00 FEET TO A POINT;

N 46°19'49" W, A DISTANCE OF 400.00 FEET TO A POINT;

S 43°40'57" W, A DISTANCE OF 320.00 FEET TO THE POINT OF BEGINNING, CONTAINING AN AREA OF 2.94 ACRES OF LAND, MORE OR LESS.

I, RICHARD A. GOODWIN, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO  
HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM  
A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE. BASIS OF BEARING IS  
NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

SHERWOOD SURVEYING & SUE, LLC  
P.O. BOX 992  
SPRING BRANCH, TEXAS 78070  
TBPLS FIRM #10044200

Richard A. Goodwin 12/10/18  
RICHARD A. GOODWIN DATE  
R.P.L.S. #4069 STATE OF TEXAS



# Exhibit "B"

0 250 500 1000

SCALE (FEET)

## LEGEND

- 1/2" IRON ROD FOUND (UNLESS NOTED)
- TXDOT TYPE 1 MONUMENT FOUND
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCING
- CM CONTROLLING MONUMENT

## LINE TABLE

| LINE | BEARING       | DISTANCE |
|------|---------------|----------|
| L1   | S 44°18'21" W | 1041.71' |
| L2   | S 46°28'28" E | 1253.00' |
| L3   | S 46°37'58" E | 714.37'  |
| L4   | S 46°19'49" E | 952.87'  |

## SURVEYOR NOTES:

THIS BOUNDARY SURVEY WAS COMPLETED WITHOUT ADDITIONAL RESEARCH TO DETERMINE IF OTHER MATTERS OF RECORD, IF ANY, MIGHT AFFECT THIS PROPERTY, SUCH AS EASEMENTS, SETBACKS, OR OTHER ENCUMBRANCES.

BASIS OF BEARING IS NAD83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE

DATE OF FIELDWORK: 6/8/16



## SURVEYOR'S CERTIFICATE

I, RICHARD A. GOODWIN, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, REGISTRATION NUMBER 4069, HEREBY STATE THAT DURING THE MONTH OF JUNE, 2016, A SURVEY OF THE REAL PROPERTY SHOWN HEREON WAS MADE UPON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

RICHARD A. GOODWIN  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4069

DATE

CALLED 2165.60 ACRES  
TXI OPERATIONS LP  
DOC. #200206003513

L1

CONCRETE MONUMENT  
WITH BRASS DISC  
(CM)

P.O.C.  
(CM)

**PROPOSED  
29.40 ACRES  
(50' WIDE)  
WATER, COMMUNICATIONS,  
ELECTRIC, & ACCESS  
EASEMENT**

CALLLED 164.537 ACRES  
FLYING W PROPERTIES,  
LTD  
DOC. #200006011446

CALLLED 475.659 ACRES  
TXI OPERATIONS LP  
DOC. #200206003513

P.O.B.

**2.94 ACRE  
(320' X 400')  
NELSON  
WELL EASEMENT**

S 43°40'11" W  
320.00'

S 46°19'49" E  
400.00'

N 46°19'03" W  
400.00'

N 43°40'11" E  
320.00'

WELL HEAD



**SHERWOOD  
SURVEYING & S.U.E.**  
UTILITIES | RESIDENTIAL | COMMERCIAL | INDUSTRIAL  
5477 FM 311, P.O. BOX 602 TEBLE FURN 10044200  
SPRING BRANCH, TEXAS 76070  
PHONE (830) 226-5750 FAX (830) 885-2170

DATE: 12-20-18 DRAWN BY: CTE PROJECT No. 18MS100

## LEGAL DESCRIPTION

BEING A 2.94 ACRE (320' X 400') NELSON WELL EASEMENT  
SITUATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98,  
COMAL COUNTY, TEXAS, BEING OUT OF A CALLED 475.659 ACRE  
TRACT RECORDED IN DOCUMENT NO. 200206003513,  
OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS.

UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Utilities Service

RIGHT-OF-WAY EASEMENT  
(Location of Easement Required)

KNOW ALL MEN BY THESE PRESENTS, that TXI Operations, L.P., a Delaware limited partnership, (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Crystal Clear Special Utility District, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install and lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water distribution and/or sewer collection lines and appurtenances, over and across that tract of land called 122.36 acres, more or less, described in instrument recorded in Vol. 570, Pg. 0788 in the Official Public Records, Comal County, Texas; over and across that tract of land called 1.995 acres, more or less, described in instrument recorded in Document No. 200006013974; over and across that tract of land called 475.659 acres, more or less, described as Tract 6 in instrument recorded in Document No. 200206003513, in the Official Public Records, Comal County, Texas; and also over and across that tract of land called 602.59 acres, more or less, described as Tract 3 in instrument recorded in Document No. 200206003513, in the Official Public Records, Comal County, Texas; together with the right of reasonable ingress and egress over Grantor's directly adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed 30' in width, being located across said land as follows:

Being described as "TRACT 1", "TRACT 2" and Tract "B" in Exhibit "A", and also depicted as such in Exhibit "B", attached hereto and made a part of this easement.

Grantee shall have such other rights and benefits reasonably necessary for the full enjoyment and use of the rights herein granted, including without limitation, (1) the reasonable right of ingress and egress over and across lands owned by Grantor which are directly adjacent to the easement: (2) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions with in the easement that are reasonably likely to injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, relocation (as above limited), substitution or removal thereof: and (3) the rights to abandon-in-place any and all water supply and/or sewer distribution lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor, or their successors or assigns, to remove any such abandoned lines or appurtenances, except insofar as removal of such abandoned lines or appurtenances shall be required by applicable law.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water and/or sewer line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water and/or sewer line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width directly adjacent to the right of way for such widened or relocated roadway, the center line thereof being the pipeline as relocated.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantor by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantor's premises. This Agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns.

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

TXI Operations, L.P., a Delaware limited partnership

Signature

Title

## COUNTY OF WAKE §

Notary Public, State of North Carolina





## Exhibit "A"

6477 FM 311 | PO BOX 992  
SPRING BRANCH, TX 78070  
830.228.5788 P | 830.885.2170 F  
WWW.MSENGR.COM | TBPI S #10044200

1.49 ACRE AND 0.68 EASEMENTS  
18MS100 MASTER FILE\_CTE.DWG

FN NO. 18MS100 MASTER FILE  
DECEMBER 17, 2018

### FIELDNOTE DESCRIPTION

#### "TRACT 1"

#### 1.49 ACRE (30' WIDE) WATER & WASTE WATER EASEMENT

BEING A 1.49 ACRE (30' WIDE) WATER AND WASTEWATER EASEMENT, SITUATED IN THE S. CRAFT SURVEY, ABSTRACT NO. 98, COMAL COUNTY, AND OUT OF A CALLED 122.36 ACRE TRACT, RECORDED IN VOLUME 570, PAGE 788, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS, SAID 1.49 ACRE EASEMENT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING, AT A TYPE I TXDOT MONUMENT IN THE NORTHWESTERLY APPARENT RIGHT-OF-WAY LINE OF FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF A CALLED 164.537 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 200006011446, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS;

THENCE, ALONG SAID COMMON LINE, THE FOLLOWING COURSES:

ALONG THE ARC OF A CURVE TO THE LEFT, WITH AN ARC LENGTH OF 235.81 FEET, A RADIUS OF 1105.92 FEET, AND A CHORD BEARING AND DISTANCE OF S 43°23'46" W, 235.36 FEET TO A POINT,

N 34°49'42" E, 76.08 FEET TO A POINT FOR THE SOUTHEASTERLY CORNER OF SAID 164.537 ACRE TRACT, THE SOUTHERLY CORNER OF SAID 122.36 ACRE TRACT, AND THE POINT OF BEGINNING;

THENCE, ALONG THE NORTHEASTERLY LINE OF SAID 164.537 ACRE TRACT, COMMON WITH THE SOUTHWESTERLY LINE OF SAID 122.396 ACRE TRACT, N 46°22'56" W A DISTANCE OF 30.31 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 122.396 ACRE TRACT, THE FOLLOWING COURSES:

N 35°28'14" E, A DISTANCE OF 172.85 FEET TO A POINT;

N 36°43'28" E, A DISTANCE OF 233.45 FEET TO A POINT;

N 41°44'50" E, A DISTANCE OF 132.46 FEET TO A POINT;

N 43°30'28" E, A DISTANCE OF 426.56 FEET TO A POINT;

N 43°35'14" E, A DISTANCE OF 1015.94 FEET TO A POINT;

N 43°23'33" E, A DISTANCE OF 178.72 FEET TO A POINT IN THE SOUTHWESTERLY LINE OF A CALLED 2.501 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 201706052548, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS;

THENCE, ALONG SAID SOUTHWESTERLY LINE OF SAID 2.501 ACRE TRACT, S 48°33'52" E, A DISTANCE OF 30.02 FEET TO A POINT IN THE AFOREMENTIONED NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102, FOR THE SOUTHERLY CORNER OF SAID 2.501 ACRE TRACT;

## Exhibit "A"

THENCE, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 122.396 ACRE TRACT, THE FOLLOWING COURSES:

S 43°23'33" W, A DISTANCE OF 179.79 FEET TO A POINT;  
S 43°35'14" W, A DISTANCE OF 1015.97 FEET TO A POINT;  
S 43°30'28" W, A DISTANCE OF 426.08 FEET TO A POINT;  
S 41°44'50" W, A DISTANCE OF 130.68 FEET TO A POINT;  
S 36°43'28" W, A DISTANCE OF 231.81 FEET TO A POINT;  
S 35°28'14" W, A DISTANCE OF 176.82 FEET TO THE POINT OF BEGINNING, CONTAINING AN AREA OF 1.49 ACRES OF LAND MORE OR LESS.

### FIELDNOTE DESCRIPTION

#### "TRACT 2"

0.68 ACRE (30' WIDE) WATER & WASTE WATER EASEMENT

BEING A 0.68 ACRE (30' WIDE) WATER AND WASTEWATER EASEMENT, SITUATED IN THE S. CRAFT SURVEY, ABSTRACT NO. 98, COMAL COUNTY, AND OUT OF A CALLED 122.36 ACRE TRACT, RECORDED IN VOLUME 570, PAGE 788, A CALLED 475.659 ACRE TRACT, RECORDED IN DOCUMENT NO. 200206003513, AND A CALLED 1.995 ACRE TRACT, RECORDED IN DOCUMENT NO. 2000006013974, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS, SAID 0.68 ACRE EASEMENT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING, AT A POINT IN THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102, FOR THE EASTERLY CORNER OF A CALLED 2.501 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 201706052548, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS, AND FOR THE SOUTHERLY CORNER OF SAID 1.995 ACRE TRACT;

THENCE, ALONG THE SOUTHWESTERLY LINE OF SAID 1.995 ACRE TRACT, COMMON WITH THE NORTHEASTERLY LINE OF SAID 2.501 ACRE TRACT, N 45°02'16" W, A DISTANCE OF 30.01 FEET TO A POINT;

THENCE, OVER AND ACROSS SAID 1.995 ACRE TRACT, N 43°34'10" E, A DISTANCE OF 216.23 FEET TO A POINT FOR THE NORTHEASTERLY LINE OF SAID 1.995 ACRE TRACT,

THENCE, OVER AND ACROSS SAID 122.396 ACRE TRACT, N 43°35'04" E, A DISTANCE OF 237.58 FEET TO POINT IN THE NORTHEASTERLY LINE OF SAID 122.396 ACRE TRACT AND THE SOUTHWESTERLY LINE OF SAID 475.659 ACRE TRACT;

THENCE, OVER AND ACROSS SAID 475.659 ACRE TRACT, THE FOLLOWING COURSES:

N 43°29'01" E, A DISTANCE OF 275.59 FEET TO A POINT;

N 46°02'03" E, A DISTANCE OF 253.76 FEET TO A POINT IN THE SOUTHWESTERLY LINE OF A TRACT GRANTED TO CRYSTAL CLEAR UTILITY DISTRICT, RECORDED IN DOCUMENT NUMBER 201506033214, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS;

THENCE, ALONG THE SOUTHWESTERLY LINE OF SAID CRYSTAL CLEAR UTILITY DISTRICT TRACT, S 46°23'43" E, A DISTANCE OF 30.03 FEET TO A POINT IN THE AFOREMENTIONED NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102;

## Exhibit "A"

THENCE, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 475.659 ACRE TRACT, THE FOLLOWING COURSES:

S 46°02'03" W, A DISTANCE OF 254.37 FEET TO A POINT;

S 43°29'01" W, A DISTANCE OF 275.02 FEET TO A FOUND 3/8" IRON ROD IN THE NORTHEASTERLY LINE OF SAID 122.396 ACRE TRACT, FOR THE SOUTHERLY CORNER OF SAID 475.659 ACRE TRACT;

THENCE, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 122.396 ACRE TRACT, S 43°35'04" W, A DISTANCE OF 238.28 FEET TO A POINT FOR THE EASTERLY CORNER OF SAID 1.995 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 200006013974;

THENCE, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 1.995 ACRE TRACT, S 43°34'10" W, A DISTANCE OF 216.21 FEET TO THE POINT OF BEGINNING, CONTAINING AN AREA OF 0.68 ACRES OF LAND MORE OR LESS.

A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE. BASIS OF BEARING IS NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

I, RICHARD A. GOODWIN, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

SHERWOOD SURVEYING, LLC  
P.O. BOX 970  
SPRING BRANCH, TEXAS 78070  
TBPLS FIRM #10044200

 12/17/18  
RICHARD A. GOODWIN DATE  
R.P.L.S. #4069 STATE OF TEXAS





## Exhibit "A"

6477 FM 311 | PO BOX 992  
SPRING BRANCH, TX 78070  
830.228.5788 P | 830.885.2170 F  
WWW.MSENGR.COM | TBPLS #10044200

0.07 ACRE EASEMENT  
18MS100 MASTER FILE\_CTE.DWG

FN NO. 18MS100 MASTER FILE  
APRIL 17, 2019

### FIELDNOTE DESCRIPTION

#### TRACT "B" - 0.07 ACRE (30' WIDE) WATER & WASTEWATER EASEMENT

BEING A 0.07 ACRE (30' WIDE) WATER & WASTEWATER EASEMENT, LOCATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98, COMAL COUNTY, TEXAS, BEING OUT OF A CALLED 602.59 ACRE TRACT RECORDED IN DOCUMENT NO. 200606003513 OF THE OFFICIAL PUBLIC RECORDS OF COMAL COUNTY, TEXAS; SAID 0.07 ACRE WATER & WASTEWATER EASEMENT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BEGINNING**, AT A FOUND 1/2" IRON ROD IN THE NORTHWESTERLY RIGHT-OF-WAY LINE OF FM 1102 FOR THE SOUTHERLY CORNER OF SAID 602.59 ACRE TRACT, AND THE EASTERLY CORNER OF A TRACT GRANTED TO CRYSTAL CLEAR UTILITY DISTRICT, RECORDED IN DOCUMENT NUMBER 201506033214, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS;

**THENCE**, ALONG THE SOUTHWESTERLY LINE OF SAID 602.59 ACRE TRACT, COMMON WITH THE NORTHEASTERLY LINE OF SAID CRYSTAL CLEAR UTILITY DISTRICT TRACT, N 46°33'14" W, A DISTANCE OF 30.09 FEET TO A POINT;

**THENCE**, OVER AND ACROSS SAID 602.59 ACRE TRACT, THE FOLLOWING COURSES:

N 47°56'14" E, A DISTANCE OF 96.12 FEET TO A POINT;

S 45°43'14" E, A DISTANCE OF 30.06 FEET TO A POINT IN THE AFOREMENTIONED NORTHWESTERLY RIGHT-OF-WAY LINE OF FM. 1102;

**THENCE**, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF SAID FM 1102, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 602.59 ACRE TRACT, S 47°56'14" W, A DISTANCE OF 95.68 FEET TO THE **POINT OF BEGINNING**, CONTAINING AN AREA OF 0.07 ACRES OF LAND MORE OR LESS.

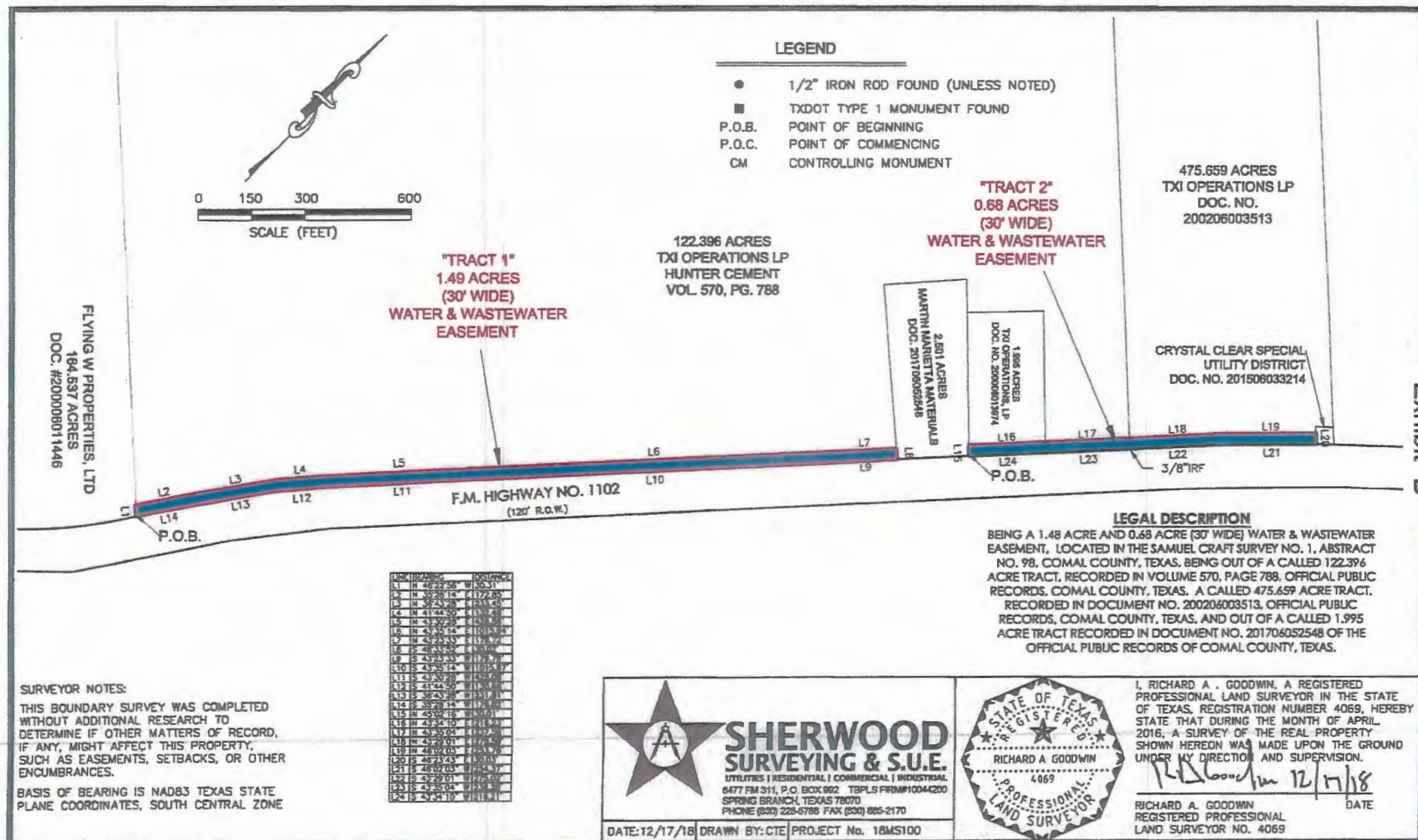
A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE. BASIS OF BEARING IS NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

I, MELISSA T. HINTON A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

SHERWOOD SURVEYING, LLC  
P.O. BOX 970  
SPRING BRANCH, TEXAS 78070  
TBPLS FIRM #10044200

*Melissa T. Hinton* 4-17-19  
MELISSA T. HINTON DATE  
R.P.L.S. #6521 STATE OF TEXAS







CALLLED

602.59 ACRES, TRACT 3  
TXI OPERATIONS, LP  
DOC. NO. 200206003513

Exhibit "B"

475.659 ACRES  
TXI OPERATIONS LP  
DOC. NO.  
200206003513

TRACT "B"  
0.07 ACRES  
(30' WIDE)  
WATER & WASTEWATER  
EASEMENT

CRYSTAL CLEAR SPECIAL  
UTILITY DISTRICT  
DOC. NO. 201506033214

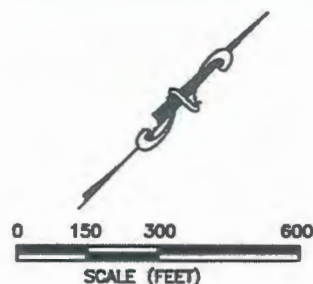
# LEGEND

- 1/2" IRON ROD FOUND (UNLESS NOTED)
- TXDOT TYPE 1 MONUMENT FOUND
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCING
- CM CONTROLLING MONUMENT

122.396 ACRES  
TXI OPERATIONS LP  
HUNTER CEMENT  
VOL. 570, PG. 788

2.501 ACRES  
MARTIN MARQUETA  
MATERIALS  
DOC. 201709052548

1.895 ACRES  
TXI OPERATIONS, LP  
DOC. NO. 200006018774



FLYING W PROPERTIES, LTD  
184.637 ACRES  
DOC. #200006011446

F.M. HIGHWAY NO. 1102  
(120' R.O.W.)

3/8" IR

P.O.B.

| LINE | BEARING       | DISTANCE |
|------|---------------|----------|
| L25  | N 46°33'14" W | 30.09'   |
| L26  | N 47°56'14" E | 96.12'   |
| L27  | S 45°43'14" E | 30.06'   |
| L28  | S 47°56'14" W | 95.68'   |

**LEGAL DESCRIPTION**  
BEING A 0.07 ACRE (30' WIDE) WATER & WASTEWATER EASEMENT, LOCATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98, COMAL COUNTY, TEXAS, BEING OUT OF A CALLED 602.59 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 200206003513, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS.

## SURVEYOR NOTES:

THIS BOUNDARY SURVEY WAS COMPLETED WITHOUT ADDITIONAL RESEARCH TO DETERMINE IF OTHER MATTERS OF RECORD, IF ANY, MIGHT AFFECT THIS PROPERTY, SUCH AS EASEMENTS, SETBACKS, OR OTHER ENCUMBRANCES.

BASIS OF BEARING IS NAD83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE



**SHERWOOD  
SURVEYING & S.U.E.**

UTILITIES | RESIDENTIAL | COMMERCIAL | INDUSTRIAL  
8477 FM 311, P.O. BOX 992 TIDPLS FIRM#10044200  
SPRING BRANCH, TEXAS 78070  
PHONE (833) 228-5786 FAX (833) 865-2170

DATE: 4/17/19 DRAWN BY: CTE PROJECT No. 18MS100



I, MELISSA T. HINTON, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, REGISTRATION NUMBER 6521, HEREBY STATE THAT DURING THE MONTH OF APRIL, 2014, A SURVEY OF THE REAL PROPERTY SHOWN HEREON WAS MADE UPON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

*Melissa T. Hinton* 4-17-19  
MELISSA T. HINTON  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 6521  
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Utilities Service

RIGHT-OF-WAY EASEMENT  
(Location of Easement Required)

KNOW ALL MEN BY THESE PRESENTS, that Martin Marietta Materials Real Estate Investments, Inc., a North Carolina Corporation, (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Crystal Clear Special Utility District, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install and lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water distribution and/or sewer collection lines and appurtenances, over and across that tract of land called 2.501 acres, more or less, described in instrument recorded in Document No. 201706052548, in the Official Public Records, Comal County, Texas; together with the right of reasonable ingress and egress over Grantor's directly adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed 30' in width, being located across said land as follows:

Being described as TRACT "C" in **Exhibit "A"**, and also depicted as such in **Exhibit "B"**, attached hereto and made a part of this easement.

Grantee shall have such other rights and benefits reasonably necessary for the full enjoyment and use of the rights herein granted, including without limitation, (1) the reasonable right of ingress and egress over and across lands owned by Grantor which are directly adjacent to the easement: (2) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions with in the easement that are reasonably likely to injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, relocation (as above limited), substitution or removal thereof: and (3) the rights to abandon-in-place any and all water supply and/or sewer distribution lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor, or their successors or assigns, to remove any such abandoned lines or appurtenances, except insofar as removal of such abandoned lines or appurtenances shall be required by applicable law.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water and/or sewer line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water and/or sewer line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width directly adjacent to the right of way for such widened or relocated roadway, the center line thereof being the pipeline as relocated.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantor by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantor's premises. This Agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns.

The Grantor covenants that it is the owner of the above described lands and that said lands are free and clear of all encumbrances and liens except the following:

---

---

Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the easement herein granted to Grantee, or Grantee's successors and assigns, against every person whomsoever claiming, or to claim, the same or any part thereof by, through or under Grantor but not otherwise.

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

**IN WITNESS WHERE OF** the said Grantor have executed this instrument this \_\_\_\_ day of \_\_\_\_\_, 2019.

**Martin Marietta Materials Real Estate Investments, Inc.,  
a North Carolina Corporation**

by: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**ACKNOWLEDGEMENT**

STATE OF NORTH CAROLINA                      §

COUNTY OF WAKE                                      §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
by Roselyn Bar, acting as General Counsel and Secretary, for **Martin Marietta Materials Real Estate Investments, Inc., a North Carolina Corporation.**

\_\_\_\_\_  
Notary Public, State of North Carolina

UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Utilities Service

RIGHT-OF-WAY EASEMENT  
(Location of Easement Required)

KNOW ALL MEN BY THESE PRESENTS, that Martin Marietta Materials Real Estate Investments, Inc., a North Carolina Corporation, (hereinafter called "Grantor"), in consideration of one dollar (\$1.00) and other good and valuable consideration paid by Crystal Clear Special Utility District, (hereinafter called "Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, transfer, and convey to said Grantee, its successors, and assigns, a perpetual easement with the right to erect, construct, install and lay and thereafter access and use, operate, inspect, repair, maintain, replace, upgrade, parallel and remove water distribution and/or sewer collection lines and appurtenances, over and across that tract of land called 2.501 acres, more or less, described in instrument recorded in Document No. 201706052548, in the Official Public Records, Comal County, Texas; together with the right of reasonable ingress and egress over Grantor's directly adjacent lands for the purpose for which the above mentioned rights are granted. The easement hereby granted shall not exceed 30' in width, being located across said land as follows:

Being described as TRACT "C" in Exhibit "A", and also depicted as such in Exhibit "B",  
attached hereto and made a part of this easement.

Grantee shall have such other rights and benefits reasonably necessary for the full enjoyment and use of the rights herein granted, including without limitation, (1) the reasonable right of ingress and egress over and across lands owned by Grantor which are directly adjacent to the easement: (2) the reasonable right from time to time to remove any and all paving, undergrowth and other obstructions with in the easement that are reasonably likely to injure Grantee's facilities and appurtenances or interfere with the construction, maintenance, inspection, operation, protection, repair, alteration, testing, replacement, upgrading, relocation (as above limited), substitution or removal thereof: and (3) the rights to abandon-in-place any and all water supply and/or sewer distribution lines, service lines and associated appurtenances, such that Grantee shall have no obligation or liability to Grantor, or their successors or assigns, to remove any such abandoned lines or appurtenances, except insofar as removal of such abandoned lines or appurtenances shall be required by applicable law.

In the event the easement hereby granted abuts on a public road and the county or state hereafter widens or relocates the public road so as to require the relocation of this water and/or sewer line as installed, Grantor further grants to Grantee an additional easement over and across the land described above for the purpose of laterally relocating said water and/or sewer line as may be necessary to clear the road improvements, which easement hereby granted shall be limited to a strip of land 20' in width directly adjacent to the right of way for such widened or relocated roadway, the center line thereof being the pipeline as relocated.

The consideration recited herein shall constitute payment in full for all damages sustained by Grantor by reason of the installation of the structures referred to herein and the Grantee will maintain such easement in a state of good repair and efficiency so that no unreasonable damages will result from its use to Grantor's premises. This Agreement together with other provisions of this grant shall constitute a covenant running with the land for the benefit of the Grantee, its successors, and assigns.

The Grantor covenants that it is the owner of the above described lands and that said lands are free and clear of all encumbrances and liens except the following:

---

---

Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the easement herein granted to Grantee, or Grantee's successors and assigns, against every person whomsoever claiming, or to claim, the same or any part thereof by, through or under Grantor but not otherwise.

The easement conveyed herein was obtained or improved through Federal financial assistance. This easement is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the easement continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Grantee owns it, whichever is longer.

IN WITNESS WHERE OF the said Grantor have executed this instrument this \_\_\_\_ day of \_\_\_\_\_, 2019.

**Martin Marietta Materials Real Estate Investments, Inc.,  
a North Carolina Corporation**

by: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**ACKNOWLEDGEMENT**

STATE OF NORTH CAROLINA                      §

COUNTY OF WAKE                                      §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
by Roselyn Bar, acting as General Counsel and Secretary, for **Martin Marietta Materials Real Estate Investments, Inc., a North Carolina Corporation.**

\_\_\_\_\_  
Notary Public, State of North Carolina





## Exhibit "A"

6477 FM 311 | PO BOX 992  
SPRING BRANCH, TX 78070  
830.228.5788 P | 830.885.2170 F  
WWW.MSENGR.COM | TBPLS #10044200

0.14 ACRE EASEMENT  
18MS100 MASTER FILE\_CTE.DWG

FN NO. 18MS100 MASTER FILE  
APRIL 17, 2019

**FIELDNOTE DESCRIPTION**  
**TRACT "C" - 0.14 ACRE (30' WIDE) WATER & WASTEWATER EASEMENT**

BEING A 0.14 ACRE (30' WIDE) WATER & WASTEWATER EASEMENT, LOCATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98, COMAL COUNTY, TEXAS, BEING OUT OF A CALLED 2.501 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 201706052548, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS.

**BEGINNING**, AT A FOUND 1/2" IRON ROD IN THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1102, FOR THE SOUTHERLY CORNER OF SAID 2.501 ACRE TRACT, AND FOR A SOUTHEASTERLY CORNER OF A CALLED 122.396 ACRE TRACT, RECORDED IN VOLUME 570, PAGE 788, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS;

**THENCE**, ALONG THE SOUTHWESTERLY LINE OF SAID 2.501 ACRE TRACT, COMMON WITH AN INTERIOR LINE OF SAID 122.396 ACRE TRACT, N 48°33'52" W, A DISTANCE OF 30.02 FEET TO A POINT;

**THENCE**, OVER AND ACROSS SAID 2.501 ACRE TRACT, N 43°38'29" E, A DISTANCE OF 206.23 FEET TO A POINT IN THE NORTHEASTERLY LINE OF SAID 2.501 ACRE TRACT, COMMON WITH THE SOUTHWESTERLY LINE OF A CALLED 1.995 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 200006013974, OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS;

**THENCE**, ALONG SAID COMMON LINE, S 45°02'16" E, A DISTANCE OF 30.01 FEET TO A FOUND 1/2" IRON ROD IN THE AFOREMENTIONED NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1102, FOR THE SOUTHERLY CORNER OF SAID 1.995 ACRE TRACT AND THE EASTERLY CORNER OF SAID 2.501 ACRE TRACT;

**THENCE**, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1102, COMMON WITH THE SOUTHEASTERLY LINE OF SAID 2.501 ACRE TRACT, S 43°38'35" W, A DISTANCE OF 204.38 FEET TO THE **POINT OF BEGINNING**, CONTAINING AN AREA OF 0.14 ACRES OF LAND MORE OR LESS

A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE. BASIS OF BEARING IS NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

I, MELISSA T. HINTON, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

SHERWOOD SURVEYING, LLC  
P.O. BOX 970  
SPRING BRANCH, TEXAS 78070  
TBPLS FIRM #10044200

Melissa T. Hinton 4-17-19  
MELISSA T. HINTON DATE  
R.P.L.S. #6521 STATE OF TEXAS



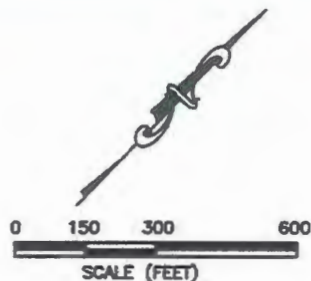
602.59 ACRES, TRACT 3  
TXI OPERATIONS, LP  
DOC. NO. 200206003513

475.658 ACRES  
TXI OPERATIONS LP  
DOC. NO. 200206003513

CRYSTAL CLEAR SPECIAL  
UTILITY DISTRICT  
DOC. NO. 201506033214

# LEGEND

- 1/2" IRON ROD FOUND (UNLESS NOTED)
- TXDOT TYPE 1 MONUMENT FOUND
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCING
- CM CONTROLLING MONUMENT



122.396 ACRES  
TXI OPERATIONS LP  
HUNTER CEMENT  
VOL. 570, PG. 788

TRACT "C"  
0.14 ACRES  
(30' WIDE)  
WATER & WASTEWATER  
EASEMENT

2.501 ACRES  
MARTIN MARBETTA  
MATERIALS  
DOC. 201706002548

1.988 ACRES  
TXI OPERATIONS, LP  
DOC. NO. 200206018874

F.M. HIGHWAY NO. 1102  
(120' R.O.W.)

P.O.B.

| LINE | BEARING       | DISTANCE |
|------|---------------|----------|
| L29  | N 48°33'52" W | 30.02'   |
| L30  | N 43°38'29" E | 206.23'  |
| L31  | S 45°02'16" E | 30.01'   |
| L32  | S 43°38'35" W | 204.38'  |

## LEGAL DESCRIPTION

BEING A 0.14 ACRE (30' WIDE) WATER & WASTEWATER EASEMENT, LOCATED IN THE SAMUEL CRAFT SURVEY NO. 1, ABSTRACT NO. 98, COMAL COUNTY, TEXAS, BEING OUT OF A CALLED 2.501 ACRE TRACT, RECORDED IN DOCUMENT NUMBER 201706052548. OFFICIAL PUBLIC RECORDS, COMAL COUNTY, TEXAS.

### SURVEYOR NOTES:

THIS BOUNDARY SURVEY WAS COMPLETED WITHOUT ADDITIONAL RESEARCH TO DETERMINE IF OTHER MATTERS OF RECORD, IF ANY, MIGHT AFFECT THIS PROPERTY, SUCH AS EASEMENTS, SETBACKS, OR OTHER ENCUMBRANCES.

BASIS OF BEARING IS NAD83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE



DATE: 4/17/19 DRAWN BY: CTE PROJECT No. 18MS100



I, MELISSA T. HINTON, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, REGISTRATION NUMBER 6521, HEREBY STATE THAT DURING THE MONTH OF APRIL, 2016, A SURVEY OF THE REAL PROPERTY SHOWN HEREON WAS MADE UPON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

*Melissa T. Hinton* 4-17-19  
MELISSA T. HINTON  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 6521

**RELEASE OF EASEMENT**

STATE OF TEXAS                   §  
  §                   KNOW ALL MEN BY THESE PRESENTS  
COUNTY OF COMAL           §

GRANTOR:   CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
                  2370 FM 1979  
                  San Marcos, Guadalupe County, Texas 78666

GRANTEE:   TXI OPERATIONS, LP, a Delaware limited partnership  
                  Address  
                  City, County, State ZIP

WHEREAS, a certain Easement to Crystal Clear Water Supply Corporation, a/k/a Crystal Clear Special Utility District was executed by H.C. Nelson, et al, and recorded at Volume 283, Page 0404, Official Public Records, Comal County, Texas, over and across 259.4 acres of land, more or less, described in Volume 95, Page 261-262, (hereinafter the "Easement"); and

WHEREAS, Grantee is the current owner of 122.396 acres of land (being out of said 259.4 acres) described in Volume 570, Page 0788, Official Public Records, Comal County, Texas (hereinafter the "Property"); and

WHEREAS, Grantor and Grantee mutually desire that the said Pump and Storage Site and two (2) twenty foot (20') Access Easements, and all rights, titles and interests provided for or contemplated by that Easement, be released; and

WHEREAS, Grantor has and does hereby agree to release the Easement over and across the Property.

NOW, THEREFORE, for and in consideration of the mutual benefits to be derived by and between the parties hereto, it is mutually understood and agreed as follows:

1. CRYSTAL CLEAR SPECIAL UTILITY DISTRICT hereby releases all right, title and interest to the Easement described and recorded at Volume 283, Page 0404, Official Public Records, Comal County, Texas.

EXECUTED on this the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

By: \_\_\_\_\_  
Mike Taylor, General Manager

**ACKNOWLEDGEMENT**

STATE OF TEXAS

COUNTY OF GUADALUPE

The foregoing Release of Easement was acknowledged before me the undersigned authority by Mike Taylor, as General Manager, of CRYSTAL CLEAR SPECIAL UTILITY DISTRICT on this the \_\_\_\_\_ day of \_\_\_\_\_, 2019, in the capacity therein stated.

\_\_\_\_\_  
Notary Public, State of Texas

Exhibit G-2

**RELEASE OF EASEMENT**

STATE OF TEXAS                   §  
  §                   KNOW ALL MEN BY THESE PRESENTS  
COUNTY OF COMAL           §

GRANTOR:   CRYSTAL CLEAR SPECIAL UTILITY DISTRICT  
                  2370 FM 1979  
                  San Marcos, Guadalupe County, Texas 78666

GRANTEE:   TXI OPERATIONS, LP, a Delaware limited partnership  
                  Address  
                  City, County, State ZIP

WHEREAS, a certain Easement to Crystal Clear Water Supply Corporation, a/k/a Crystal Clear Special Utility District was executed by TXI Cement Company, and recorded at Volume 296, Page 0356, Official Public Records, Comal County, Texas, over and across 475.659 acres of land, more or less, described in Volume 270, Page 830, (hereinafter the "Easement"); and

WHEREAS, Grantee is the current owner of 475.659 acres of land described as Tract 6 in Document No. 200206003513, Official Public Records, Comal County, Texas (hereinafter the "Property"); and

WHEREAS, Grantor and Grantee mutually desire that the said Well Site and twenty foot (20') Access Easement, and all rights, titles and interests provided for or contemplated by that Easement, be released; and

WHEREAS, Grantor has and does hereby agree to release the Easement over and across the Property.

NOW, THEREFORE, for and in consideration of the mutual benefits to be derived by and between the parties hereto, it is mutually understood and agreed as follows:

1. CRYSTAL CLEAR SPECIAL UTILITY DISTRICT hereby releases all right, title and interest to the Easement described and recorded at Volume 296, Page 0356, Official Public Records, Comal County, Texas.

EXECUTED on this the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

By: \_\_\_\_\_  
Mike Taylor, General Manager



**ACKNOWLEDGEMENT**

STATE OF TEXAS

COUNTY OF GUADALUPE

The foregoing Release of Easement was acknowledged before me the undersigned authority by Mike Taylor, as General Manager, of CRYSTAL CLEAR SPECIAL UTILITY DISTRICT on this the \_\_\_\_\_ day of \_\_\_\_\_, 2019, in the capacity therein stated.

\_\_\_\_\_  
Notary Public, State of Texas

## Exhibit H

Figure: 30 TAC §290.47(c)

### SANITARY CONTROL EASEMENT

DATE: \_\_\_\_\_, 2019

GRANTOR(S): **TXI Operations, L.P., a Delaware limited partnership**

GRANTOR'S ADDRESS: **2710 Wycliff Road, Raleigh, North Carolina 27607**

GRANTEE: **Crystal Clear Special Utility District**

GRANTEE'S ADDRESS: **2370 F.M. 1979, San Marcos, Guadalupe, Texas 78666**

#### SANITARY CONTROL EASEMENT:

##### Purpose, Restrictions, and Uses of Easement:

1. The purpose of this easement is to protect the water supply of the well described and located below by means of sanitary control.

2. The construction, existence, and/or operation of the following within a 150-foot radius of the well described and located below are prohibited: septic tank or sewage treatment perforated drainfields; areas irrigated by low dosage, low angle spray on-site sewage facilities; absorption beds; evapotranspiration beds; abandoned, inoperative or improperly constructed water wells of any depth; underground petroleum and chemical storage tanks or liquid transmission pipelines; sewage treatment plants; sewage wet wells; sewage pumping stations; drainage ditches which contains industrial waste discharges or wastes from sewage treatment systems; animal feed lots; solid waste disposal sites, landfill and dump sites; lands on which sewage plant or septic tank sludge is applied; lands irrigated by sewage plant effluent; military facilities; industrial facilities; wood-treatment facilities; liquid petroleum and petrochemical production, storage, and transmission facilities; Class 1, 2, 3, and 4 injection wells; pesticide storage and mixing facilities; and all other constructions or operations that could pollute the groundwater sources of the well that is the subject of this easement. For the purpose of this easement, improperly constructed water wells are those wells which do not meet the surface and subsurface construction standards for a public water supply well.

3. The construction, existence and/or operation of tile or concrete sanitary sewers, sewer appurtenances, septic tanks, storm sewers, cemeteries, and/or the existence of livestock in pastures is specifically prohibited within a 50-foot radius of the water well described and located below.

4. This easement permits the construction of homes or buildings upon the Grantor's property, and farming and ranching operations, as long as all items in Restrictions Nos. 2 and 3 are recognized and followed.

The Grantor's property subject to this Easement is described in the documents recorded at:

Document Number **200206003513**, of the Official Public Records of **Comal** County, Texas;

#### PROPERTY SUBJECT TO EASEMENT:

All of that area within a 150 foot radius of the water well(s) located:

WELL NO. 1 LAT: 29° 49' 22.8724" N, LON: 98° 05' 04.1538" W

WELL NO. 2 LAT: 29° 49' 47.0865" N, LON: 98° 04' 49.4634" W

WELL NO. 3 LAT: 29° 49' 55.2455" N, LON: 98° 04' 41.2345" W

**TERM:**

This easement shall run with the land and shall be binding on all parties and persons claiming under the Grantor(s) for a period of two years from the date that this easement is recorded; after which time, this easement shall be automatically extended until the use of the subject water well as a source of water for public water systems ceases.

**ENFORCEMENT:**

Enforcement of this easement shall be proceedings at law or in equity against any person or persons violating or attempting to violate the restrictions in this easement, either to restrain the violation or to recover damages.

**INVALIDATION:**

Invalidation of any one of these restrictions or uses (covenants) by a judgment or court order shall not affect any of the other provisions of this easement, which shall remain in full force and effect.

FOR AND IN CONSIDERATION, of the sum of One Dollar (\$1.00) and for other good and valuable consideration paid by the Grantee to the Grantor(s), the receipt of which is hereby acknowledged, the Grantor does hereby grant and convey to Grantee and to its successors and assigns the sanitary control easement described in this easement.

**IN WITNESS WHERE OF** the said Grantor has executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**TXI Operations, L.P., a Delaware limited partnership**

by: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

# ACKNOWLEDGEMENT

STATE OF NORTH CAROLINA                   §

COUNTY OF WAKE                           §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019,  
by Roselyn Bar, acting as General Counsel and Secretary, for **TXI Operations, L.P., a Delaware  
limited partnership.**

\_\_\_\_\_  
Notary Public, State of North Carolina

**Exhibit I**

CAUSE NO. C2016-1037C

CRYSTAL CLEAR SPECIAL  
UTILITY DISTRICT,  
*Plaintiff,*

v.

MARTIN MARIETTA MATERIALS  
SOUTHWEST, LLC,  
*Defendant.*

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IN THE DISTRICT COURT OF

COMAL COUNTY, TEXAS

274th JUDICIAL DISTRICT

**AGREED MOTION TO DISMISS**

COME NOW Plaintiff Crystal Clear Special Utility District and Defendant Martin Marietta Materials Southwest, LLC (collectively, the “Parties”) and file this their Agreed Motion to Dismiss and respectfully show the Court as follows.

The parties have agreed to a full and final settlement of all claims in this suit. Pursuant to the terms of the settlement agreement, the Parties request the Court dismiss all claims asserted by the Parties.

WHEREFORE, PREMISES CONSIDERED, the parties respectfully request the Court grant this Agreed Motion to Dismiss and dismiss all claims in this cause with prejudice to their being refiled.

Respectfully submitted,

**TERRILL & WALDROP**

By: \_\_\_\_\_  
Paul M. Terrill III  
State Bar No. 00785094  
G. Alan Waldrop  
State Bar No. 20685700  
Ryan D. V. Greene



State Bar No. 24012730  
810 W. 10<sup>th</sup> Street  
Austin, Texas 78701  
(512) 474-9100 (phone)  
(512) 474-9888 (fax)  
awaldrop@terrillwaldrop.com  
pterrill@terrillwaldrop.com  
rgreene@terrillwaldrop.com

**ATTORNEYS FOR CRYSTAL CLEAR  
SPECIAL UTILITY DISTRICT**

**CARRINGTON COLEMAN SLOMAN & BLUMENTHAL, L.L.P.**

By: \_\_\_\_\_

Monica W. Latin  
State Bar No. 00787881  
mlatin@ccsb.com  
Joshua D. Kipp  
State Bar No. 24078793  
jkipp@ccsb.com  
901 Main Street, Suite 5500  
Dallas, Texas 75202  
(214) 855-3000  
(214) 855-1333 (facsimile)

**ATTORNEYS FOR MARTIN MARIETTA  
MATERIALS SOUTHWEST, LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served as indicated on each attorney of record in the above cause in accordance with TEX. R. CIV. P. 21a on this \_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Joshua D. Kipp

CAUSE NO. C2016-1037C

CRYSTAL CLEAR SPECIAL  
UTILITY DISTRICT,  
*Plaintiff,*

v.

MARTIN MARIETTA MATERIALS  
SOUTHWEST, LLC,  
*Defendant.*

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IN THE DISTRICT COURT OF

COMAL COUNTY, TEXAS

274th JUDICIAL DISTRICT

**AGREED ORDER OF DISMISSAL**

Came to be considered the Agreed Motion to Dismiss filed by Plaintiff Crystal Clear Special Utility District and Defendant Martin Marietta Materials Southwest, LLC. The Parties have settled all disputes between them and have requested the Court dismiss with prejudice all claims in this cause.

Therefore,

IT IS ORDERED, ADJUDGED AND DECREED that all claims filed in this cause be and are hereby DISMISSED with prejudice to their being refiled.

SIGNED this \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
COMAL COUNTY DISTRICT JUDGE

## **GROUNDWATER SOURCE**

### **TRINITY WELLS MAXIMUM PRODUCTION CAPACITIES**



**M & S ENGINEERING, LLC**  
ENGINEERS | PLANNERS | SURVEYORS

6477 FM 311 | PO BOX 970  
SPRING BRANCH, TX 78070  
830.228.5446 PH | 830.885.2170 FX  
FIRM F-1394  
WWW.MSENGR.COM

May 15, 2015

Mr. Mike Taylor  
General Manager  
Crystal Clear SUD  
2370 FM 1979  
San Marcos, Texas 78666

**RE: Crystal Clear WSC Trinity Well Project -TXI Wells 1, 2 & 3 Maximum Production Capacities**

Dear Mr. Taylor:

In response to your request we have calculated the maximum production capacities for the Crystal Clear WSC TXI Wells 1, 2 and 3. The maximum production capacities for these wells are based upon tests conducted on each well and their calculated increase in yield due to acidization. The increase in production capacity due to acidization is based upon the increase measured at the Kutscher Well located adjacent to the TXI Wells. Figure 1 provides a location map of the Kutscher Well in addition to the TXI wells.

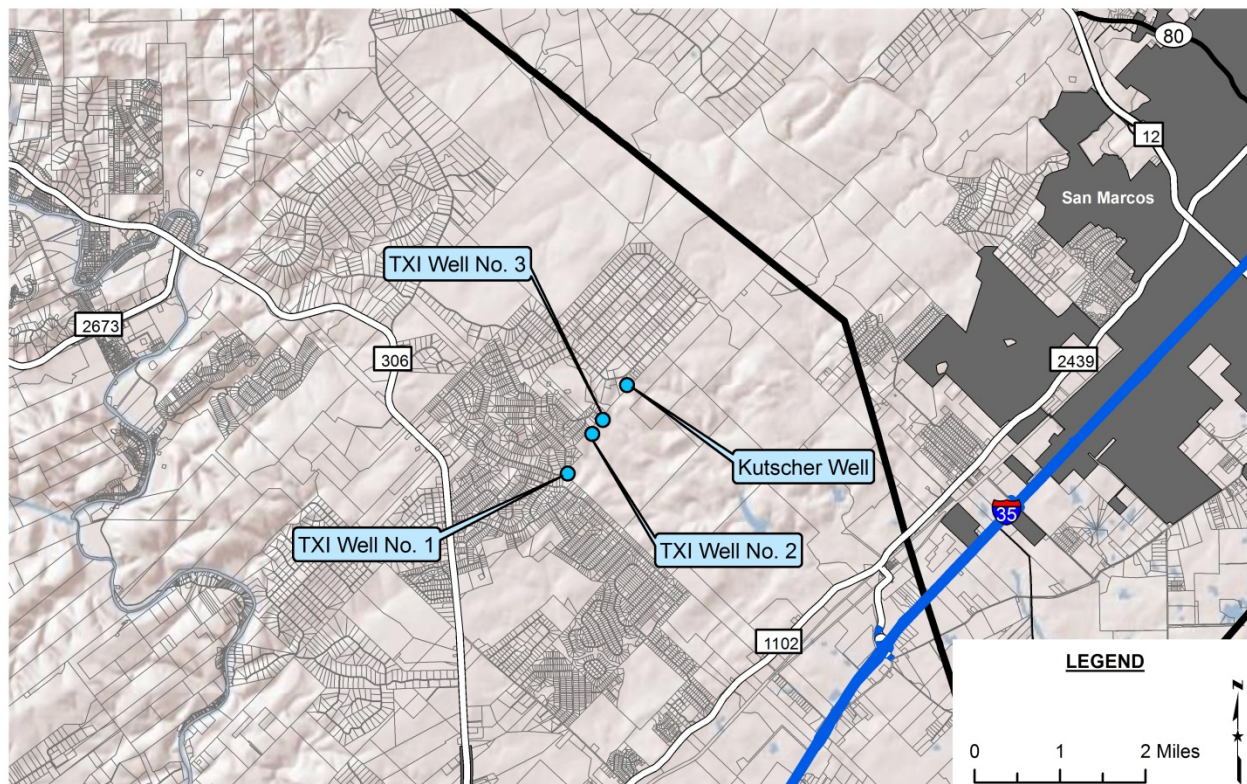


Figure 1: Location map of CCWSC Trinity Well Project

PAGE 1 OF 3

CIVIL • ELECTRICAL • SURVEYING  
A FULL SERVICE COMPANY

On June 19, 2012 a pumping test was conducted on the Kutscher Well prior to any acidization. The well was pumped at approximately 225 gpm for twenty-five hours with a drawdown of 159.3 feet for a specific capacity of 1.4 gpm/ft. The initial maximum production capacity of the Kutscher Well prior to acidization was 395 gpm. The maximum production capacity was based upon calculation of a pumping level of at least 50 feet above the pump setting (798 feet) and calculating the pumping rate that would achieve that pumping level based upon the specific capacity.

In October, 2012 the Kutscher well was acidized using 10,000 gallons of 28% hydrochloric acid (HCL). The well was retested on January 14, 2013 at an approximate rate of 580 gpm for approximately 48 hours with 308.2 feet of drawdown for a specific capacity of 1.9 gpm/ft. Based upon the analysis of the pumping test the maximum production capacity of the Kutscher Well is 590 gpm. This resulted in a 50% increase in maximum production capacity due to acidization.

Table 1 provides the pumping test details and maximum production capacities of the Crystal Clear WSC Trinity wells with a calculation of maximum production capacity before acidization and expected maximum production capacity after acidization based upon the percent increase in yield measured at the Kutscher Well.

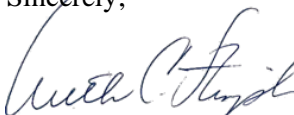
**Table 1: Pumping test details and maximum production capacity**

| Well           | Date of Test | Prior to Acidization       |                     |                    |                  |                                   | After Acidization  |                  |                                   |
|----------------|--------------|----------------------------|---------------------|--------------------|------------------|-----------------------------------|--------------------|------------------|-----------------------------------|
|                |              | Specific Capacity (gpm/ft) | Pump Setting (feet) | Pumping Rate (gpm) | Duration (hours) | Maximum Production Capacity (gpm) | Pumping Rate (gpm) | Duration (hours) | Maximum Production Capacity (gpm) |
| Kutscher Well  | 6/19/2012    | 1.9                        | 798                 | 225                | 25               | 395                               | 580                | 48               | 590                               |
| TXI Well No. 1 | 5/24/2012    | 0.4                        | 630                 | 100                | 24               | 141                               |                    |                  | 212                               |
| TXI Well No. 2 | 9/12/2012    | 3.2                        | 680                 | 275                | 25               | 1,079                             |                    |                  | 1,619                             |
| TXI Well No. 3 | 11/1/2012    | 1.8                        | 620                 | 237                | 29               | 421                               |                    |                  | 632                               |
| Totals         |              |                            |                     |                    |                  | 2,036                             |                    |                  | 3,053                             |

Upon completion of acidization of each well a minimum 36 hour pumping test will be conducted on each well to recalculate the maximum production capacity.

If you have any questions or require additional information, please contact one of the following signatories.

Sincerely;

  
Keith C. Strimple, P.E.  
M&S Engineering, LLC





The seal appearing on this document was authorized by Kaveh Khorzad, P.G. 1126 on May 13, 2015.



\_\_\_\_\_  
Kaveh Khorzad, P.G.  
License No. 1126

Wet Rock Groundwater Services, LLC  
TBPG Firm Registration No. 50038

Larry Gernigan

Field Supervisor  
Texas Master License No. 50285  
Layne Christensen Company  
5931 Brittmoore road  
Houston, TX. 77041  
713-466-5001

## **APPENDIX L**

### **FUTURE GROUNDWATER SOURCE**

#### **WILCOX WELL FIELD PERMITS**



**GUADALUPE COUNTY GROUNDWATER  
CONSERVATION DISTRICT**

**OPERATING/PRODUCTION PERMIT**

**FOR THE WITHDRAWAL AND BENEFICIAL USE OF GROUNDWATER**

Permit No. PWS-2018-WX-02

**I. Permittee:**

Name: Crystal Clear Special Utility District (CCSUD)

Mailing Address: 2370 FM 1979, San Marcos, TX 78666

Email: regina@crystalclearsud.org

Phone Number: 830-372-1031

**Contact Person if different from Permittee\*:**

[Name, address, email & phone]

N/A

\*Permittee shall advise the District of any change in contact information and shall ensure that a current emergency contact telephone number is on file with the District.

**II. Permit Term\*\*:** 5 years from date of issuance or renewal.

Date Original Application was filed: June 13, 2013

Renewal Date(s):

May 2018

(Attached: Copies of original permits/renewals/amendments to this permit)

Date Issued: June 8, 2023 Expiration Date: June 30, 2028

\*\*Permits may be renewed by the District as per GCGCD Rule 5.3(g). Permits do not become vested rights in the permit holder, and there is no automatic right of renewal.

**III. Annual Production\*\*\*: 766.252 Acre-Feet/Year  
from the Wilcox aquifer**

\*\*\*Annual Production is the maximum annual amount of groundwater withdrawal authorized to be

produced from the well(s). under an operating permit, a permit amendment, or otherwise.

**IV. Pump Size:** 10 HP **Production Capacity:** 167 GPM

**V. Location of Well(s):** [GPS Coordinates in decimal degrees to six decimal points, Physical address, GCAD Geo & Property ID #, and/or legal description, as applicable]:

Well 1: 29.654122, -97.730344

---

Well 2: 29.651167, -97.734861

---

Well 3: 29.648511, -97.737911

---

Prop ID 57511; 2G0025-0000-02100-0-00; ABS: 25 SUR: SAMUEL HIGHSMITH 143.7200 AC

---

**VI. Number of Well(s) Associated with Permit:** Three (3)

**VII. Purpose of Use:** Public Water Supply

**VIII. Acres to be Irrigated\*:** N/A \*If permit is for irrigation use

**IX. Type of Irrigation System\*:** N/A

**X. Destination of water:**

Crystal Clear Special Utility District CCN Service Area

---

**XI. Contractual Commitments of Water Rights:** 1,532.505 acres

Carrizo Aquifer Water Rights: GCGCD Rule 5.4(d).

Wilcox Aquifer Water Rights: GCGCD Rule 5.4(f)

Wilcox water rights spreadsheet attached to permit

---

**XII. Standard Permit Provisions.** All permits are granted subject to the District Act, Rules, and orders of the Board, the laws of the State of Texas, the District's Management Plan, and Desired Future Conditions, and the continuing right of the District to manage the aquifers within the District's boundaries as authorized by Chapter 36 of the Texas Water Code, as amended, and are subject to the following conditions and requirements:

- I. This Permit is granted in accordance with the provisions of the District Act, Texas Water Code, and the Rules, Management Plan and orders of the District, and the Desired Future Conditions applicable to the aquifers in the District, and the Permittee shall comply with the Water Code, the District Act, the District's Rules,

orders of the District's Board, and all the terms, provisions, conditions, requirements, limitations, and restrictions embodied in this Permit. Failure to comply with any of these provisions may result in cancellation or revocation of the Permit.

2. This Permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District's Act. This Permit confers only the right to operate under the terms and conditions of the Permit, and its terms may be modified or amended pursuant to the District's Rules, Chapter 36 of the Texas Water Code, and the directives of the Texas Legislature, or if necessary, to achieve the goals and objectives of the District's Management Plan, to achieve the Desired Future Conditions applicable to the District, or to address water quality issues.
3. The operation of the well(s) for the authorized withdrawal must be conducted in a non-wasteful manner.
4. All permitted wells used either for industrial, commercial irrigation or municipal purposes shall be equipped with approved metering devices accessible to District employees at any time during normal business hours as per Rule 5.1 (d).
5. The Permittee must keep accurate records of the amount of groundwater withdrawn and the purpose of the withdrawal and such records shall be available for inspection by District representatives. Immediate written notice must be given to the District in the event the well is either polluted or causing pollution of any aquifer.
6. The well site must be accessible to District representatives for inspection, and the Permittee agrees to cooperate fully in any reasonable inspection of the well and well site by District representatives.
7. The application pursuant to which this Permit has been issued is incorporated in this Permit, and this Permit is granted on the basis of, and contingent upon, the accuracy of the information supplied in that application and in any amendments to the application. A finding that false information has been supplied is grounds for immediate revocation of the Permit. In the event of conflict between the provisions of this Permit and the contents of the application, the provisions of this Permit shall control.
8. Violation of this Permit's terms, conditions, requirements, or special provisions, shall subject the permit holder to civil penalties, injunction from further well operation and production, and other legal action as provided by the District's Rules.
9. Wherever special provisions are inconsistent with other provisions or the District's Rules, the special provisions prevail.



10. Permittee agrees to allow District to include well(s) under this permit into GCGCD Monitoring Well Program.

Attach Special Conditions (if applicable) N/A

Attach Action Plan for implementing Special Condition(s) – (if applicable)

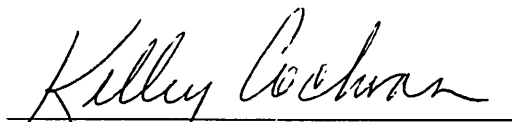
N/A

**NOW, THEREFORE, THIS OPERATING/PRODUCTION PERMIT IS ISSUED** and attested by the seal of the District.

**DATED, ISSUED, AND EXECUTED THIS** 8th day of June, 2023, and **TO**

**BE EFFECTIVE** the 8th day of June, 2023, Guadalupe County, Texas, by the

General Manager of the District upon delegation by the District's Board of Directors.

  
Kelley Cochran, General Manager

GCGCD Seal



**CCSUD Permit PWS-2018-WX-02**  
**Major & Minor Amendments with Renewal - Summary 2023**

Crystal Clear Special Utility District (CCSUD) currently holds a public water supply permit (PWS-2018-WX-02) with the Guadalupe County Groundwater Conservation District (GCGCD) for 741.6 AF/YR of Wilcox groundwater. The permit is set to expire on June 30, 2023; and therefore, is scheduled for review to determine if permittee qualifies for renewal without a hearing (Rule 5.3(g)).

As part of the renewal process, every permit held with GCGCD undergoes a water rights audit to verify proof of commitments of sufficient water rights remain (Rule 5.4(f)).

The review revealed that major changes occurred with the leased parcels attached as proof of water rights\* necessitating amendments – one minor and one major - prior to renewal. Although the minor amendment may be authorized by the General Manager with Board President approval, due to the complexity of the amendments, it was agreed to address each amendment together with the renewal request (Rule 5.7(a-d) & 5.3(g)).

As of May 11, 2023, GCGCD has received administratively complete applications from CCSUD. Notice will post in accordance with GCGCD Rule 5.3(c)(ii).

A public hearing on this matter has been set for **June 8, 2023** for Board consideration on the following:

1. Minor amendment to reduce the quantity of groundwater authorized for withdrawal by -1.348 AF/YR.
  - Explanation: The sale/division of parcels leased by CCSUD revealed inaccurate original surveys, which once updated, reduced the surface acreage required for Wilcox water rights (Rule 5.4(f)).
2. Major amendment requesting an increase in the quantity of groundwater by 26 AF/YR – after minor amendment - a total increase of 24.653 AF/YR
  - Explanation: Additional water rights from leased tracts of land could be applied to permit totaling 52 surface acres (Rule 5.4(f)).
3. Renewal of permit PWS-2018-WX-02 with amendments for an additional five years – for a total of 766.252 AF/YR
  - Explanation: If amendments are granted, the permit would be adjusted as  $741.6 - 1.348 + 26 = 766.252$  AF/YR

\*Summary spreadsheet provided for detailed water rights audit.

## Continued details of CCSUD PWS-2018-WX-02 permit amendments

### Major Amendment:

The major amendment requests an increase in the quantity of groundwater by 26 AF/YR due to an increase in surface acreage from Property ID 64481 (20 acres) and Property ID 57489 (32 acres).

CCSUD holds leases to tracts of land that were not attached to the current CCSUD permit. These tracts included 20 acres from Property ID 64481 that could increase permitted amount by 10 AF/YR and Property ID 57489 that totaled 32 acres that could increase permitted amount by 16 AF/YR. The total amount of groundwater that could be added to the total amount of water rights would be 26 AF/YR.

### Minor Amendment:

The minor amendment details a decrease in the quantity of groundwater for withdrawal by 1.348 AF/YR due to the reduction in acreage leased by CCSUD.

The main deviation was found with Property ID 57525 (Leonard Emge) and 57568 (Luth-Dor) which were sold to be split into individual ranches under the names River Land Holdings Inc. and Tri-Point Ranches, respectively. The Guadalupe County Appraisal District (GCAD) provided two maps detailing the property divisions. Upon further review, it was discovered that the original surveys for both parcels showed errors in the cumulative acreage. The Luth-Dor subdivision to Tri-Point Ranches revealed acreage change from 188 acres to 182.2 acres. [Reduction of -5.8 acres].

The subdivision of the Leonard Emge property revealed acreage change from 159.17 acres to 160.769 acres. [Increase of +1.599 acres]

Surface acreage totals of leases from 2013 permit and 2018 renewal (1484.71 acres) were greater than contractual commitment of water rights as listed on application (1483.2 acres). [difference of 0.753 AF/YR]

Original permit was granted at the requested amount of 741.6 AF/YR.

Therefore, the total permitted amount of Wilcox groundwater attached to the CCSUD permit PWS-2018-WX-02 would increase from 741.6 AF/YR to 766.252 AF/YR.

This change would be shown as a difference of an additional 24.653 AF/YR of permitted groundwater from its original amount.

Leased acreage = 1532.505 acres / 2 = **766.252 AF/YR**

Crystal Clear Special Utility District (CCSUD) 2023 Water rights committed to GCGCD permit PWS-2018-WX-02

| Prop ID | Owner                             | 2023 Acreage  | 2018 Acreage | Lease Date | Notes - if * refer to attachments   |
|---------|-----------------------------------|---------------|--------------|------------|---|
| 57512   | Gail Carter                       | <b>234</b>    | 234          | 12/20/2012 |   |
| 57509   | John Carter                       | <b>203.31</b> | 203.31       | 12/19/2012 |   |
| 57513   | John Carter                       | <b>20</b>     | 20           | 12/19/2012 |   |
| 57511   | John Carter                       | <b>143.72</b> | 143.72       | 12/19/2012 |   |
| 57564   | Brandon & Deborah Collins         | <b>16.17</b>  | 16.17        | 2/26/2013  |   |
| 176355  | Ronald & Cindy Demere             | <b>18.509</b> | 159.17       | 2/14/2013  | * Formerly Leonard Emge - Prop ID 57525   |
| 176354  | Atnip-Brown Properties            | <b>34.2</b>   |              |            | * Formerly Leonard Emge - Prop ID 57525   |
| 176353  | Danny Glasscock & Lorie Laine     | <b>34.249</b> |              |            | * Formerly Leonard Emge - Prop ID 57525   |
| 176352  | Martin & Reyna Ibarrola           | <b>22</b>     |              |            | * Formerly Leonard Emge - Prop ID 57525   |
| 176351  | James Springer & Lori-Jan Darlene | <b>15</b>     |              |            | * Formerly Leonard Emge - Prop ID 57525   |
| 176350  | Juan Pastrano Jr. & Amber Miller  | <b>11.4</b>   |              |            | * Formerly Leonard Emge - Prop ID 57525   |
| 176349  | Erick Madrigal & Lucia Diaz       | <b>11.411</b> |              |            | * Formerly Leonard Emge - Prop ID 57525   |
| 176348  | Phillip Bray                      | <b>14</b>     |              |            | * Formerly Leonard Emge - Prop ID 57525   |
| 57518   | Robert Hale                       | <b>72.487</b> | 72.487       | 2/26/2013  |   |
| 64463   | Robert Hale                       | <b>53.457</b> | 53.457       | 2/26/2013  |   |
| 64464   | Sam & Elizabeth Jernigan          | <b>38</b>     | 38           | 3/1/2013   | CCSUD provided leased acreage of an additonal 20 acres not attached to current permit. Unable to locate on GCAD site. |



Crystal Clear Special Utility District (CCSUD) 2023 Water rights committed to GCGCD permit PWS-2018-WX-02

|        |                                      |              |      |          |  |
|--------|--------------------------------------|--------------|------|----------|--|
| 64467  | Sam & Elizabeth Jernigan             | <b>17.5</b>  | 17.5 | 3/1/2013 | Potential to increase permitted amount by <b>10 AF/YR</b> (20 acres) by major amendment  |
| 64481  | Sam & Elizabeth Jernigan             | <b>20</b>    | 0    | 3/1/2013 | water rights parceled out from William G. Hunt ASB 149 (122.58 AC) - not permitted with GCGCD  |
| 57496  | Logan Ann Baker                      | <b>66</b>    | 66   | 3/7/2013 | ABS: 25 SUR: SAMUEL HIGHSMITH <b>101.2790 AC.</b> ABS: 25 SUR: SAMUEL HIGHSMITH <b>66.0000 AC.</b> ABS: 25 SUR: SAMUEL HIGHSMITH <b>123.0000 AC.</b> |
| 57494  | Logan Ann Baker                      | <b>123</b>   | 123  | 3/7/2013 | Major amendment could include the 32 AC = 16 AF/YR   |
| 57489  | Logan Ann Baker                      | <b>32</b>    | 0    | 3/7/2013 | CCSUD provided leased acreage totaling 32 acres from 101.279 AC Prop ID 57489; the 32 AC not attached to current permit.                             |
| 57568  | Adam & Randi Martin                  | <b>21.13</b> | 188  | 3/2/2013 | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181231 | Emmanuel Diaz                        | <b>14.89</b> |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181232 | Sergio Martinez                      | <b>12.16</b> |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181233 | Colton Staton                        | <b>11</b>    |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181234 | David Cantu                          | <b>11.55</b> |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181235 | Manual Coloura & Rachel Elaine       | <b>11</b>    |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181236 | Concepcion Rodriguez                 | <b>12.46</b> |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181237 | Ubaldo Aviles & Paula Benitez        | <b>11</b>    |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181238 | Edgar Limon & Emedelia Luna          | <b>11</b>    |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181239 | Ronald & Tiffany Fore                | <b>11</b>    |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181240 | Roberto Gonzalez & Enedino Mondragon | <b>11</b>    |      |          | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |



Crystal Clear Special Utility District (CCSUD) 2023 Water rights committed to GCGCD permit PWS-2018-WX-02

|   |   |                 |          |            |  |
|---|---|-----------------|----------|------------|--|
| 181241                                    | Shecitt Castelan                            | <b>11</b>       |          |            | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181242                                    | Gage Crockett                               | <b>11.01</b>    |          |            | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181243                                    | Luis Almanza                                | <b>11</b>       |          |            | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 181244                                    | Miguel Rodriguez                            | <b>11</b>       |          |            | * Tri-Point Ranches (Formerly Luth-Dor Inc.) - Prop ID 57568   |
| 57550                                     | Bab-Boz Properties LLC                      | <b>69.526</b>   | 70.842   | 1/4/2013   | Formerly owned by Stanley Nelson   |
| 178549                                    | Crystal Clear SUD                           | <b>1.316</b>    | 0        | N/A        | Created through splitting section from Prop ID 57550   |
| 57556                                     | Johnny Pearmon                              | <b>20</b>       | 20       | 2/6/2013   |  |
| 137498                                    | Diane Perfetto                              | <b>2.01</b>     | 2.01     | 11/12/2012 |  |
| 57527                                     | John & Philip Perfetto                      | <b>4.15</b>     | 4.15     | 11/12/2012 |  |
| 57576                                     | John & Philip Perfetto                      | <b>8.2</b>      | 8.2      | 11/12/2012 |  |
| 57558                                     | John & Philip Perfetto                      | <b>42</b>       | 42       | 11/12/2012 |  |
| 57551                                     | John & Philip Perfetto                      | <b>2.69</b>     | 2.69     | 11/12/2012 |  |
|   | <b>TOTAL ACRES</b>                          | <b>1532.505</b> | 1484.706 |            | 2018 acreage previously rounded (1484.71 acres);<br>2023 acreage taken to 3rd decimal place  |
| one half acre<br>foot per<br>surface acre | <b>WILCOX WATER RIGHTS<br/>(AF/YR)</b>      | <b>766.2525</b> | 742.353  |            | * Luth-Dor subdivision to Tri-Point Ranches revealed acreage change from<br>188 acres to 182.2 acres (-5.8 acres); Division of Leonard Emge Prop ID 57525<br>revealed acreage change from 159.17 acres to 160.769 acres (+1.599 acres)<br>(GCAD maps attached) |
|   | PWS-2018-WX-02<br>Permitted amount in AF/YR | 741.6           |          |            | Surface acreage totals of leases from 2013 permit and 2018 renewal<br>(1484.71 acres) were greater than contractual commitment of water rights as<br>listed on application (1483.2 acres) permit granted at requested amount of<br>741.6 AF/YR                 |

Crystal Clear Special Utility District (CCSUD) 2023 Water rights committed to GCGCD permit PWS-2018-WX-02

|  |                       |        |  |  |  |
|--|-----------------------|--------|--|--|--|
|  | Difference of (AF/YR) | 24.653 |  |  | After approval of minor amendment, the total additional water rights of 24.653 AF/YR could be included with a major amendment prior to renewal |
|--|-----------------------|--------|--|--|--|

## **APPENDIX M**

### **FUTURE PURCHASED WATER**

#### **ALLIANCE REGIONAL WATER AUTHORITY (ARWA)**

" EXHIBIT A"

**REGIONAL WATER SUPPLY CONTRACT**

**THIS REGIONAL WATER SUPPLY CONTRACT** (the "Contract") is dated and entered into as of the 9<sup>th</sup> day of January, 2008, by and among the Hays Caldwell Public Utility Agency (the "Agency"), a non-profit constituted authority and instrumentality and political subdivision of the State of Texas (the "State"), created and existing under the laws of the State, including Chapter 422 as amended, Texas Local Government Code, and the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, municipalities and political subdivisions of the State, and the Canyon Regional Water Authority, a conservation and reclamation district and political subdivision of the State of Texas, created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and the laws of the State. The City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority are referred to in this Contract collectively as the "Sponsoring Public Entities" and singularly each as a "Sponsoring Public Entity."

**RECITALS**

**WHEREAS**, Chapter 422 of the Texas Local Government Code, as amended (the "Act") authorizes public entities to create a public utility agency to plan, finance, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and wastewater, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and wastewater; and

**WHEREAS**, the City Councils of the City of Buda, Texas, the City of Kyle, Texas, and the City of San Marcos, Texas and the Board of Trustees of the Canyon Regional Water Authority (collectively, the "Governing Bodies") have collectively determined to authorize and approve the creation of the Agency as their constituted authority and instrumentality to accomplish the specific public purpose to plan, finance, construct, acquire, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and wastewater, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and wastewater, pursuant to the provisions of the Act, and other applicable law; and

**WHEREAS**, the Sponsoring Public Entities, pursuant to the Act and other applicable law, have authorized the creation of the Agency for the purposes set forth in the Agency's Bylaws, including the issuance of bonds to finance the costs of the Project, as hereinafter defined; and

**WHEREAS**, the Agency intends to own, design, construct, acquire, maintain, and operate the Project in a manner that will allow the Agency to deliver its water to the Sponsoring Public Entities and other potential purchasers on a regional basis; and

**WHEREAS**, the Sponsoring Public Entities and the Agency, exercising their mutual authority and furthering their mutual and urgent interests, wish to enter into this Contract in order

to most efficiently and quickly obtain the capability to deliver the water to the Sponsoring Public Entities; and

**WHEREAS**, it is necessary that facilities, wells, storage tanks, lines, booster pumps, treatment facilities, and other appurtenances sufficient to deliver the water to which the Sponsoring Public Entities are entitled under this Contract and additional water which the Sponsoring Public Entities may acquire (the "Facilities") be constructed and that the easements, rights-of-way, and other interests in land necessary for the production, withdrawal or diversion of and the acquisition, construction, maintenance, and operation of the Facilities (collectively, the "Land Interests") be purchased (the "Land Interests" and the "Facilities," together the "Project"); and

**WHEREAS**, it is expected by the Agency and the Sponsoring Public Entities that as soon as practicable after the execution of this Contract the Agency will issue its Bonds (as hereinafter defined) in series for each Sponsoring Public Entity requesting financing through the Agency, payable from and secured solely by payments under this Contract to be made by such Sponsoring Public Entity for which the series of Bonds are issued for the acquisition and construction of the Project; and

**WHEREAS**, the Agency, to the best of its ability, shall in general do or cause to be done all such things as may be required for the proper acquisition, construction and operation of the Project; and

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby acknowledged, and upon and subject to the terms and conditions hereinafter set forth, the Sponsoring Public Entities and the Agency mutually undertake, promise, and agree as follows:

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATIONS**

**Section 1.1 Definitions.** In addition to the terms defined above, the following terms shall have the meanings assigned to them below wherever they are used in this Contract, unless the context clearly requires otherwise:

(a) "Accountant" means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants, selected by the Agency.

(b) "Additional Bonds" means one or more series of additional Bonds which are issued by the Agency to finance the completion of the Project pursuant to Section 2.9 hereof or for any other lawful purpose.

(c) "Agency" means the Hays Caldwell Public Utility Agency and its lawful successors and assigns.

(d) "Annual Payment Amounts" means the amount of money, constituting the Operation and Maintenance Expenses, Overhead Expenses and, to the extent the Agency issues a series of Bonds on behalf of a Sponsoring Public Entity, the Bond Payment, to be paid to the Agency by each Sponsoring Public Entity, on a several and not a joint basis as described in



Section 3.1, Section 3.5, and Section 5.2 hereof from the revenues of the Sponsoring Public Entities' Systems as an operating and maintenance expense of the Sponsoring Public Entities' Systems (or any other lawfully available revenues of the Sponsoring Public Entities), at the times and in the amounts required by Sections 3.5 and 5.2 of this Contract.

(e) "Approval Certificate" means the certificate or certificates, if any, of the Chair, Board of Directors or Authorized Representative of the Agency approving certain terms of a series of Bonds.

(f) "Authorized Representative" means any person at the time delegated authority to act on behalf of a Sponsoring Public Entity or the Agency, as the case may be, and designated as such in a written certificate, containing a specimen signature of such person, which, for a Sponsoring Public Entity shall be the City Manager, City Administrator, or General Manager, as appropriate, of the Sponsoring Public Entity or such other officers or employees of the Sponsoring Public Entity authorized to act on behalf of the Sponsoring Public Entity during the respective City Manager's, City Administrator's, or General Manager's absence or incapacity, and for the Agency shall be the Chair, Board of Directors of the Agency or such other officer or employee of the Agency authorized to act on behalf of the Agency during the absence or incapacity of the Chair, Board of Directors, unless a party notifies the other parties in writing of a change in its Authorized Representative.

(g) "Bond Payment(s)" means the amount of money to be paid to the Agency by a Sponsoring Public Entity, for the debt service or to fund or replenish any debt service reserve fund or other special or contingency fund on one or more series of Bonds issued for that respective Sponsoring Public Entity, from the revenues of such Sponsoring Public Entity's System as an operating and maintenance expense of the System at the times and in the amounts required by Sections 3.5 and 5.2 of this Contract. A Sponsoring Public Entity is responsible for paying debt service on only the series of Bonds issued for that Sponsoring Public Entity.

(h) "Bond Resolution" means any resolution and/or trust indenture of the Agency, authorizing the issuance of and securing a series of Bonds and all amendments and supplements thereto and including the Approval Certificate, if any, authorized by such resolution to establish certain of the terms of the Bonds authorized by such resolution. Since separate series of Bonds will be issued for each Sponsoring Public Entity requesting financing, any reference in this Contract means the Bond Resolution related to the Sponsoring Public Entity for which such series of Bonds were issued.

(i) "Bonds" means all bonds, notes, or other obligations hereafter issued by the Agency in multiple series with a separate series for each Sponsoring Public Entity requesting financing the proceeds of which are used to pay Project Costs (including any Additional Bonds) or to refund any Bonds or to refund any such refunding Bonds.

(j) "Claim," as used in Section 8.13 of this Contract, means claims, demands, and expenses, including reasonable attorney's fees.

(k) "Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

(l) "Completion Date" means such term as it is defined in Section 2.9 of this Contract.

(m) "Credit Agreement" means any bond insurance policy or other credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code, which the Agency enters into relating to its obligations with respect to the Bonds.

(n) "Delivery Point" means the place, whether one or more, to which the Agency will deliver water to each Sponsoring Public Entity pursuant to this Contract.

(o) "Engineer of Record" means the Engineer of Record for a Sponsoring Public Entity so designated by the governing body of the Sponsoring Public Entity with notice to the Agency.

(p) "Engineering Report" means the "Final Report of the Plumbing Plan," prepared by Lockwood, Andrews & Newnam, Inc., dated September 21, 2007, as such report may be amended, modified and changed and superseded with the approval of the Agency and Sponsoring Public Entities, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsoring Public Entities without the consent of the Sponsoring Public Entities.

(q) "Fiscal Year" means the Sponsoring Public Entities' fiscal years, which currently begin on October 1 of each year, as they may be changed from time to time with notice to the Agency.

(r) "Force Majeure" means such term as it is defined in Section 8.3 of this Contract.

(s) "Facilities" means the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsoring Public Entities are entitled under this Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

(t) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

(u) "MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

(v) "NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

(w) "Operation and Maintenance Expenses" means all direct costs and expenses incurred by the Agency for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local agency for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Agency's production, withdrawal or diversion of or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, any required costs of mitigation and land management incidental to Project operation, and costs

of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

(x) "Overhead Expenses" means the Agency's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Agency in connection with or attributable to the Project or the Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Agency for special meetings of the Agency's Board of Directors related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Agency, other than Agency staff personnel, together with their reimbursable expenses paid or required to be paid by the Agency; (iii) salaries of the Agency's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of Directors of the Agency; (iv) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Agency; provided that if the Agency is unable to obtain such insurance on an occurrence basis, then any expense incurred by the Agency from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsoring Public Entities; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Agency attributable to the Project or the Bonds, whether enumerated above or not, and whether or not included in the definition or as a part of Project Costs.

(y) "Permitted Liens" means: (i) minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Agency, a copy of which shall be forwarded to each of the Sponsoring Public Entities, do not materially impair the use of the Project for the purposes for which it is designed; (ii) easements for roads (as used in this Contract, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Agency, a copy of which shall be forwarded to each of the Sponsoring Public Entities, do not materially impair the use of the Project for the purposes for which it is designed; (iii) rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(z) "Plans and Specifications" means the plans and specifications prepared for the Project by the Project Engineer, as the same may be revised from time to time in accordance with this Contract.

(aa) "Project" means, collectively, the Land Interests and the Facilities as described in the recitals to this Contract and in the Engineering Report, and as those terms are defined in this Section.

(bb) "Project Costs" means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Agency or the Sponsoring Public Entities: (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies; (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the Facilities, and any structure, item of equipment, or other item, used for, or in connection with, the Project; (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project; (iv) the cost of engineering, legal, architectural or other related services; (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project; (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation; (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State; (viii) costs incurred in connection with financing the project, including, without limitation: (1) financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements; (2) the cost of printing, engraving, and reproduction services; and (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees; (ix) all costs, fees and expenses of litigation of all kinds; (x) the cost of property casualty and public liability insurance; (xi) the fees and costs of the underwriters as the anticipated purchasers of the Bonds; (xii) reimbursement of the costs previously incurred by the Sponsoring Public Entities with respect to the Project; and (xiii) other costs generally recognized as a part of Project construction costs.

(cc) "Project Engineer" means such engineering firm or firms as may be selected by the Agency.

(dd) "Prudent Utility Practice" means any of the practices, methods, and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, that would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act at the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. In the case of any facility included in a Sponsoring Public Entity's System which is owned in common with one or more other entities, the term "Prudent Utility Practice," as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

(ee) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(ff) "Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, or other offering document for a series of Bonds.

(gg) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(hh) "SID" means any entity designated by the State or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(ii) "Sponsoring Public Entities" means collectively the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas and Canyon Regional Water Authority. "Sponsoring Public Entity" means respectively, the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas or the Canyon Regional Water Authority.

(jj) "Sponsoring Public Entities' Systems" or "Systems" means collectively the Sponsoring Public Entity's System of all of the Sponsoring Public Entities.

(kk) "Sponsoring Public Entity's System" or "System" means and includes the existing combined waterworks and wastewater disposal system of each of the Sponsoring Public Entities, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof. Provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the terms "Sponsoring Public Entity's System" or "System" shall not include any waterworks or wastewater facilities which are declared by the respective Sponsoring Public Entity not to be a part of that Sponsoring Public Entity's System, and which are hereafter acquired or constructed by that Sponsoring Public Entity with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of that Sponsoring Public Entity which are not secured by or payable from the net revenues of that Sponsoring Public Entity's System, but which are secured by and are payable solely from special contract revenues, or payments received from that Sponsoring Public Entity or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of that Sponsoring Public Entity's System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds".

(ll) "Sponsoring Public Entity's Utility Bonds" or "Utility Bonds" means the bonds, notes and other obligations of a Sponsoring Public Entity outstanding from time to time secured by a lien on and pledge of the net revenues of that Sponsoring Public Entity's System or any part thereof, regardless of lien priority.

(mm) "State" means the State of Texas.

(nn) "TCEQ" means the Texas Commission on Environmental Quality or its successors or assigns.

(oo) "Trustee" means any trustee named under a trust indenture or the paying agent/registrars named in a paying agent/registrars agreement entered into by the Agency securing the payment of a series of Bonds and authorized by a Bond Resolution.



(pp) "TWDB" means the Texas Water Development Board or any successor entity thereto.

(qq) "TWDB Program" means TWDB's State Participation Account as authorized pursuant to Article III, Sections 49-d, 49-d-2, and 49-d-8 of the Texas Constitution and Chapter 16, Subchapters E and F, Texas Water Code or other applicable TWDB program.

(rr) "Water Rights" means the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests".

**Section 1.2** **Interpretation.** The table of contents and caption headings of this Contract are for reference purposes only and shall not affect its interpretation in any respect. Unless the context otherwise requires, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa. This Contract and all the terms and provisions shall be liberally construed to effectuate the purpose set forth herein and to sustain the validity of this Contract.

## **ARTICLE II**

### **ACQUISITION AND CONSTRUCTION OF THE PROJECT**

**Section 2.1** **General.** Subject to the remaining terms and provisions of this Contract, the Agency agrees to issue the Bonds and to acquire and construct the Project as generally described in the Engineering Report. It is estimated that the Project will be placed in operation on or before December 31, 2018, or as soon thereafter as practicable. The Authorized Representative of the Agency hereby represents that he is not aware of any reason that the Project, as contemplated, cannot be completed on or before December 31, 2018. It is expressly understood and agreed that any obligations on the part of the Agency to finance, acquire, construct, and complete the Project and to provide the water to the Sponsoring Public Entities shall be (i) conditioned upon the Agency's ability to obtain all necessary permits, Land Interests, material, labor, and equipment, and upon the ability of the Agency to finance the cost of the Project through the actual sale of the Bonds, including any Bonds needed to complete the Project, and (ii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State, and any regulatory body having jurisdiction. The Project shall be acquired and constructed by the Agency with all reasonable dispatch, and the Agency will diligently pursue such acquisition and construction in order that it may be completed as soon as practicable, delays incident to events of Force Majeure only excepted; but if for any reason there should be delays in or the entire failure of such acquisition, construction, and improvement, there shall be no diminution in or postponement of the Annual Payment Amounts to be made by the Sponsoring Public Entities hereunder and no resulting liability on the part of the Agency; provided, however, that the Sponsoring Public Entities retain the right to pursue any legal remedy to the extent that delays in the Project are the result of negligence on the part of the Agency.

**Section 2.2** **Location of Project; Acquisition of Land Interests.** The Facilities will be constructed and located on, across, within, and through the Land Interests. The Agency (or one or more of the Sponsoring Public Entities acting on behalf of the Agency) shall, as soon as possible after the delivery of this Contract, and subject to the receipt of the Bond proceeds or

funds from one or more of the Sponsoring Public Entities, undertake the acquisition of the Land Interests. The Agency shall be responsible for ensuring that proper filings of each such portion of the Land Interests are made in the deed records of the appropriate counties to ensure that all interested parties have proper notice of the Agency's interests in the Land Interests. As each deed, easement, or other evidence of an interest in real property comprising a portion of the Land Interests is acquired by the Agency, a copy of such instrument, together with evidence of its filing in the deed records of the counties in which such portion lies, shall, upon the written request of a Sponsoring Public Entity, be given to that Sponsoring Public Entity.

The Agency shall acquire a title insurance policy or a title opinion showing good and indefeasible title with respect to each Land Interest acquired. A copy of each such title insurance policy or title opinion shall be retained in the Agency's official records.

**Section 2.3 Construction.** The Agency shall, as soon as possible, and in accordance with the Engineering Report, undertake to make, execute, deliver, and prosecute all contracts, orders, receipts, writings, and instructions with or to other persons, and in general do or cause to be done all such other things, as may be required for the proper acquisition and construction of the Facilities.

**Section 2.4 Selection of Project Engineer; Plans and Specifications; Bidding.** The Agency shall cause the Project Engineer to complete the Plans and Specifications and the other materials to be used in construction of the Facilities and to perform such other engineering tasks as shall be necessary for construction of the Facilities. The bid documents may include appropriate alternatives to assure the most advantageous price consistent with expeditious completion. The specifications for the Project may include as an owner cost any or all insurance coverages either required by law or deemed necessary or advisable by the Agency. Upon obtaining the approval of the Board of Directors of the Agency of the Plans and Specifications and bid documents, the Agency, through its Project Engineer, will promptly advertise for bids for the Project to the extent and as required by law. The Agency may break the construction of the Facilities into several contracts or phases as it determines is best for the timely acquisition and construction of the Facilities. After the receipt of bids, the Agency shall identify the lowest responsible bidder(s) and award the contract(s). If all bids are rejected, bids will again be solicited, following the procedure outlined above in this Section, until such time as bids satisfactory to the Agency have been received. The Agency shall not be obligated to award a construction contract unless the proceeds from the Bonds are available to pay the contract(s).

**Section 2.5 Alternative Method for Construction Procurement.** If authorized under applicable laws, the Agency may procure the design and construction services for the Facilities using an alternative procurement method, such as design-build or construction manager-at-risk. If so authorized, and if the Agency Board of Directors approves the use of an alternative procurement method, the Agency shall proceed to select the contractor and contract for the design and construction of the Facilities in compliance with all applicable laws.

**Section 2.6 Liens.** Neither the Sponsoring Public Entities nor the Agency will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

**Section 2.7 Revisions of Plans.** The Plans and Specifications may be revised prior to the Completion Date.

**Section 2.8**      **Approvals.** Unless otherwise required by law, each consent, approval, or other official action required of the Sponsoring Public Entities or the Agency by any provision of this Contract shall be deemed in compliance with this Contract when written evidence of such action, signed by the respective Authorized Representative, is delivered to the party who is to receive evidence of such action. All contracts to be entered into by the Agency shall be authorized by the Agency's Board of Directors. The Sponsoring Public Entities will cooperate with the Agency in the design, financing, acquisition, and construction of the Project and, following the adoption of the Bond Resolution by the Agency's Board of Directors, will not take any action or fail to take any action (including, without limitation, any exercise or denial of its consent or approval of any action proposed to be taken by the Agency or any of its agents hereunder), if taking or failing to take such action, respectively, would unreasonably delay or obstruct the completion of the Project by the Agency.

**Section 2.9**      **Completion.**

(a) Except as otherwise provided in subsection (b) of this Section, when the Facilities have been substantially completed, the Agency shall deliver to the Sponsoring Public Entities a certificate of the Agency and the Project Engineer stating that, as of a specified date, the Project has been substantially completed and is ready to be placed in service (the date specified in such certificate being herein called the "Completion Date").

(b) The Sponsoring Public Entities and the Agency acknowledge that the proceeds of the initial series of Bonds will be insufficient to complete the acquisition and construction of the Project, and accordingly agree to use their best efforts to issue Additional Bonds, or to secure financing pursuant to the TWDB Program or a similar State or Federal Program (e.g., the USEPA Revolving Fund), in an amount sufficient to complete the Project.

**Section 2.10**      **Title to Water.** Title to the water shall be in the Agency until it passes through the meter or meters installed pursuant to this Contract at or near the Delivery Point, following which it shall be in the respective Sponsoring Public Entities that take delivery of the water at that point. Each of the parties hereto hereby agrees, with respect to water to which the party has title, to save and hold each other party hereto harmless from all claims, demands and causes of action which may be asserted by anyone on account of the transportation and delivery of the water while title to the water is in such party.

**Section 2.11**      **Access to Property of Sponsoring Public Entities.** Should any facilities, pipelines, or appurtenances owned by the Agency be installed in any street, alley, or public way within the boundaries of any of the Sponsoring Public Entities, as same are now constituted or as may hereafter be revised, the respective Sponsoring Public Entity hereby grants to the Agency the right, privilege and franchise of using such streets, alleys and public ways for the purposes of maintaining, operating, laying, repairing, or removing such facilities, pipelines, and appurtenances, subject to compliance by the Agency with the franchise and right-of-way management ordinances and other applicable laws and regulations of the respective Sponsoring Public Entity, and the payment of applicable franchise or right-of-way use fees.

**Section 2.12**      **Easements.** Each of the Sponsoring Public Entities hereby agrees to grant to the Agency such easements as may be reasonably necessary for the purposes of placing, constructing, operating, repairing, maintaining, rebuilding, replacing, relocated, and removing Facilities upon, over, across and through the property of the respective Sponsoring Public Entity and giving to the Agency, and its successors and assigns, all of the rights and benefits necessary

or appropriate for the full enjoyment and use of the easement, including but without limiting the same to, the free right of ingress and egress to and from the property of the respective Sponsoring Public Entity.

**Section 2.13**      **Cross-Utilization of Lines.**

(a) Each Sponsoring Public Entity acknowledges that it may be necessary for the Agency to use excess capacity in transmission lines of the Sponsoring Public Entity to transport treated water to another Sponsoring Public Entity or other entity on a temporary or long-term basis. The Sponsoring Public Entity with the transmission lines hereby agrees to permit the Agency to so utilize the lines in accordance with this section and with Section 2.11 and Section 2.12. In such case, the Agency will execute an agreement with the Sponsoring Public Entity with the transmission lines describing their respective rights and obligations. This agreement may include, among other matters, the payment of reasonable fees for the Agency's use of the lines, conditions placed by the Sponsoring Public Entity on the use of its lines (including any improvements needed to facilitate Agency use of the lines), provision for cessation of Agency use of a line if the Sponsoring Public Entity determines that there is no excess capacity in the line, and any special requirements with respect to pressure or other matters relating to the lines.

(b) The Agency will furnish, install, operate, and maintain meters at the point of exit from the Sponsoring Public Entity's transmission lines to maintain accurate measurements of the quantity of water being delivered by the Agency to another Sponsoring Public Entity or other entity through the lines. Such meters shall be subject to inspection and examination by both the Sponsoring Public Entity with the transmission lines and the Agency in accordance with the provisions of Section 4.2.

(c) In the event that repairs are required to be made to any lines or appurtenances of a Sponsoring Public Entity which the Agency utilizes for the transmission of treated water to another Sponsoring Public Entity or other entity, the Agency shall participate in the cost of such repairs as may be agreed from time to time.

(d) Nothing in this Contract will prohibit two Sponsoring Public Entities from entering into an agreement related to the use by one Sponsoring Public Entity of the transmission lines of the other Sponsoring Public Entity.

**Section 2.14**      **Points of Delivery.** The Project will include the Facilities and Land Interests required to deliver water to the Point of Delivery for each Sponsoring Public Entity at the location depicted in the Engineering Report. However, the Project will include improvements to the transmission lines of a Sponsoring Public Entity needed to facilitate Agency use of the lines under Section 2.13 only to the extent provided for in the agreement entered into by the Agency and the Sponsoring Public Entity under that section. After completion of the Project, each Sponsoring Public Entity shall have the sole responsibility, at its own cost and expense, for providing additional pipelines and other facilities required for transporting its share of the water from the Project to new or additional Points of Delivery, but additional or alternative points of delivery will be allowed only with the consent of the Sponsoring Public Entities.

**Section 2.15**      **Quantity.** The Sponsoring Public Entities' proportionate share of the treated water produced by the Project is as follows:

|                                 |        |
|---------------------------------|--------|
| City of Buda, Texas             | 5.60%  |
| City of Kyle, Texas             | 20.50% |
| City of San Marcos, Texas       | 39.70% |
| Canyon Regional Water Authority | 34.20% |

**Section 2.16 Other Contracts.** The Agency shall not enter into contracts with persons or entities other than the Sponsoring Public Entities for the supply of water without the prior consent of all of the Sponsoring Public Entities, and any Sponsoring Public Entity may withhold its consent. Before offering to supply any quantity of water to an entity other than the Sponsoring Public Entities, the Agency shall first offer the water to the Sponsoring Public Entities, and confirm that none of the Sponsoring Public Entities wishes to contract with the Agency for the water. The sale of water by a Sponsoring Public Entity to a custom customer which, in turn, provides water through submeters to tenants is permitted.

**Section 2.17 Quality.** The water to be delivered by the Agency and received by the Sponsoring Public Entities shall be from sources identified generally in the Engineering Report and treated using the Facilities and equipment described generally in the Engineering Report. Each of the Sponsoring Public Entities has satisfied itself that such water is suitable for its needs. With respect to groundwater supply sources, the Agency and each of the Sponsoring Public Entities shall cooperate, each within its legal powers, in preventing possible pollution and contamination of the formation from which the water is obtained.

**Section 2.18 Operation.** The Agency covenants to operate the Project in accordance with Prudent Utility Practices and in accordance with applicable regulatory requirements. With respect to groundwater supply sources, the Agency and the Sponsoring Public Entities agree that the Agency shall endeavor to operate groundwater wells in a manner that avoids overdrafting of the formation from which the water is obtained, and they also agree that the Agency shall endeavor to reasonably mitigate the effects of operation of Agency groundwater wells on existing wells in the vicinity.

**Section 2.19 Excess Capacity.** In the event the Project is constructed so that there is excess capacity in all or any portion of the Facilities, such excess capacity shall be owned by the Agency. Any such excess capacity may be used only with the written consent of the Agency Board of Directors, which may include conditions deemed appropriate by the Board.

### **ARTICLE III**

#### **FINANCING OF THE PROJECT**

##### **Section 3.1 Issuance of Bonds.**

(a) The Agency's acquisition and construction of the Project and improvements to the Project will be financed by (i) receipt of cash from a Sponsoring Public Entity, (ii) the Agency through the issuance of one or more series or issues of its Bonds by the Agency for a Sponsoring Public Entity, which Bonds are payable from and secured, in part, by an assignment of the Annual Payment Amounts made under this Contract by the designated Sponsoring Public Entity for which such series of Bonds are issued or (iii) any combination of (i) and (ii). It is expressly understood and agreed by the Agency and the Sponsoring Public Entities that any Bonds issued by the Agency shall be issued as separate series of each Sponsoring Public Entity requesting financing by the Agency. Each Sponsoring Public Entity shall be responsible solely for the Bond



Payments on its series of Bonds. No Sponsoring Public Entity shall have any liability or responsibility for any Bond Payments on a series of Bonds issued for another Sponsoring Public Entity. In consideration of the covenants and agreements set forth in this Contract, and to enable the Agency to issue the Bonds to carry out the intents and purposes hereof, this Contract is executed to assure the issuance of the Bonds and to provide for and ensure the due and punctual payment to the Agency or to the Trustee by each Sponsoring Public Entity for which the Agency has issued a series of Bonds, of amounts not less than the Annual Payment Amounts on a series of Bonds issued for a particular Sponsoring Public Entity. Each of the Sponsoring Public Entities hereby agrees to make, or cause to be made, its respective Annual Payment Amount, as and when due, for the benefit of the owners of the Bonds, as provided in the Bonds and the Bond Resolution.

(b) The proceeds from the sale of the Bonds, together with any cash received from a Sponsoring Public Entity, will be used for the payment of the Project Costs. The Bonds will be issued by the Agency in the amount anticipated to be required to acquire and construct the Project, including payment of all Project Costs advanced by one or more of the Sponsoring Public Entities and incurred by the Agency prior to the date of issuance of the Bonds, and to fund, to the extent deemed advisable by the Agency, a debt service reserve fund and interest on the Bonds during construction and for up to one year after the Completion Date. However, each Sponsoring Public Entity reserves the right to pay cash to the Agency for its share of the Project Costs rather than have the Agency issue Bonds on its behalf.

(c)

(i) Each Bond Resolution of the Agency shall specify the maximum principal amount of the Bonds to be issued thereunder. The Bonds shall mature not more than forty (40) years from the date of such Bonds and shall bear interest at not to exceed the maximum legal rate then permitted by law, and the Bond Resolution may create and provide for the maintenance of a revenue fund, an interest and sinking fund, a debt service reserve fund, and any other funds deemed prudent by the Agency, all in the manner and amounts as provided in such Bond Resolution.

(ii) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Agency's Board of Directors or the execution of an Approval Certificate by the Agency, a substantially final copy of the proposed Bond Resolution for the applicable Sponsoring Public Entity, the Approval Certificate, if any, any Credit Agreements and the Sale and Offering Documents shall be presented to the applicable Sponsoring Public Entity for review and approval.

(iii) Upon approval by the Sponsoring Public Entity for which the Agency issues a series of Bonds of (i) a Bond Resolution hereafter adopted by the Agency for the applicable Sponsoring Public Entity, including any Credit Agreements, (ii) any amendments to any Bond Resolution, (iii) an Approval Certificate authorized by a Bond Resolution, and (iv) the Sale and Offering Documents, and the delivery to the Agency of a certification signed by the Authorized Representative of the respective Sponsoring Public Entity to the effect that the Bond Resolution, including any Approval Certificate, and the Sale and

Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution and the Approval Certificate, if any, in such final form by the Agency's Board of Directors or Authorized Representative, as the case may be, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the respective Sponsoring Public Entity and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(iv) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, a Sponsoring Public Entity, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Sponsoring Public Entities so long as the Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the respective Sponsoring Public Entity to make, promptly when due, all payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the affected Sponsoring Public Entity, the Agency may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

**Section 3.2** **Proceeds of Bonds and Cash Contribution.** Subject to the terms and provisions of this Contract, the proceeds of the Bonds shall be used by the Agency for the purpose of financing and funding the Agency's acquisition and construction of the Project as provided in Section 3.1 and improvements to the Project. The Agency shall use its best efforts to issue its Bonds, in one or more separate series for each Sponsoring Public Entity requesting financing, in amounts which will be sufficient, together with any cash contributions, to accomplish such purpose. The proceeds of the Bonds shall be deposited in a construction fund established pursuant to the terms of each Bond Resolution. A trust indenture may be entered into between the Agency and a corporate trustee for the purpose of securing the payment of the Bonds. The trust indenture or the Bond Resolution, as appropriate, will establish procedures for the payment of Project Costs out of the construction fund. It is anticipated that a series of Bonds will be issued pursuant to a Bond Resolution and that a paying agent/registrars agreement will be executed between the Agency and the Trustee concerning the payment procedures with respect to such series of Bonds.

Any cash contribution made by a Sponsoring Public Entity for its share of Project Costs shall be deposited into a subaccount of the construction fund of the Agency: (i) prior to the pricing of any series of Bonds for a Sponsoring Public Entity or (ii) simultaneous with the delivery of the proceeds of any series of Bonds so long as sufficient evidence is provided to the Agency and other Sponsoring Public Entities prior to the pricing of the Bonds that their cash contribution will be available at the closing of the Bonds.

**Section 3.3** **Refunding of Bonds.** The Agency reserves the right to issue refunding bonds in accordance with the laws of the State and will provide notice to each applicable Sponsoring Public Entity of the redetermined Annual Payment Amounts in accordance with Section 5.2 of this Contract.

**Section 3.4**      **Redemption of Bonds.** The Agency, in its sole discretion or upon the written request of a Sponsoring Public Entity (and provided that the affected series of Bonds for such Sponsoring Public Entity are subject to redemption or prepayment prior to maturity at the option of the Agency, and provided that such request is received in sufficient time prior to the date upon which such redemption or prepayment is proposed), forthwith shall take or cause to be taken all action that may be necessary under the applicable redemption provisions of such series of Bonds to redeem the Bonds or any part thereof, to the full extent of funds that are either made available for such purpose by the applicable Sponsoring Public Entity or already on deposit under the Bond Resolution and available for such purpose. The redemption of any outstanding Bonds prior to maturity at any time shall not relieve the applicable Sponsoring Public Entity of their absolute and unconditional obligation to pay each remaining Annual Payment Amount with respect to any outstanding Bonds, as specified in the Bond Resolution.

**Section 3.5**      **Debt Service on Bonds and Other Bond Funding Requirements.** The parties acknowledge and agree that payments to be made under this Contract will be the primary source available to the Agency to provide the money necessary for the Agency to meet its obligations with respect to a series of Bonds and any Credit Agreements. Each Sponsoring Public Entity therefore agrees to pay the Bond Payments related to the series of Bonds issued for such Sponsoring Public Entity, as outlined in subsections (a) through (c) below, in full when due as provided in this Contract. Bond Payments shall be due by the close of business on the business day prior to each date on which any of the following payments or deposits shall be due and shall be in an amount equal to all such payments and deposits due on such date:

(a)      debt service on its related series of Bonds and related payments and deposits, as follows:

(i)      principal of, redemption premium, if any, and interest on, its related series of Bonds, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and the redemption price of any Bonds to be redeemed prior to maturity when and as provided in any Bond Resolution plus the fees, expenses, and, to the extent permitted by law, indemnities of the Trustee, if any, for the Bonds, and those of the paying agent/registrar for paying the principal of and interest on the Bonds and for authenticating, registering, and transferring Bonds on the registration books; and

(ii)      deposits required to be made to any special, contingency, or reserve fund by the provisions of any Bond Resolution; and

(iii)      any deposit in addition thereto required to restore any deficiency in any of such funds by the provisions of any Bond Resolution,

(b)      amounts payable by the Agency under a Credit Agreement; and

(c)      the fees, expenses, and indemnities (to the extent permitted by law) of the remarketing agent, rate setting agent, authentication agent, arbitrage rebate compliance firm, and tender agent, if any, for the Bonds.

**Section 3.6**      **Billing.** The Agency will render bills to each of the Sponsoring Public Entities not more than once each month, commencing in April, 2008, for the current payments required by this Contract. Except as otherwise provided in this Contract, the monthly bill for each Sponsoring Public Entity shall be one-twelfth (1/12) of the amount of that Sponsoring

Public Entity's Annual Payment Amount for the current fiscal year of the Agency. The Agency shall, until further notice, render such bills on or before the 5th day of each month and such bills shall be due and payable on the 26th day of each month or twenty-one (21) days after such bill is deposited into the United States mail, properly stamped and addressed to each Sponsoring Public Entity, whichever is later, and thereafter, to the extent permitted by law, interest shall accrue thereon at the rate of ten per cent (10%) per annum until paid in full. The Agency may, however, from time to time by sixty (60) days' written notice, change the date by which it shall render bills, and all bills shall thereafter be due and payable twenty-one (21) days after such dates as herein provided. Each Sponsoring Public Entity shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the Agency at its office in Hays County, Texas or at such other place as the Agency may from time to time designate by sixty (60) days' written notice.

**Section 3.7 Delinquency in Payment.** If a Sponsoring Public Entity fails to pay any bills when due and payable, the Agency may give written notice of such delinquency to the Sponsoring Public Entity and if all bills due and unpaid, including interest thereon, are not paid within forty-five (45) days after delivery of such notice, then the Sponsoring Public Entity agrees that the Agency shall be authorized, as its option, to institute suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon and reasonable attorneys' fees, and the Sponsoring Public Entity further agrees that the Agency may, as its option, discontinue providing water to the Sponsoring Public Entity until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation of service shall not, however, relieve the Sponsoring Public Entity of its unconditional obligations to make the payments required by this Contract.

**Section 3.8 Agency's Rights Assigned to Trustee.** The Sponsoring Public Entities are advised and recognize that as security for payment of a series of Bonds issued for a Sponsoring Public Entity, the Agency may assign to the Trustee, pursuant to one or more trust indentures (or paying agent/registrar agreements) to be authorized by the Bond Resolution, the Agency's rights under this Contract, including the right to receive payments due from the Sponsoring Public Entities hereunder (but not the right to receive payments, if any, under Section 8.13 hereof). The Sponsoring Public Entities herewith assent to such assignment and will make the payments due from them hereunder directly to the Trustee without defense or set-off by reason of any dispute between one or more of the Sponsoring Public Entities and the Agency or the Trustee. All rights against the Sponsoring Public Entities arising under this Contract or the Bond Resolution and assigned to the Trustee may be enforced by the Trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the Trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Sponsoring Public Entities, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Agency a party thereto.

**Section 3.9 Tax-Exempt Bonds.** The parties hereto understand and agree that the Agency will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for any series of Bonds to be issued for the Project. In connection therewith, the parties understand that the Agency intends to issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax

purposes, except that the parties recognize the series of Bonds issued for the Canyon Regional Water Authority will likely be taxable pursuant to the provisions of the Code. The parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the parties agree and covenant that if any series of Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect, the treatment of such Bonds as obligations described in section 103 of the Code. Should any party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event any series of Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of the parties, the parties will identify a different firm that is mutually acceptable to all parties in order to resolve the conflict of opinion.

**Section 3.10**      **Payment to Rebate Fund.** In the event that tax-exempt Bonds are issued as provided in Section 3.9, the Agency hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(f)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the Trustee to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, each of the Sponsoring Public Entity forthwith shall pay the amount of such insufficiency for the series of Bonds issued for such Sponsoring Public Entity on such date to the Trustee in immediately available funds for such purpose. The obligations of the Sponsoring Public Entities under this Section 3.10 are direct obligations of each Sponsoring Public Entity, acting under the authorization of, and on behalf of, the Agency and the Agency shall have no further obligation or duty with respect to the rebate fund.

**Section 3.11**      **Sponsoring Public Entities' Obligations.** In the event the Project is not completed for any of the reasons contemplated herein or otherwise, or any proceeds from issuance of a series of Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings thereon for such series not used for completion of the Project shall be utilized to satisfy amounts due and owing on the related series of Bonds as described in the Bond Resolution, and herein, so as to reduce the Annual Payment Amounts which would otherwise be due hereunder, or be applied for the benefit of the Sponsoring Public Entity for which a series of Bonds are being issued as provided in the Bond Resolution. Each of the Sponsoring Public Entities has covenanted absolutely and unconditionally, in accordance with all other terms of this Contract, to make payment of the Annual Payment Amounts, as provided herein, in consideration for such application of the money as well as the other covenants and obligations of the Agency and others set forth or contemplated herein.



**Section 3.12**     **Interest on Money.** All legally available money respecting a series of Bonds shall be invested in the manner set forth in the Bond Resolution. Any interest earnings on the Bond proceeds may be used to pay principal of and interest on the related series of Bonds or for the payment of any Project Costs or other costs related to the Project approved by the Sponsoring Public Entity for which such Bonds were issued, subject to Section 3.9.

**Section 3.13**     **Sale and Offering Documents.** At the request of the Agency, each of the Sponsoring Public Entities for which a series of Bonds are being issued shall provide to the Agency current and historical information concerning such Sponsoring Public Entity's System, the financial conditions, results, and prospects of the Sponsoring Public Entity, and such other information concerning such Sponsoring Public Entity as the Agency shall deem advisable for inclusion in the Sale and Offering Documents for the series of Bonds of to be issued for such Sponsoring Public Entity, and shall certify to the Agency and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Sponsoring Public Entity deems such Sale and Offering Documents to be complete and final for purposes of the Rule. Each of the Sponsoring Public Entities represents and warrants that all statements concerning it (including, without limitation, its financial condition, results, and prospects, its System, and any demographic and economic information concerning the area served by its System) that are contained in any Sale and Offering Document approved by the Sponsoring Public Entities pursuant to Section 3.1 hereof shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

**Section 3.14**     **Right of Sponsoring Public Entities to Prepay.** Each of the Sponsoring Public Entities shall have the right at any time to prepay all or any portion of the Annual Payment Amounts. Subject to the provisions of Section 3.9, such prepaid Annual Payment Amounts shall be used and invested by the Agency as directed by the Sponsoring Public Entity which paid (i) as a credit against future Annual Payment Amount obligations of such Sponsoring Public Entity, (ii) to redeem Bonds issued for such Sponsoring Public Entity pursuant to the provisions of Section 3.4, or (iii) to provide for the defeasance of the Bonds pursuant to the provisions of the Bond Resolution. Any such prepayment will not cause a termination of this Contract until all other amounts owed or to be incurred by the Agency or any other person under the provisions of the Bond Resolution (including the charge for water pursuant to Section 8.5 hereof) have been paid in full or waived by such person.

#### **ARTICLE IV**

#### **METERING AND MEASUREMENT**

**Section 4.1**     **Unit of Measurement.** The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U. S. Standard Liquid Measure.

**Section 4.2**     **Measuring Equipment.**

(a) The Agency shall furnish, install, operate and maintain at its own expense for each Delivery Point the necessary electronic or other equipment and devices of standard type for measuring properly the quantity of water delivered under this Contract. Such meter or meters and other equipment so installed shall remain the property of the Agency. The Sponsoring Public Entities shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be done only by the employees or agents of the

Agency. For the purpose of this Contract the original record or reading of the meter or meters shall be the journal or other record book of Agency in its office in which the records of the employees or agents of the Agency who take readings are or may be transcribed. Upon written request of a Sponsoring Public Entity, the Agency will give the Sponsoring Public Entity a copy of such journal or record book, or permit the Sponsoring Public Entity to have access to the same in the office of the Agency during reasonable business hours.

(b) The Agency shall calibrate its meters periodically, but at least once each year. Each Sponsoring Public Entity shall be entitled to have a representative present during each calibration, and the parties shall jointly observe any needed adjustments which are made to the meters. If the check meters hereinafter provided for have been installed, the same shall also be calibrated by the Sponsoring Public Entities in the presence of a representative of the Agency, and the parties shall jointly observe any needed adjustment. If the Sponsoring Public Entities in writing request the Agency to calibrate its meters, and the Agency gives the Sponsoring Public Entities notice of the time when the calibration is to be made, and a representative of any Sponsoring Public Entity is not present at the time set, the Agency may proceed with calibration and adjustment in the absence of a representative of that Sponsoring Public Entity.

(c) If any party at any time observes a variation of one percent (1%) or more between the delivery meter or meters and the check meter or meters (if any such check meter or meters are installed), such party will promptly notify the other parties, and the parties hereto shall then cooperate to procure an immediate calibration test and joint observation of any adjustment, and the said delivery and check meter or meters shall then be tested and adjusted to accuracy. Each party shall give the other parties forty-eight (48) hours' notice of the time of all tests of meters so that the other parties may conveniently have a representative present.

(d) If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half ( $\frac{1}{2}$ ) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If for any reason any meters are out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered during the period such meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

(e) One or more of the Sponsoring Public Entities may, at their option and their own expense, install and operate a check meter to check each delivery meter installed by the Agency, but the measurement of water for the purpose of this Contract shall be solely by the Agency's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of the Agency. The reading, calibration and adjustment thereof, however, shall be made only by the respective Sponsoring Public Entity or Entities,

except during any period when a check meter may be used under the provisions hereof for measuring the amount of water delivered, in which case the reading, calibration and adjustment thereof shall be made by the Agency with like effect as if such check meter or meters had been furnished or installed by the Agency.

## **ARTICLE V**

### **ANNUAL PAYMENT AMOUNTS, SPONSORING PUBLIC ENTITY COVENANTS**

**Section 5.1      Annual Estimate of Annual Payment Amounts.** Not less than ninety (90) days prior to the beginning of each Fiscal Year, the Agency shall furnish to the Agency Board of Directors, and to each of the Sponsoring Public Entities, a proposed budget that includes an estimate of the Annual Payment Amounts for that Fiscal Year from each Sponsoring Public Entity, and a schedule of the monthly payments required to be paid by each Sponsoring Public Entity in such Fiscal Year. The Annual Payment Amount for each Sponsoring Public Entity shall include the Entity's Bond Payment and the anticipated proportionate share of the Operation and Maintenance Expenses and Overhead Expenses of the Agency. The Agency Board shall review the proposed budget, and after making any adjustments which are reasonable and necessary, shall approve the budget not later than ten (10) days before the beginning of the Fiscal Year. The Agency Board shall ensure that each approved budget includes appropriate amounts for making of all Bond Payments by the Agency.

**Section 5.2      Payments by the Sponsoring Public Entities.**

(a) Each of the Sponsoring Public Entities hereby agrees that it will make payment of its Bond Payment, to the extent the Agency issues a series of Bonds for such Sponsoring Public Entity, and its proportionate share of the Operation and Maintenance Expenses and Overhead Expenses to the Agency, or to the Trustee on behalf of the Agency, as provided in the Bond Resolution, and in accordance with the procedures established in Section 3.6 hereof. If a Sponsoring Public Entity at any time disputes the amount to be paid by it to the Agency, such Sponsoring Public Entity shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by the Sponsoring Public Entity should have been less, or more, the Agency shall promptly revise the charges for such Sponsoring Public Entity in such manner that the Sponsoring Public Entity will recover its overpayment or the Agency will recover the amount due it. The Agency shall pursue all legal remedies against the Sponsoring Public Entities to enforce and protect the rights of the Agency and the owners of the Bonds, and the Sponsoring Public Entities shall not be relieved of the liability to the Agency for the payment of all amounts which are due by them hereunder.

(b) Except to the extent otherwise provided by the Bond Resolution, all amounts due under this Contract shall be paid and are due in Hays County, Texas, which is the County in which the principal administrative offices of the Agency are located.

(c) The Agency shall redetermine the estimate and schedule of Annual Payment Amounts due in any Fiscal Year at any time during such Fiscal Year, as and to the extent deemed necessary or advisable by the Agency to accurately forecast the Annual Payment Amounts and the dates of payments to be made by each of the Sponsoring Public Entities, if (i) the Agency issues Bonds to complete the Project or to refund any Bonds or enters into, amends, or terminates a Credit Agreement, (ii) actual interest rates on any variable interest rate Bonds differ from those

projected by the Agency, or (iii) any other event occurs which results in an increase or decrease in the Annual Payment Amounts required to be made by the Sponsoring Public Entities in such Fiscal Year.

(d) If, during any Fiscal Year, the Annual Payment Amount is redetermined in any manner as provided or required in this Section, the Agency will promptly furnish each of the Sponsoring Public Entities with an updated schedule of payments reflecting such redetermination.

(e) Notwithstanding anything herein to the contrary, no failure of the Agency to estimate, and no mistake by the Agency in any estimate of, the amount of or schedule for payments due from the Sponsoring Public Entities in any Fiscal Year shall relieve the Sponsoring Public Entities from (or defer) their absolute and unconditional obligation to pay all Annual Payment Amounts in full when due.

(f) The Agency shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Sponsoring Public Entity which remains delinquent in any payments due under the preceding paragraphs for a period of thirty (30) days, and shall not resume delivery of services or water while such Sponsoring Public Entity is so delinquent. The Agency also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Sponsoring Public Entity. It is further provided and agreed that if any Sponsoring Public Entity should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Sponsoring Public Entity's proportionate share specified in Section 2.15 shall be deemed to have been zero percent during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of Operation and Maintenance Expenses and Overhead Expenses to be paid by the non-delinquent Sponsoring Public Entities and the Agency, and the Agency shall redetermine such percentage of Operation and Maintenance Expenses and Overhead Expenses on that basis in such event so that the non-delinquent Sponsoring Public Entity and the Agency collectively shall be required to pay all of the Operation and Maintenance Expenses and Overhead Expenses. However, the Agency shall pursue all legal remedies against any such delinquent Sponsoring Public Entity to enforce and protect the rights of the Agency and the other Sponsoring Public Entities, and any non-delinquent Sponsoring Public Entity may also pursue remedies against the delinquent Sponsoring Public Entity in coordination with the Agency. The delinquent Sponsoring Public Entity shall not be relieved of the liability to the Agency for the payment of all Operation and Maintenance Expenses and Overhead Expenses which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. If any amount of Operation and Maintenance Expenses and Overhead Expenses due and owing the Agency by any Sponsoring Public Entity is placed with an attorney for collection, such Sponsoring Public Entity shall pay to the Agency, and to the non-delinquent Sponsoring Public Entities, as appropriate, all attorneys' fees, in addition to all other payments provided for herein, including interest. In the event the Agency redetermines the percentages of the Operation and Maintenance Expenses and Overhead Expenses to be made by the non-delinquent Sponsoring Public Entities under this subsection then the Agency shall also redetermine each non-delinquent Sponsoring Public Entity's pro rata share of treated water from the Project for the period of the delinquency, and the non-delinquent Sponsoring Public Entities shall be entitled to use of their respective redetermined shares during the period of delinquency.

### **Section 5.3**      **Source of Payment.**

(a) Each of the Sponsoring Public Entities represents and covenants that all payments to be made by them under this Contract shall constitute reasonable and necessary "operating expenses," as defined in Chapter 1502, as amended, Texas Government Code, of its System, but only to the extent of the Annual Payment Amount. A Sponsoring Public Entity shall not be obligated to make its payments under this Contract from any source other than the gross revenues of its System. Each of the Sponsoring Public Entities further represents that its Governing Body has determined that the services to be provided by the Project are absolutely necessary and essential to provide water to that Sponsoring Public Entity.

(b) Each of the Sponsoring Public Entities agrees throughout the term of this Contract to fix and collect such rates and charges for services to be supplied by its System as will produce gross revenues at all times during the term of this Contract in an amount at least equal to (i) all of the expenses of operation and maintenance of the Sponsoring Public Entity's System, including specifically its payments under this Contract and (ii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing the Sponsoring Public Entity's Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the Sponsoring Public Entity's System, including the amounts required to pay all principal of and interest on such Sponsoring Public Entity's Utility Bonds and other obligations.

(c) No ad valorem tax revenues of any of the Sponsoring Public Entities shall be pledged to the payment of any amounts to be paid by the Sponsoring Public Entities to the Agency under this Contract, nor shall the Agency have the right to demand payment of any amounts to be paid by the Sponsoring Public Entities under this Contract be paid from funds raised or to be raised from ad valorem taxation from the Sponsoring Public Entities. The obligations under this Contract shall never be construed to be a debt or pecuniary obligation of any of the Sponsoring Public Entities of such kind as to require any of the Sponsoring Public Entities to levy and collect an ad valorem tax to discharge their obligations.

**Section 5.4**      **Agency's Operation and Maintenance Expenses and Overhead Expenses.** To the extent not paid out of the proceeds of the Bonds, or otherwise, each of the Sponsoring Public Entities shall pay and reimburse the Agency for all of its proportionate share of Operation and Maintenance Expenses and Overhead Expenses incurred by the Agency throughout the term of this Contract within thirty (30) days of receipt of documentation therefor from the Agency. The Sponsoring Public Entities also agree, with the consent of the Agency, to enter into an interlocal agreement among themselves and with the Agency to provide for, among other matters, an annual adjustment of the Operation and Maintenance Expenses and Overhead Expenses paid by each Sponsoring Public Entity based upon certain formulas and taking into account the quantity of water actually utilized by each Sponsoring Public Entity.

**Section 5.5**      **Annual Budgeting by the Sponsoring Public Entities.** Each Sponsoring Public Entity shall make provision in its annual budgets and shall appropriate an amount sufficient, at a minimum, for the payment of all amounts required to be paid by the Sponsoring Public Entity from the sources specified under this Contract.

**Section 5.6**      **Revenue Sources Pledged.** Each of the Sponsoring Public Entities hereby pledges the gross revenues of its System to the payment of its obligations under this Contract, and recognizes that the Agency will, and authorizes the Agency to, pledge the Annual Payment Amounts owing to the Agency by the Sponsoring Public Entities under this Contract to



the payment of the Bonds and Credit Agreements. The Agency agrees to make the payments for the Bonds and Credit Agreements when and as required by the Bond Resolution, the Credit Agreements, and this Contract, from and to the extent of capitalized interest, proceeds of the Bonds not expended for the Project, and payments made by the Sponsoring Public Entities.

**Section 5.7**      **General Covenants.** Each Sponsoring Public Entity further represents, covenants and agrees that in accordance with and to the extent permitted by law:

(a)      **Performance.** It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each ordinance or resolution authorizing the issuance of its Sponsoring Public Entity's Utility Bonds; and it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the fund and accounts created by said ordinances, but only from and to the extent of the sources of funds and after satisfaction of all prior obligations described therein.

(b)      **Sponsoring Public Entities' Legal Agency.** It is a duly created and existing municipality of the State, or a conservation and reclamation district and political subdivision of the State, as applicable, and is duly authorized under the laws of the State to enter into this Contract, and that all action on its part for the execution and delivery of this Contract has been duly and effectively taken; and that this Contract is a valid and enforceable special obligation of the Sponsoring Public Entities in accordance with its terms.

(c)      **Acquisition and Construction; Operation and Maintenance.** (1) It shall use its best efforts in accordance with Prudent Utility Practice to acquire and construct, or cause to be acquired and constructed, any capital improvements to its System needed for it to secure delivery of its proportionate share of treated water from the Project at the agreed Delivery Points, which shall mean and include any capital extensions, improvements, and betterments, in accordance with the plans and specifications therefor, as modified from time to time with due diligence and in a sound and economical manner; and (2) it shall at all times use its best efforts to operate or cause to be operated its System properly and in an efficient manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacement, and renewals so that at all times the operation of its System may be properly and advantageously conducted.

(d)      **Title.** It has or will obtain lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures, and facilities constituting its System; it will defend the title to all the aforesaid lands, buildings, structures, and facilities, and every part thereof, for the benefit of the Agency and the owners of the Bonds, against the claims and demands of all persons whomsoever; and it is lawfully qualified to pledge the gross revenues of its System to the payment of the payments required by this Contract in the manner prescribed herein, and has lawfully exercised such rights.

(e)      **Liens.** It will from time to time, and before the same become delinquent, pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon its System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the lien granted hereunder

shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided however, that no such tax, assessment, or charge, and no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Sponsoring Public Entity.

(f) Books, Records, and Accounts. It shall keep proper books, records, and accounts separate and apart from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to its System, the Bonds, and the Sponsoring Public Entities, and it shall cause said books and accounts to be audited annually as of the close of each Fiscal Year by the Accountant. At the request of the Agency, the Sponsoring Public Entity shall allow the Agency to audit such books, records, and accounts at any reasonable time and from time to time.

(g) Insurance.

(i) Except as otherwise permitted in clause (ii) below, it shall cause to be insured such parts of its System as would usually be insured by public entities operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by public entities operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the legal counsel for the Sponsoring Public Entity gives a written opinion to the effect that the Sponsoring Public Entity is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Sponsoring Public Entities shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the Agency at all reasonable times.

(ii) In lieu of obtaining policies for insurance as provided above, the Sponsoring Public Entities may self-insure against risks, accidents, claims, or casualties described in clause (i) above.

(iii) The annual audit hereinafter required shall contain a section commenting on whether or not the Sponsoring Public Entity has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the Sponsoring Public Entity is self-insuring, all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(h) Audits. After the close of each Fiscal Year while this Contract is in effect, it shall cause an audit to be made of the books and accounts relating to its System and of the revenues and expenses of its System by the Accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Sponsoring Public Entity, a copy of such audit for the preceding Fiscal Year shall be mailed to the Agency.

Such annual audit reports shall be open to the inspection of the Agency, its agents and representatives, the Trustee, and the owners of the Bonds at all reasonable times at the Agency's office.

(i) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to its System, and which have been obtained from any governmental agency; and the Sponsoring Public Entities have or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of its Sponsoring Public Entity's System.

(j) No Competition. To the extent it legally may, it will not grant any franchise or permit for the acquisition, construction, or operation of any competing facilities which might be used as a substitute for its System's facilities, and, to the extent that it legally may, each Sponsoring Public Entity will prohibit any such competing facilities.

(k) Rights of Inspection. The Agency, the Trustee, and the owners of 10% or more in principal amount of the Bonds of any series shall have the right at all reasonable times to inspect its System and all records, accounts, and data of the Sponsoring Public Entity relating thereto, and upon request the Sponsoring Public Entity shall furnish to the Agency, the Trustee, and such owners of Bonds such financial statements, reports, and other information relating to the Sponsoring Public Entity and its System as any such person may from time to time reasonably request.

(l) Sale, Lease, or Disposal of Property by the Sponsoring Public Entities. A Sponsoring Public Entity shall not sell, lease, mortgage, demolish, remove, or otherwise dispose of any part of its System, except as follows:

(i) To the extent permitted by law, a Sponsoring Public Entity may sell or exchange at any time and from time to time any property or facilities constituting a part of its System only if (a) it shall determine such property or facilities are not useful in the operation of its System, (b) the proceeds of such sale are [REDACTED] less, or it shall have received a certificate executed by the Sponsoring Public Entity's Engineer of Record and Authorized Representative stating, in their opinion, that the fair market value of the property or facilities exchanged is [REDACTED] less, (c) if such proceeds or fair market value exceeds [REDACTED] it shall have received a certificate executed by the Sponsoring Public Entity's Engineer of Record and Authorized Representative stating, in their opinion, that the sale or exchange of such property or facilities will not impair the ability of the Sponsoring Public Entity to comply during the current or any future year with the provisions of Section 5.3(b) of this Contract, or (d) the sale or exchange will not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the Sponsoring Public Entity's System shall forthwith, at the option of the Sponsoring Public Entity, be used as provided in the ordinances of the Sponsoring Public Entity authorizing its Utility Bonds.

(ii) To the extent permitted by law, the Sponsoring Public Entity may lease or make contracts or grant licenses for the operation of, or make

arrangements for the use of, or grant easements or other rights with respect to, any part of its System, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by the Sponsoring Public Entity of the System, (ii) does not in any manner impair or adversely affect the rights or security of the Agency under this Contract; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of \$500,000, the Sponsoring Public Entity shall have received a certificate executed by the Sponsoring Public Entity's Engineer of Record and Authorized Representative that the action of the Sponsoring Public Entity with respect thereto does not result in a breach of the conditions under this subsection (2), and (iii) does not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. Any payments received by the Sponsoring Public Entity under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the Sponsoring Public Entity's System or any part thereof shall constitute gross revenues of the System.

## **ARTICLE VI**

### **CONTINUING DISCLOSURE**

#### **Section 6.1**      **Annual Reports.**

(a) Following the issuance of Bonds of any series by the Agency for the benefit of the appropriate Sponsoring Public Entity, the offer or sale of which is not exempt from the Rule and, until the Sponsoring Public Entities are no longer obligated, contingently or otherwise, to pay the Annual Payment Amounts in respect of the Bonds of such series, each Sponsoring Public Entity undertakes to and shall provide annually to each NRMSIR and any SID, within six months after the end of each Fiscal Year, (1) financial information and operating data of the general type included in the Sale and Offering Documents for the Bonds of such series, as specified in the Sponsoring Public Entities' approval of such Sale and Offering Documents pursuant to Section 3.1 hereof and (2) audited general purpose financial statements of the Sponsoring Public Entity, if then available. Any financial statements so to be provided shall be (1) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as the Sponsoring Public Entity may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Sponsoring Public Entity commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then the Sponsoring Public Entity shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements become available.

(b) If a Sponsoring Public Entity changes its Fiscal Year, it will notify the Trustee, each NRMSIR, and any SID in writing of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Sponsoring Public Entity otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific

reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC. Copies of such information and operating data shall be furnished to the Agency at the same time the information and data are furnished to any NRMSIR or SID.

**Section 6.2**      **Material Event Notices.** (a) The following are the events with respect to the Bonds which the Agency must agree to disclose in a timely manner pursuant to the Rule, if “material” under applicable federal securities laws and regulations promulgated thereunder.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of holders of the Bonds;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

(b) A Sponsoring Public Entity shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in (a) above with respect to such Sponsoring Public Entity, notify the Agency of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the Sponsoring Public Entity shall provide, in a timely manner, notice of any failure by the Sponsoring Public Entity to provide audited financial statements, financial information, and operating data in accordance with Section 6.1 hereof to each NRMSIR and each SID.

**Section 6.3**      **Limitations, Disclaimers, and Amendments.**

(a) Each Sponsoring Public Entity shall be obligated to observe and perform the covenants specified in this Article in respect of its Bonds of any series for so long as, but only for so long as, the Sponsoring Public Entity remains an “obligated person” with respect to the Bonds of such series within the meaning of the Rule, except that a Sponsoring Public Entity in any event will give notice of any deposit made in accordance with the Bond Resolution that causes Bonds of such series no longer to be outstanding.



(b) The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds of such Sponsoring Public Entity, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Sponsoring Public Entities undertake to provide only the financial information, operating data, financial statements, and notices which they have expressly agreed to provide pursuant to this Article and they do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of their respective financial results, condition, or prospects, nor do they hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Sponsoring Public Entities make no representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(c) UNDER NO CIRCUMSTANCES SHALL ANY SPONSORING PUBLIC ENTITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE SPONSORING PUBLIC ENTITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(d) No default by a Sponsoring Public Entity in observing or performing its obligations under this Article shall comprise a breach of or default under this Contract for purposes of any other provision of this Contract.

(e) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Agency or the Sponsoring Public Entities under federal and state securities laws.

(f) The provisions of this Article may be amended by the Agency and the appropriate Sponsoring Public Entities from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Agency or the appropriate Sponsoring Public Entities, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds of the applicable series in the primary offering of the Bonds of such series in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the outstanding Bonds of each such series affected consent to such amendment or (b) an entity that is unaffiliated with the Agency or the appropriate Sponsoring Public Entities (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the owners and beneficial owners of the Bonds of such series and is permitted by the terms of the Article. If the Agency and the appropriate Sponsoring Public Entities so amend the provisions of this Article in connection with the financial or operating data which the Sponsoring Public Entities are required to disclose under Section 6.1 hereof, the appropriate Sponsoring Public Entities shall provide a notice of such amendment to be filed in accordance with Section 6.2(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Agency and the

appropriate Sponsoring Public Entities may also amend or repeal the provisions of this Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

## **ARTICLE VII**

### **COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS**

**Section 7.1**      **Compliance with Federal, State and Local Laws.** In addition to the provisions of Section 8.8 hereof, this Contract is subject to all applicable federal and State laws and any applicable permits, ordinances, rules, orders and regulations of any local, state or federal government authority having or asserting jurisdiction. The Contract is specifically subject to the rules of the TCEQ, and the Agency shall have the right to terminate this Contract with respect to a Sponsoring Public Entity upon the Sponsoring Public Entity's non-compliance with the rules promulgated by the TCEQ. Pursuant to those rules the parties will comply with all of the applicable requirements in Section 7.2 hereof.

**Section 7.2**      **Recordkeeping and Reporting.** The Sponsoring Public Entities and the Agency shall maintain records relating to the Agency on site for a period of five (5) years.

- (a) Records to be maintained by the Agency include:
  - (i) copies of notifications made to the TCEQ concerning water projects;
  - (ii) as applicable, copies of contracts made with each water user;
  - (iii) records of volume of water delivered to each water user per delivery; and
  - (iv) water quality analyses.
- (b) Records to be maintained by each Sponsoring Public Entity include:
  - (i) records of volume of water delivered to the Sponsoring Public Entity by the Agency;
  - (ii) records of water quality analysis of the Sponsoring Public Entity's distribution system;
  - (iii) calibration records for any check meters (as described in Section 4.2(e) above) owned, maintained, or controlled by the Sponsoring Public Entity; and
  - (iv) maintenance records pertinent to each Agency delivery point to the Sponsoring Public Entity.
- (c) The Agency shall report to the TCEQ on a monthly basis the following information on forms furnished by the Executive Director of the TCEQ:
  - (i) volume of water delivered to each Sponsoring Public Entity.

(ii) quality of water delivered to the Sponsoring Public Entities reported as a monthly average for each quality criteria except those listed as "not to exceed," which shall be reported as individual analyses.

Such reports are due to the TCEQ by the 20th day of the month following the reporting period.

The foregoing requirements of this Article VII shall be amended as necessary to comply with the rules of the TCEQ.

All costs of compliance with the rules of the TCEQ shall be paid by the Agency, but such costs shall be considered an Operation and Maintenance Expense.

## **ARTICLE VIII**

### **GENERAL PROVISIONS**

**Section 8.1**      **Participation by the Parties.** Each party represents to the other parties that it is empowered by law to participate in the acquisition, construction, and financing of the Project, and to execute this Contract and other agreements and documents as are or may hereafter be required to accomplish the same; and that its participation in the Project and execution of this Contract have been duly authorized by action of its Governing Body at a meeting conducted in accordance with the Texas Open Meetings Act, as amended, Chapter 551, Texas Government Code. Each party agrees to furnish to the other parties such documentation or evidence of its authority to so participate and execute this Contract and other agreements and documents as the other parties may reasonably request, and to take and perform such other and further actions and execute such other agreements and documents as may be reasonably required to carry out the provisions of this Contract.

### **Section 8.2**      **Insurance.**

(a) The Agency agrees to carry public liability insurance and environmental pollution insurance on the Project for purposes and in amounts which ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Agency shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Agency's legal counsel, be potentially liable considering relevant governmental immunities of the Sponsoring Public Entities and the Agency. The Agency shall also carry property casualty insurance in the amount of the replacement value of all improvements and personal property connected with the Project (less a deductible comparable to the deductible on the Sponsoring Public Entities' property insurance for their respective properties generally). All premiums for such insurance shall constitute an expense of the Project but may be paid out of the proceeds of the Bonds to the extent that such proceeds are available. In the event the Agency is required to pay a deductible with respect to a claim under any such policy, the amount of such deductible shall constitute an expense and shall be paid by the Sponsoring Public Entities.

(b) The Agency shall require the contractor or contractors employed for construction of the Project to carry insurance and bond coverages throughout the construction period in at least the following amounts: (1) workers' compensation: State law limits; (2) general liability (including contractual liability) and automobile liability: one million dollars (\$1,000,000) per

person and two million dollars (\$2,000,000) per occurrence for bodily injury, and one million dollars (\$1,000,000) for property damage; (3) builder's risk: full replacement value of improvements; (4) performance and payment bond: full value of contract; (5) cost overrun insurance; and (6) timely completion insurance. The Agency shall secure from the contractor or contractors a certified copy of such effective policy of insurance, and original bonds, prior to commencement of construction, and the Agency shall furnish a copy of the policy and bonds to a Sponsoring Public Entity upon request. Such insurance policies shall name the Agency and the Sponsoring Public Entities as additional insureds, and the Agency shall require the contractor to provide a certificate of insurance to the Agency showing the required coverages, and providing that the policies may not be canceled, changed, or not renewed until the Agency has been given thirty (30) days prior written notice of such event.

(c) The insurance required by this section may be modified by written agreement of the Sponsoring Public Entities and the Agency, in accordance with good business practice. Any questions about the scope of coverage required hereunder shall be resolved by written agreement between the Sponsoring Public Entities and the Agency. The parties can agree to substitute an owner controlled insurance program for any of the above specified insurance requirements.

**Section 8.3**      **Force Majeure.** If by reason of Force Majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each of the Sponsoring Public Entities to make the payments required under Sections 3.5, and 5.2 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other parties within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, blue northers, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, inability on the part of the Agency to deliver water for any reason, or any other causes not reasonably within the control of the party claiming such inability.

**Section 8.4**      **Unconditional Obligation to Make Payment.** Recognizing the fact that the Sponsoring Public Entities urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby utility system purposes, and recognizing the fact that the payments to be received from each of the Sponsoring Public Entities will be the primary source of funds available to the Agency and the Trustee to pay the Bonds and other Project Costs, and recognizing the fact that purchasers of the Bonds will rely on the obligation of the Sponsoring Public Entities to pay the Annual Payment Amounts with respect to their series of Bonds in accordance with the provisions of this Contract, each of the Sponsoring Public Entities hereby waives all rights of set-off, recoupment, counterclaim, suspension, deferment, reduction, and amendment against the Agency, the Trustee, and any other direct or indirect recipients of payments with respect to making the Annual Payment Amounts. Each of the Sponsoring Public Entities agrees that it shall make its appropriate Annual Payment Amounts even if no Bonds are issued for its benefit by the Agency

and, if any Bonds are issued, it shall be unconditionally obligated to pay the Annual Payment Amounts as provided and determined by this Contract, regardless of whether or not the Agency actually acquires, constructs, or completes the Project, or breaches any obligation on the Agency's part hereunder, and whether or not the Sponsoring Public Entity actually uses the Project, whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this Contract, or any other contract or agreement between any of the parties hereto. This covenant by each of the Sponsoring Public Entities shall be for the benefit of and enforceable by the owners of the Bonds and/or by the Agency.

By entering into this Contract and performing their obligations under any Section of this Contract, the Sponsoring Public Entities do not release any persons from or waive any claims against such persons that the Sponsoring Public Entities may have resulting from actions by such persons contrary to that person's legal obligations.

**Section 8.5**      **Term of Contract.** This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of each Bond Resolution and thereafter continue in force and effect during the entire useful life of the Project. When the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of the Bond Resolution and all amounts owed to the Agency, the Trustee, or any other person hereunder have been paid, all money held by the Trustee or the Agency pursuant to the terms of the Bond Resolution shall be paid to the Agency. Upon the termination of this Contract, the Agency will charge each of the Sponsoring Public Entities a unit based charge (or other published rate) for water delivered to the Sponsoring Public Entities in accordance with the Agency's then existing rate schedule.

**Section 8.6**      **Modification.** No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by each of the Sponsoring Public Entities under the terms of this Contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

**Section 8.7**      **Addresses and Notice.** Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to the other parties must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

    If to the Agency:

        Chair, Board of Directors



Hays Caldwell Public Utility Agency  
121 West Center Street  
Kyle, Texas 78640

If to one or more of the Sponsoring Public Entities:

City Administrator  
City of Buda, Texas  
121 North Main Street  
Buda, Texas 78610

City Manager  
City of Kyle, Texas  
100 West Center Street  
Kyle, Texas 78640

City Manager  
City of San Marcos, Texas  
630 East Hopkins  
San Marcos, Texas 78666

General Manager  
Canyon Regional Water Authority  
850 Lakeside Pass Drive  
New Braunfels, Texas 78130

The Agency and each Sponsoring Public Entity shall have the right from time to time and at any time to change its respective address and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties.

**Section 8.8 State or Federal Laws, Rules, Orders, or Regulations.** This Contract is subject to all applicable federal and State laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction. Each of the parties represents to the other parties that, to the best of its knowledge, no provisions of any applicable federal, State, or local law, including any Home Rule Charter of a Sponsoring Public Entity, nor any permit, ordinance, rule, order, or regulation of any party will limit or restrict its ability to carry out its respective obligations under or contemplated by this Contract.

**Section 8.9 Severability.** The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the

application of such actions, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

**Section 8.10 Remedies Upon Default.** It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing that failure in the performance of the Sponsoring Public Entities' obligations hereunder could not be adequately compensated in money damages alone, each of the Sponsoring Public Entities agrees in the event of any default on its part that the Agency and the owners of the Bonds as third-party beneficiaries shall have available to them the remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to them. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Agency to receive the Annual Payment Amounts and the provision of Section 3.9 hereof, which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of the performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstances.

**Section 8.11 Venue.** All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Hays County, Texas, which is the County in which the principal administrative offices of the Agency are located. It is specifically agreed among the parties to this Contract that Hays County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Hays County, Texas.

**Section 8.12 Statutory Authority.** In entering into this Contract and performing all duties and obligations hereunder, the Sponsoring Public Entities and the Agency exercise their authority under and in accordance with the State Constitution and laws including, but not limited to, the Act; Chapter 1502, as amended, Texas Government Code; any Home Rule Charter of a Sponsoring Public Entity; Chapter 1371, as amended, Texas Government Code; and all other laws which may authorize this Contract, all of which provisions and laws, cited or not cited herein, shall cumulatively provide the authority for this Contract.

**Section 8.13 Indemnification.** FOR SO LONG AS THE BONDS ARE OUTSTANDING AND UNPAID, AND ALSO WITH RESPECT TO ANY CLAIM THAT MAY ARISE OUT OF THE OFFER AND SALE OF THE BONDS OF ANY SERIES OR THE ALLEGED MISSTATEMENT OR OMISSION OF A MATERIAL FACT IN OR FROM ANY SALE AND OFFERING DOCUMENT RELATING TO ANY OF THE SPONSORING PUBLIC ENTITIES USED IN CONNECTION THEREWITH, TO THE EXTENT PERMITTED BY LAW, EACH OF THE SPONSORING PUBLIC ENTITIES AGREES TO INDEMNIFY AND SAVE AND HOLD HARMLESS THE AGENCY, AND THE OTHER

SPONSORING PUBLIC ENTITIES, THEIR OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, AND EMPLOYEES, AND THE UNDERWRITERS OF ANY SUCH OFFERING AND THEIR DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS, AND ALL PERSONS WHO CONTROL THE SAME WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS, FROM AND AGAINST ALL CLAIMS THAT MAY ARISE AS A RESULT OF ANY UNDERTAKING, ACT, OR OMISSION, WHETHER NEGLIGENT OR NOT, WHICH IS DONE OR OMITTED TO BE DONE BY THAT SPONSORING PUBLIC ENTITY OR ANY OF ITS OFFICERS, COUNCIL MEMBERS, AGENTS, ATTORNEYS, OR EMPLOYEES, RELATING TO THE PROJECT OR PROVIDING INFORMATION FOR INCLUSION IN THE SALE AND OFFERING DOCUMENTS. IF ANY SUCH CLAIM IS BROUGHT AGAINST ANY SUCH INDEMNIFIED PERSON, THE INDEMNIFYING SPONSORING PUBLIC ENTITY SHALL PAY ALL COSTS INCURRED BY SUCH PERSON IN DEFENDING AGAINST THE CLAIM, AND (SUBJECT TO APPLICABLE RULES OF ATTORNEY CONDUCT) MAY CONTROL THE DEFENSE OF SUCH CLAIM.

**Section 8.14**      **Contract not for Benefit of Third Parties.** This Contract is made for the exclusive benefit of the Sponsoring Public Entities, the Agency, the Trustee, the owners of the Bonds, the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, and their respective successors and assigns herein permitted, and not for any third party or parties other than the Agency (including its officers, directors, employees, agents, and attorneys), the Trustee, the owners of the Bonds, the Sponsoring Public Entities, and the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, the other persons indemnified by Section 8.13 hereof, and their respective successors and assigns herein permitted, any rights or remedies under or by reason of this Contract.

**Section 8.15**      **Succession and Assignment.** This Contract is binding on and inures to the benefit of the parties hereto and their respective successors, representatives, and assigns. This Contract may not be assigned by any party hereto without (i) complying with any provisions relating to the right of the parties to assign this Contract contained in the Bond Resolution and (ii) prior written notice to and approval by the other party, which consent may be withheld without cause. The provisions of this Section do not affect the assignment of the Agency's rights under this Contract to the Trustee pursuant to Section 3.8.

**Section 8.16**      **Incorporation of Preamble Recitals.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Contract for all purposes and are adopted as a part of the judgment and findings of the Agency and the Sponsoring Public Entities.

**Section 8.17**      **Independent Contractor.** As among the parties, the Agency shall be solely responsible for the operation of the Project to produce, withdraw, or divert and treat water and to transport the water to the Sponsoring Public Entities pursuant to this Contract (except to the extent the Agency and a Sponsoring Public Entity enter into agreements for the Sponsoring Public Entity to operate parts of the Project); and the Agency shall be an independent contractor in the operation of the Project.

**Section 8.18**      **Financing Statement.** To the extent required by law, each of the Sponsoring Public Entities agrees it shall execute, at the request of the Agency or the Trustee, a

financing statement in a form satisfactory to the Agency or the Trustee and meeting the requirements of the Texas Uniform Commercial Code to perfect any security interest created hereby. To the extent required by law, each Sponsoring Public Entity further agrees to execute such continuation statements or other documents as may be necessary to maintain any such security interest.

**Section 8.19**      **Entire Agreement.** This Contract constitutes the entire agreement among the parties with respect to the matters described herein.

**Section 8.20**      **Applicable Law.** This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

**Section 8.21**      **Counterparts.** This Contract may be executed in counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**Section 8.22**      **Reservation of Rights to Utilize the Texas Water Development Board's State Participation Account Program.** The Sponsoring Public Entities and the Agency hereby agree that the Agency may file an application with the TWDB to seek financial assistance pursuant to the TWDB Program. To the extent the Agency utilizes the TWDB Program to access funds to complete the Project, the TWDB Program's rules and regulations require that the TWDB take an undivided ownership interest in up to 50% of the infrastructure improvements comprising the Project. This undivided ownership interest is represented by a master agreement and other documents to be executed between the Agency and the TWDB to effectuate the Agency's financial participation in the TWDB Program. Under the TWDB Program, the Agency will be obligated (and the Sponsoring Public Entities will be obligated to pay the Annual Payment Amounts to reflect this financial obligation) to make lease or other rental payments to the TWDB to repay the TWDB's financial assistance which enabled the Agency to construct the Project in a manner in which excess capacity in the Project was implemented on a regional basis.

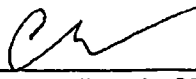
*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective Governing Bodies have caused this Contract to be duly executed as of the day and year first above written.

**HAYS CALDWELL PUBLIC UTILITY AGENCY**

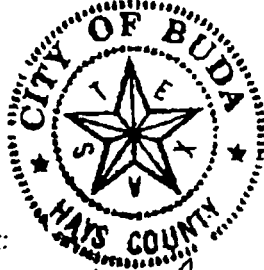
Attest:

By:   
Chair, Board of Directors

By:   
Secretary, Board of Directors

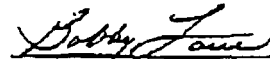


ADOPTED on January 15, 2008.

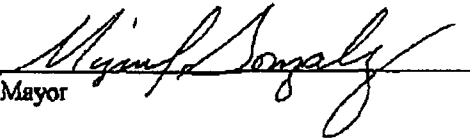


Attest:

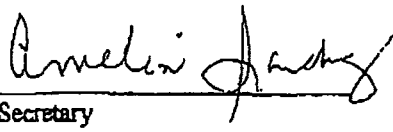
  
Toni Milam, City Secretary

  
Bobby Lane, Mayor Pro Tem

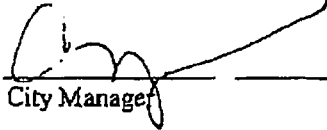
CITY OF KYLE, TEXAS

By:   
Mayor

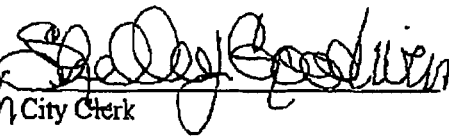
Attest:

By:   
City Secretary

CITY OF SAN MARCOS, TEXAS

By:  \_\_\_\_\_  
City Manager

Attest:

By:  \_\_\_\_\_  
Interim City Clerk

CANYON REGIONAL WATER AUTHORITY

By: Melvin E. Stray  
President, Board of Trustees

Attest:

By: Mar Speed  
Secretary, Board of Trustees

**AMENDMENT NO. 1 TO  
REGIONAL WATER SUPPLY CONTRACT**

This is Amendment No. 1 to the Regional Water Supply Contract (the "Contract") by and among the Hays Caldwell Public Utility Agency (the "Agency"), and the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority. The Contract was dated and effective as of January 1, 2008. This Amendment is dated and effective as of October 31, 2009. The City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority are referred to in this Amendment collectively as the "Sponsoring Public Entities" and singularly each as a "Sponsoring Public Entity".

**RECITALS:**

1. The Sponsoring Public Entities formed the Agency as a public utility agency pursuant to Chapter 572 of the Local Government Code, and executed the Contract in order to jointly plan, finance, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and wastewater, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and wastewater.

2. The Sponsoring Public Entities have decided to postpone the issuance of Bonds by the Agency, and they are financing the activities of the Agency through cash contributions until the time the Agency issues Bonds.

3. The Sponsoring Public Entities wish to revise the Contract to describe the Project more definitively, to modify the scope of the Project and the shares in the capacity of the Project to which each of them is entitled, to allow for future modifications to the scope and phasing of the Project, and to make other clarifying revisions to the Contract.

**AMENDMENT:**

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby acknowledged, and upon and subject to the terms and conditions hereinafter set forth, the Sponsoring Public Entities and the Agency mutually undertake, promise, and agree that the Contract is amended as follows:

1. **Section 2.1 of the Agreement is amended as follows** (underlining indicates added text; ~~overstrike~~ indicates deleted text):

**Section 2.1. General; Project Description.**

(a) The Project will have a total capacity of 33.212 acre-feet/year. The Facilities will be constructed in two phases as described in the Engineering Report, the first phase having a capacity of 15,000 acre-feet/year, and the second phase having a capacity of 18.212 acre-feet/year. Prior to the issuance of Bonds by the Agency for each phase of construction of the Facilities, the Parties may, by written amendment to this Contract approved by all of the Parties, agree to revise the total capacity of the Project.



the phasing of the Project, or the capacity of each phase of the Project. After the Agency issues Bonds in connection with a phase of the construction of the Facilities, any revision to the capacity of that phase of the Facilities will be limited by, and subject to, the terms and provisions of the Bonds issued for that phase of the Facilities.

(b) Subject to the remaining terms and provisions of this Contract, the Agency agrees to issue the Bonds and to acquire and construct the Project as generally described in the Engineering Report. It is estimated that the first phase of the Project will be placed in operation on or before December 31, 2018, or as soon thereafter as practicable. The Authorized Representative of the Agency hereby represents that he is not aware of any reason that the first phase of the Project, as contemplated, cannot be completed on or before December 31, 2018. It is expressly understood and agreed that any obligations on the part of the Agency to finance, acquire, construct, and complete the Project and to provide the water to the Sponsoring Public Entities shall be (i) conditioned upon the Agency's ability to obtain all necessary permits, Land Interests, material, labor, and equipment, and upon the ability of the Agency to finance the cost of the Project through the actual sale of the Bonds, including any Bonds needed to complete the Project, and (ii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State, and any regulatory body having jurisdiction. The Project shall be acquired and constructed by the Agency with all reasonable dispatch, and the Agency will diligently pursue such acquisition and construction in order that it may be completed as soon as practicable, delays incident to events of Force Majeure only excepted; but if for any reason there should be delays in or the entire failure of such acquisition, construction, and improvement, there shall be no diminution in or postponement of the Annual Payment Amounts to be made by the Sponsoring Public Entities hereunder and no resulting liability on the part of the Agency; provided, however, that the Sponsoring Public Entities retain the right to pursue any legal remedy to the extent that delays in the Project are the result of negligence on the part of the Agency.

(c) The provisions of this Article II shall apply to each phase of the construction of the Facilities.

2. Section 2.15 of the Agreement is amended as follows (underlining indicates added text; ~~overstrike~~ indicates deleted text):

**Section 2.15. Shares of Treated Water and Project Cost Quantity.** The Sponsoring Public Entities' proportionate shares of the Project Costs and of the treated water produced by each phase of the Facilities constructed for the Project will be based on the capacity for each Sponsoring Public Entity out of the total Project capacity. The proportionate shares of Project Costs and treated water produced, and the capacity for each Sponsoring Public Entity out of the total Project capacity, are ~~is~~ as follows:

| <u>Sponsoring Public Entity</u> | <u>Project Share of Project Costs and Treated Water</u> | <u>Acre-feet/year out of Total Project Capacity</u> |
|---------------------------------|---|---|
| City of Buda, Texas             | <del>5.60</del> <u>5.08%</u>                            | <u>1.687</u>  |
| City of Kyle, Texas             | <del>20.50</del> <u>28.17%</u>                          | <u>9.355</u>  |

|                                 |                                |               |
|---------------------------------|--------------------------------|---------------|
| City of San Marcos, Texas       | <del>39.70</del> <u>35.86%</u> | <u>11,910</u> |
| Canyon Regional Water Authority | <del>34.20</del> <u>30.89%</u> | <u>10,260</u> |

Prior to the issuance of Bonds by the Agency for each phase of construction of the Facilities, the Parties may, by written amendment to this Contract approved by all of the Parties, agree to revise the proportionate shares of the treated water to be produced by, and the proportionate shares of Project Costs for, that phase of the Facilities. After the Agency issues Bonds in connection with a phase of construction of the Facilities, any revision to the proportionate shares of the treated water to be produced by, and the proportionate shares of Project Costs for, that phase of the Facilities will be limited by, and subject to, the terms and provisions of the Bonds issued for that phase of the Facilities.

**3. Section 2.19 of the Agreement is amended as follows (underlining indicates added text; overstrike indicates deleted text):**

Section 2.19. Excess Capacity. With prior approval of all of the Parties, the Agency may acquire Water Rights and Land Interests, and may construct the Facilities, so that the capacity of the Project exceeds the total Project capacity as stated in Section 2.1(a). In the event the Project is constructed so that there is excess capacity in all or any portion of the Facilities, such excess capacity shall be owned by the Agency. Any such excess capacity may be used only with the written consent of the Agency Board of Directors, which may include conditions deemed appropriate by the Board.

**4. Section 3.1 of the Agreement is amended as follows (underlining indicates added text; overstrike indicates deleted text):**

#### **Section 3.1. Issuance of Bonds.**

(a) The Agency's acquisition of the Water Rights for the Project will be financed by the receipt of cash contributions from the Sponsoring Public Entities (which, as to a particular Sponsoring Public Entity, may be proceeds of a loan, bonds or other debt issued by that entity). The Agency's acquisition of other Land Interests needed for the Project, and the Agency's acquisition and construction of each phase of the Facilities Project and any other substantial improvements to the Facilities Project will be financed by (i) receipt of cash from a Sponsoring Public Entity, (ii) the Agency through the issuance of one or more series or issues of its Bonds by the Agency for a Sponsoring Public Entity, which Bonds are payable from and secured, in part, by an assignment of the Annual Payment Amounts made under this Contract by the designated Sponsoring Public Entity for which such series of Bonds are issued or (iii) any combination of (i) and (ii). It is expressly understood and agreed by the Agency and the Sponsoring Public Entities that any Bonds issued by the Agency shall be issued as separate series of each Sponsoring Public Entity requesting financing by the Agency. Each Sponsoring Public Entity shall be responsible solely for the Bond Payments on its series of Bonds. No Sponsoring Public Entity shall have any liability or responsibility for any Bond Payments on a series of Bonds issued for another Sponsoring Public Entity. In consideration of the covenants and agreements set forth in this Contract, and to enable the Agency to issue the Bonds to carry out the intents and purposes hereof, this Contract is executed to assure the

issuance of the Bonds and to provide for and ensure the due and punctual payment to the Agency or to the Trustee by each Sponsoring Public Entity for which the Agency has issued a series of Bonds, of amounts not less than the Annual Payment Amounts on a series of Bonds issued for a particular Sponsoring Public Entity. Each of the Sponsoring Public Entities hereby agrees to make, or cause to be made, its respective Annual Payment Amount, as and when due, for the benefit of the owners of the Bonds, as provided in the Bonds and the Bond Resolution.

(b) The proceeds from the sale of the Bonds, together with any cash received from a Sponsoring Public Entity, will be used for the payment of the Project Costs. The Bonds will be issued by the Agency in the amount anticipated to be required to acquire and construct the Project, including payment of all Project Costs advanced by one or more of the Sponsoring Public Entities and incurred by the Agency prior to the date of issuance of the Bonds, and to fund, to the extent deemed advisable by the Agency, a debt service reserve fund and interest on the Bonds during construction and for up to one year after the Completion Date. However, each Sponsoring Public Entity reserves the right to pay cash to the Agency for its share of the Project Costs rather than have the Agency issue Bonds on its behalf.

(c)

(i) Each Bond Resolution of the Agency shall specify the maximum principal amount of the Bonds to be issued thereunder. The Bonds shall mature not more than forty (40) years from the date of such Bonds and shall bear interest at not to exceed the maximum legal rate then permitted by law, and the Bond Resolution may create and provide for the maintenance of a revenue fund, an interest and sinking fund, a debt service reserve fund, and any other funds deemed prudent by the Agency, all in the manner and amounts as provided in such Bond Resolution.

(ii) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Agency's Board of Directors or the execution of an Approval Certificate by the Agency, a substantially final copy of the proposed Bond Resolution for the applicable Sponsoring Public Entity, the Approval Certificate, if any, any Credit Agreements and the Sale and Offering Documents shall be presented to the applicable Sponsoring Public Entity for review and approval.

(iii) Upon approval by the Sponsoring Public Entity for which the Agency issues a series of Bonds of (i) a Bond Resolution hereafter adopted by the Agency for the applicable Sponsoring Public Entity, including any Credit Agreements, (ii) any amendments to any Bond Resolution, (iii) an Approval Certificate authorized by a Bond Resolution, and (iv) the Sale and Offering Documents, and the delivery to the Agency of a certification signed by the Authorized Representative of the respective Sponsoring Public Entity to the effect that the Bond Resolution, including any Approval Certificate, and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution and the Approval Certificate, if any, in such final form by the Agency's Board of Directors or Authorized Representative, as the

case may be, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the respective Sponsoring Public Entity and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(iv) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, a Sponsoring Public Entity, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Sponsoring Public Entities so long as the Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the respective Sponsoring Public Entity to make, promptly when due, all payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the affected Sponsoring Public Entity, the Agency may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

(d) The provisions of this Article III shall apply to the Bonds issued by the Agency with respect to each phase of the construction of the Facilities.

**5. Defined Terms.** All terms that are defined in the Contract will have those same definitions in this Amendment.

**6. Remaining Provisions.** All other provisions of the Contract remain in full force and effect.

*[The remainder of this page intentionally left blank.]*

**"EXHIBIT B"**  
**HCPUA Acres Leased**

| <b>Name</b>   | <b>Acreage</b> | <b>Location</b> |
|---|----------------|-----------------|
| Mr. Richard J. Burns  | 1290.196       | Caldwell        |
| Mrs. Elaine V. Bullard  | 100.122        | Gonzales        |
| Ms. Marie Johnson, Ms. Janet Johnson Fleck & Mr. Wayne Fleck          | 87.608         | Gonzales        |
| Brandon & Alma G. Hajek   | 42.98          | Gonzales        |
| Charles Roessler  | 187.797        | Gonzales        |
| Vera Valdine Reynolds   | 210.75         | Caldwell        |
| Mr. Rigoberto Morataya  | 171.765        | Gonzales        |
| Richard R. and Barbara Ann Schroeder                                  | 207.5          | Caldwell        |
| Mr. Charles Avery Voigt   | 30.94          | Caldwell        |
| Cypress Creek Holdings, Ltd.  | 1251.448       | Caldwell        |
| Patti P. Hickman and Raymond R. Hickman                               | 73.919         | Caldwell        |
| Leroy J. and Frances L. Herauf  | 10.000         | Caldwell        |
| Walter P. Hood and Flossie Helen Hood                                 | 11.71          | Caldwell        |
| Gene and Gena Davis   | 10.21          | Caldwell        |
| Alberta Crane Partners  | 379.541        | Caldwell        |
| Michael and Janice Schott   | 57.539         | Caldwell        |
| Donna Powell  | 27.4           | Caldwell        |
| Harry and Sandy van Velthoven   | 37.253         | Caldwell        |
| Leda M. Myers   | 92.73          | Caldwell        |
| Sean and Lesta Maijala  | 55.409         | Caldwell        |
| David P. & Catherine Frerich  | 83.605         | Caldwell        |
| Lester L. and Olamae Goodman Jacobs                                   | 299.44         | Caldwell        |
| Mary S. Rabel   | 182.202        | Caldwell        |
| Charles W. and B. Carol Jones   | 54.667         | Caldwell        |
| Ralph Edward Joseph   | 111            | Caldwell        |
| Jimi Lou Webster  | 44             |                 |
| John Thomas Luna  | 124.687        | Caldwell        |
| Richard Alan Fogle  | 128.59         | Caldwell        |
| Wanda McMullen Donovan  | 80.54          | Caldwell        |
| Allen H. and Terry R. Rogers  | 284.511        | Caldwell        |
| Maurice G. Bransom  | 104.056        | Caldwell        |
| Alfred and Mary Ann Till, Trustees of the Till Family Recovable Trust | 85.19          | Caldwell        |
| James W. Bransom, Jr.   | 47.763         | Caldwell        |
| Warren H. Porter  | 53.071         | Caldwell        |
| Paul T. and Kendel B. Martin  | 22.50          | Caldwell        |
| James C. Rogers, Jr. and Janis M. Rogers                              | 43.333         | Caldwell        |
| Kellie Lent   | 36.280         | Caldwell        |
| Charles Montague Vick and Sheila M. Vick                              | 15.000         | Caldwell        |
| Wade T. and Candice L. Witzkoske                                      | 181.732        | Caldwell        |
| Jonathan L. and Stephanie L. Poole                                    | 114.650        | Caldwell        |
| Gary W. and Rebecca K. McMullen                                       | 155.115        | Caldwell        |
| Lee A. Dick   | 42.660         | Caldwell        |



|  |          |          |
|--|----------|----------|
| Stephen R. and Dorothy A. Davidek  | 52.600   | Caldwell |
| Michael E. Kneupper  | 23.097   | Caldwell |
| Marvin Frank and Anna Gilbreath  | 45.920   | Caldwell |
| Billy R. Chambers  | 39.139   | Caldwell |
| Willie Becker  | 39.138   | Caldwell |
| Paul Robert and Suzy Alexander Kula  | 39.978   | Caldwell |
| Wallace L. and Sue E. Spencer Revocable Living Trust                                       | 414.000  | Caldwell |
|  |          | Caldwell |
| Lesta Neeley Maijala   | 146.030  | "        |
| Vada Colene Neeley   | 35.000   | "        |
| Floyd Harold Neeley  | 140.960  | "        |
| John Franklin Neeley   | 134.520  | "        |
| Ronald R. and Joan M. Beeman   | 1419.347 | Caldwell |
| Florence E. Baker  | 397.992  | Caldwell |
| Margie B. Kalitta  | 170.568  | Caldwell |
| W.E. Haltom Family Limited Partnership   | 400.00   | Caldwell |
| Estes Partners Ltd.  | 143.120  | Caldwell |
| Hedwig Rodgers Kennedy   |          | Caldwell |
| Lost Sands Ranch, LLC c/o John Schick  | 38.360   | Caldwell |
| William Garrett Nagel  | 26.062   | Caldwell |
| Gary L. and Cynthia M. White   | 18.790   | Caldwell |
| Trustees of the Adrian D. White and Oattie M. White Revocable Living Trust                 | 45.000   | Caldwell |
| Cynthia Denise Woolley   | 60.409   | Caldwell |
| Steven Anthony & Rebecca Ann Luna  | 74.812   | Caldwell |
| Rock H. Wilkinson & Candace Wilkinson Bow  | 73.000   | Caldwell |
| Clark and Jolynn F. Walker   | 435.488  | Caldwell |
| VOIDED   |          |          |
| Floyd H. Neeley  | 3.860    | Caldwell |
| Kent R. & Meredith Kirk  | 136.990  | Caldwell |
| Michael C. and Janis K. Bading   | 70.950   | Caldwell |
| Errol A. and Melinda M. Glidewell  | 24.616   | Caldwell |
| William James and Yolanda Reed   | 33.453   | Caldwell |
| Troy H. and E. Muril Hart  | 104.247  | Caldwell |
| Billy and Betty Platt Family LTD   | 1533.100 | Caldwell |
| Dennis Carl and Eva Jean Kestner - VOIDED  | 0.000    | Caldwell |
| Veltmon G. White   | 108.000  | Caldwell |
| La Velta and Kevin L. Dodson   | 413.221  | Caldwell |
| Laverne M. Till & Patricia Marie Dighans, Trustee of the Laverne M. Till Irrevocable Trust | 231.982  | Caldwell |
| Christopher J. Walker and Tamara F. Walker   | 40.249   | Caldwell |
| Michael Lee and Sharon H. Evans  | 593.170  | Caldwell |
| Douglas and Montene Vollette   | 205.630  | Caldwell |
| Terrell M. and Jennifer M. Driskell  | 930.210  | Caldwell |
| W&R King Ranches, LLC  | 485.665  | Caldwell |
|  |          |          |
| Dwight W. Schulz, Christopher Schulz and Stephanie Schulze Green                           | 144.000  | Caldwell |

|                                    |          |          |
|------------------------------------|----------|----------|
| Silver Belle Ranch                 | 246.549  | Caldwell |
| Dixon Land & Wildlife Company, LLC | 1034.360 | Caldwell |

|                       |           |
|-----------------------|-----------|
| Total Acreage Leased: | 17384.991 |
|-----------------------|-----------|

Total Gonzales County Acreage: 590.272

Total Caldwell County Acreage: 16231.311

Average Size Parcel Leased: 204.529306

Total Gonzales County Underground Water Conservation District Acreage: 14436.016

Total Plum Creek Conservation District Acreage: 2948.975

583666.667

CONTRACT  
FOR  
SALE OF PART OF CRWA'S OWNERSHIP  
IN  
IN THE HCPUA CONTRACT AS AMENDED

This is a contract ("the Contract") between Canyon Regional Water Authority ("CRWA"), 850 Lakeside Pass, New Braunfels, Texas, 78130 and Crystal Clear Water Supply Corporation ("Crystal Clear"), 2376 F.M. 1979, San Marcos, Texas, 78666, hereinafter jointly referenced as the Parties to this Contract.

ARTICLE I. BACKGROUND FACTS

1.1 The Parties agree that on or about January 1, 2008, CRWA signed a contract with the Hays Caldwell Public Utility Agency ("HCPUA") in which contract CRWA made certain promises including but not limited to the participation with and the payment for a part of the Project described in the HCPUA Contract as amended ("HCPUA Contract") (copy of the HCPUA Contract with 2009 Amendment attached hereto and incorporated herewith for all purposes as **Exhibit A**). CRWA's participation/ownership level in the HCPUA Contract is currently 30.89 % (thirty and eighty nine one-hundredths percent). The Project as described in the HCPUA Contract is for, in summary, the acquisition of raw water, purification and transportation of 15,000 acre-feet per year (a/f/y)(Phase One) with the goal of a maximum 33,212 a/f/y (Phase Two) of said purified water to be delivered to a point acceptable to the HCPUA Sponsoring Public Entities. The "CRWA-HCPUA 2008 contract, as amended in 2009, for a 30.89% share and a project goal of 33,212 a/f/y" (2008 contract as amended) is a key reference/basis for other sections of this contract.

1.2 The Parties agree that between January 1, 2008, and September 1, 2013, the HCPUA has successfully obtained leases for Carrizo-Wilcox groundwater on a long term basis (list of existing HCPUA groundwater leases and status of these leases attached as **Exhibit B**) and has billed CRWA for 30.89 % of all the costs and expenses incurred by and paid for by the HCPUA directly related to the HCPUA Project in the dollar amount of approximately [REDACTED] as of January, 2014.

1.3 The Parties agree that as summarized in Exhibit B, HCPUA currently owns groundwater leases that fully authorize under all currently effective state and local laws the pumping of 10,300 a/f/y from the Carrizo-Wilcox aquifer in Gonzales and Caldwell Counties. Under the terms of the participation interest described above CRWA owns a 30.89% share in the 10,300

a/f/y which equals 3,181.67 a/f/y ( $0.3089 \times 10,300 = 3,181.67$ ). If the goal of 33,212 a/f/y (Phase Two) is achieved, CRWA would own a controlling interest in 10,259.1868 a/f/y ( $33,212 \times .3089 = 10,259.1868$ ).

## ARTICLE II. PURCHASE OF PER CENTAGE PART

2.1 CRWA does hereby grant, sell, convey, assign, transfer, set over and deliver to Crystal Clear, and Crystal Clear does hereby purchase from CRWA a 33.333 % (thirty three and three hundred thirty three one thousandths) share of all CRWA's rights, title, and interest in the HCPUA Contract as amended, including but not limited to CRWA's proportional rights to receiver water delivery according to the HCPUA Contract as amended, under those terms and conditions set out herein. The Parties agree that the purchase price set out below is good and sufficient consideration to support this Contract and CRWA acknowledges the receipt and sufficiency of same. Crystal Clear is responsible for all future payments itemized herein whether or not it takes delivery of any water made available to it under the terms of this contract. CRWA hereby sells any and all rights CRWA may possess under the HCPUA Contract to the 33.333% of CRWA's interest under the HCPUA Contract including but not limited to the right to receive the water made available to Crystal Clear under the terms of this contract. Crystal Clear shall hereafter have the exclusive right to the delivery of said water whether or not Crystal Clear takes delivery of same. CRWA's sale of the above defined part of CRWA's ownership in the HCPUA Contract to Crystal Clear includes all of CRWA's rights, powers, privileges and immunities relating to the 33.333% interest transferred hereby including but not limited to title, if any, to the water to be received hereunder.

2.2 The Parties agree that the purchase price of the percent share set out in the paragraph immediately above is (1) a direct proportion of the costs and expenses that have been assessed by HCPUA to CRWA for CRWA's share in the HCPUA Contract as of the Effective Date of this *Contract*, and (2) a proportionate share of those costs and expenses that will be assessed by HCPUA for CRWA's current share in the HCPUA Contract. These two elements of consideration are more specifically defined as follows:

### 2.21 Past accumulated investment.

2.211 The Parties agree part of the purchase price includes Crystal Clear reimbursement to CRWA through future rates and fees or direct payment over time, or sooner if Crystal Clear so elects, for 33.333% of the dollar amount CRWA has invested in the HCPUA Contract; this dollar amount equals \$

[REDACTED]

2.2111 This dollar amount will be adjusted upward to correspond to 33.333% of CRWA's investment in the HCPUA Contract as calculated based upon the Effective Date of this Contract.

2.2112 CRWA agrees that payment by Crystal Clear to CRWA of that dollar amount and under the payment method described above is considered payment in full for Crystal Clear's share of CRWA's investment in the HCPUA Contract accumulated between January 1, 2008, and the Effective Date of this Contract.

## 2.22 Future HCPUA costs and expenses.

2.221 The Parties agree that Crystal Clear is obligated to reimburse CRWA for 33.333% of CRWA's future payments to HCPUA under the HCPUA Contract as amended. The Parties agree that for efficiency of management and accounting Crystal Clear will for the foreseeable future make its payment to the HCPUA through CRWA. Crystal Clear's monthly payments will be 33.333 % of the dollar amount billed by the HCPUA to CRWA for CRWA's current ownership interest in the HCPUA Contract.

2.222 After August 1, 2014, and for each successive month following until all financial obligations supporting the Contract are successfully concluded, Crystal Clear agrees to pay on a monthly basis to HCPUA through CRWA a 33.333% part of the HCPUA's monthly billing to CRWA. Crystal Clear's payment will be calculated using the following formula:  $\text{CRWA's HCPUA yearly Proportion} / 12 = \text{CRWA Monthly Proportion to HCPUA}$ ; Crystal Clear will be responsible for  $\text{CRWA's Monthly Proportion} \times 33.333\%$ .

2.223 Crystal Clear must allocate an amount sufficient to cover payments to CRWA to remit to HCPUA.

2.224 Both Parties understand and agree that this monthly dollar amount will increase significantly when the construction of the HCPUA Project begins.

## ARTICLE III. CRYSTAL CLEAR'S RIGHT-OF-FIRST-REFUSAL

3.1 The Parties agree that as part of the consideration for this Contract, CRWA promises and does hereby sell to Crystal Clear the right-of-first-refusal to purchase an additional part of CRWA's ownership interest in the HCPUA Contract under the following terms and conditions:

3.11 CRWA will until such time as all of its interest in the HCPUA Contract is sold provide Crystal Clear with the right-of-first-refusal to purchase additional parts of the HCPUA Contract at CRWA's cost of the requested additional part.

3.12 Crystal Clear understands and agrees that CRWA is offering this same right-of-first-refusal to all other CRWA member entities who purchase a Percentage share



(hereinafter “Subscribing Entities”) in the HCPUA Contract. If after the initial offering there is a conflict between two or more Subscribing Entities for all of CRWA’s remaining ownership in the HCPUA Contract, CRWA’s remaining interests will be distributed on a “first to sign a purchase contract” under CRWA’s initial offer basis. All subsequent purchasers will be provided a purchase right ranked in priority by contract signing date.

3.13 This right-of-first-refusal is exclusive to Crystal Clear and Crystal Clear may not transfer, assign, delegate, sell, or lease this right to any third party.

3.2 Financing the Project. The plan for financing the Project is set forth in Article III of the HCPUA Contract, and provides for financing using: i) cash from a Sponsoring Entity such as CRWA, ii) the issuance of Bonds by the HCPUA on behalf of a Sponsoring Entity, or iii) a combination of these two methods. Each Participating Entity shall have the right to elect to cash fund any or all future costs or payments related to the Project if this option is available based upon the financing option elected by the HCPUA and/or CRWA.

#### ARTICLE IV. CRWA’S RIGHT OF FIRST REFUSAL; OTHER GENERAL TERMS AND CONDITIONS

4.1 The Parties agree that beginning on August 1, 2018, CRWA may sell its entire remaining share in the HCPUA Contract to any third party, but only subject to Crystal Clear’s right-of-first-refusal.

4.2 The Parties agree that Crystal Clear hereby grants to CRWA as part of the consideration for this contract the right-of-first-refusal when and if Crystal Clear sells or leases a part or all of its interest in the HCPUA Contract to any third party.

4.3 CRWA’s written approval of the financial capability of a proposed third party purchaser must be obtained before the resale of any of Crystal Clear’s interest in the HCPUA contract.

4.4 The Parties agree that CRWA will continue for the foreseeable future to represent Crystal Clear and all of the other Participating Entities in all matters before the HCPUA. All CRWA members that purchase a Percentage Share in the HCPUA Contract will be referenced as “Participating Entities”. All decisions relating to HCPUA Contract matters will be established by vote of CRWA and all other CRWA Participating Entities on a percent ownership basis.

4.5 The Parties agree that the terms of this contract were negotiated based upon the assumption that all of CRWA’s ownership in the HCPUA Contract will be purchased on or before August 1, 2014, by CRWA member entities. If CRWA does not sell a minimum of 50 % (fifty percent) of its ownership in the HCPUA Contract by close of business August 1, 2014, to CRWA member entities, this contract is voidable at the sole discretion of Crystal Clear; unless exercised, this option automatically terminates at close of business August 15, 2014.

## ARTICLE V. NOTICE

5.1 All notices and other communications hereunder will be in writing and will be delivered by one of the following means; hand delivery; expedited courier delivery; mailed by registered or certified mail, return receipt requested, postage prepaid; or, electronic mail, provided, that a duplicate of the same notice or communication is also mailed by first-class mail on the same date of the electronic mail. All notices and communications hereunder will be addressed as follows, and will be effective upon actual delivery if delivered by hand or by expedited courier delivery or, if mailed, three (3) business days after deposit in the United States mail;

Canyon Regional Water Authority  
830 Lakeside Pass  
New Braunfels, Texas 78130  
Telephone: (830) 609-0543  
Facsimile: (830) 609-0740  
Email: [crwa@crwa.com](mailto:crwa@crwa.com)

Crystal Clear Water Supply Corporation  
2376 F.M. 1979  
San Marcos, Texas 78666  
Telephone: 830-372-1031  
Facsimile: 830-372-0067  
Email: [www.crystalclearwatersud.org](http://www.crystalclearwatersud.org)

## ARTICLE VI. MISCELLANEOUS TERMS

6.1 Term and Termination. After the Effective Date, this Contract shall be effective and shall remain in effect for the term set forth in Section 8.5 of the HCPUA Contract. The Parties may thereafter extend the term of this Contract by mutual agreement.

6.2 Due Authorization. Each Party represents to each of the other Parties that the execution, delivery and performance of this Contract has been duly authorized by all necessary action on the part of governing body of the Party and the person executing this Contract on behalf of the Party has been fully authorized and empowered to bind the Party to the terms and provisions of this Contract;

6.3 No Violation of Law. Each Party represents to each of the other Parties that this Contract does not contravene any law or any governmental rule, regulation or order applicable to the Party; and further that the execution and delivery of this Contract and the performance by the

Party of its obligations hereunder does not contravene the provisions of, or constitute a default under, the terms of any contract, resolution, or other instrument to which the Party is bound.

6.4 Authority. This Contract is made in part under the authority conferred in Chapter 791, Texas Government Code.

6.5 Governing Law and Venue. This Contract will be governed by the Constitution and laws of the State of Texas, except as to matters exclusively controlled by the Constitution and Statutes of the United States of America. All obligations of the Parties are performable in Hays County, Texas and venue for any action arising hereunder will be in Hays County.

6.6 Limitation on Assignment and Consent. Except as otherwise set forth herein, any assignment of this Contract, in whole or part, by any Party is prohibited without the prior written consent of all the Parties. Crystal Clear Water Supply Corporation anticipates conveying substantially all of its assets and liabilities to the Crystal Clear Special Utility District, and therefore, notwithstanding any other limitation of this Contract, the Parties hereby expressly consent to the assignment by Crystal Clear Water Supply Corporation of this Contract to the Crystal Clear Special Utility District in conjunction with the conveyance of assets of Crystal Clear Water Supply Corporation to the Crystal Clear Special Utility District.

6.7 Headings. The captions and headings appearing in this Contract are inserted merely to facilitate reference and will have no bearing upon its interpretation.

6.8 Partial Invalidity. If any of the terms, covenants or conditions of this Contract, or the application of any term, covenant, or condition, is held invalid as to any person or circumstance by any court with jurisdiction, the remainder of this Contract, and the application of its terms, covenants, or conditions to other persons or circumstances, will not be affected.

6.9 Waiver. Any waiver by any Party of its rights with respect to a default or requirement under this Contract will not be deemed a waiver of any subsequent default or other matter.

6.10 Cooperation. Each Party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Contract, and further to not unreasonably withhold any consent or approvals required for implementing the terms of this Contract.

6.11 Third Party Beneficiaries. Except as otherwise expressly provided herein, nothing in this Contract, express or implied, is intended to confer upon any person, other than the Parties, any rights, benefits, or remedies under or by reason of this Contract.

6.12 Exhibits. All exhibits attached to this Contract are hereby incorporated in this Contract as if the same were set forth in full in the body of this Contract.

6.13 Entire Agreement. This Contract, including the attached exhibits, contains the entire agreement between and among the Parties and supersedes all previous communications,

representations, or agreements, either verbal or written, between the Parties with respect to such matters.

6.14 Amendments. This Contract may be amended or modified only by written agreement duly authorized and executed on behalf of each of the Parties hereto.

6.15 Approvals. All approvals of any Party hereunder shall be in writing and, unless otherwise expressly provided herein, shall not be unreasonably withheld, conditioned or delayed.

6.16 Execution. This Contract may be simultaneously executed in any number of counterparts, each of which will serve as an original and, will constitute one and the same instrument.

6.17 Effective Date. The Effective Date of this Contract is the 11<sup>th</sup> day of AUGUST, 2014.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be signed, sealed and attested in duplicate by their duly authorized officers, and intend to be bound by the terms of this Contract upon such execution, with the Contract to be effective as to all Parties as of the Effective Date.

CANYON REGIONAL WATER AUTHORITY

BY: 

Steven Laparoto

Its: Chairman

CRYSTAL CLEAR WATER SUPPLY CORPORTION

BY: 

Mike Taylor

Its: General Manager

ACKNOWLEDGEMENT

STATE OF TEXAS                   §  
  §  
COUNTY OF GUADALUPE       §

Before me on this day personally appeared Steven Liparoto, acting in his capacity as Chairman of the Board of Directors of the Canyon Regional Water Authority, and acknowledged to me that he executed the above document for the purposes and consideration therein expressed.

Given under my hand and seal of office this 11<sup>th</sup> day of August, 2014.



Joan A. Wilkinson  
Notary Public

ACKNOWLEDGEMENT

STATE OF TEXAS                   §  
  §  
COUNTY OF GUADALUPE       §

Before me on this day personally appeared Mike Taylor, acting in his capacity as General Manager of Crystal Clear Water Supply Corporation, and acknowledged to me that he executed the above document for the purposes and consideration therein expressed.

Given under my hand and seal of office this 11<sup>th</sup> day of August, 2014.



Joan A. Wilkinson

**Notary Public**



SECOND CONTRACT  
FOR  
SALE OF PART OF CRWA'S OWNERSHIP  
IN THE HCPUA CONTRACT AS AMENDED

This is a second, separate contract (the "Contract") between Canyon Regional Water Authority ("CRWA"), 850 Lakeside Pass, New Braunfels, Texas, 78130 and Crystal Clear Water Supply Corporation ("Crystal Clear"), 2376 F.M. 1979, San Marcos, Texas, 78666, hereinafter jointly referenced as the Parties to this Contract. This contract adds-to and does not decrease in any way the interests purchased in the Parties' first "Contract for Sale of Part of CRWA's Ownership in the HCPUA Contract as Amended," executed on August 11, 2014 (the "First Contract").

ARTICLE I. BACKGROUND FACTS

1.1 The Parties agree that on or about January 1, 2008, CRWA signed a contract with the Hays Caldwell Public Utility Agency ("HCPUA") in which contract CRWA made certain promises including but not limited to the participation with and the payment for a part of the Project described in the HCPUA Contract as amended ("HCPUA Contract") (copy of the HCPUA Contract with 2009 Amendment attached hereto and incorporated herewith for all purposes as **Exhibit A**). CRWA's participation/ownership level in the HCPUA Contract is currently 30.89 % (thirty and eighty nine one-hundredths percent). The Project as described in the HCPUA Contract is for, in summary, the acquisition of raw water, purification and transportation of 15,000 acre-feet per year (a/f/y)(Phase One) with the goal of a maximum 33,212 a/f/y (Phase Two) of said purified water to be delivered to a point acceptable to the HCPUA Sponsoring Public Entities. The CRWA-HCPUA 2008 contract, as amended in 2009 (**Exhibit A**), for a 30.89% share and a project goal of 33,212 a/f/y (2008 contract as amended) is a key reference/basis for other sections of this contract.

1.2 The Parties agree that between January 1, 2008, and September 1, 2013, the HCPUA has successfully obtained leases for Carrizo-Wilcox groundwater on a long term basis (list of existing HCPUA groundwater leases and status of these leases attached as **Exhibit B**) and has billed CRWA for 30.89 % of all the costs and expenses incurred by and paid for by the HCPUA directly related to the HCPUA Project in the dollar amount of approximately [REDACTED] as of January, 2014.

1.3 The Parties agree that as summarized in Exhibit B, HCPUA currently owns groundwater leases that fully authorize under all currently effective state and local laws the pumping of 10,300 a/f/y from the Carrizo-Wilcox aquifer in Gonzales and Caldwell Counties. Under the terms of the participation interest described above CRWA owns a 30.89% share in the 10,300 a/f/y which equals 3,181.67 a/f/y ( $0.3089 \times 10,300 = 3,181.67$ ). If the goal of 33,212 a/f/y

(Phase Two) is achieved, CRWA would own a controlling interest in 10,259.1868 a/f/y ( $33,212 \times .3089 = 10,259.1868$ ).

## ARTICLE II. PURCHASE OF PER CENTAGE PART

2.1 CRWA does hereby grant, sell, convey, assign, transfer, set over and deliver to Crystal Clear, and Crystal Clear does hereby purchase from CRWA a 20.191 % share of all CRWA's rights, title, and interest in the HCPUA Contract as amended, including but not limited to CRWA's proportional rights to receive water delivery according to the HCPUA Contract as amended, under those terms and conditions set out herein. The Parties agree that the purchase price set out below is good and sufficient consideration to support this Contract and CRWA acknowledges the receipt and sufficiency of same. Crystal Clear is responsible for all future payments itemized herein whether or not it takes delivery of any water made available to it under the terms of this contract. CRWA hereby sells any and all rights CRWA may possess under the HCPUA Contract to the 20.191% of CRWA's interest under the HCPUA Contract including but not limited to the right to receive the water made available to Crystal Clear under the terms of this contract. Crystal Clear shall hereafter have the exclusive right to the delivery of said water whether or not Crystal Clear takes delivery of same. CRWA's sale of the above defined part of CRWA's ownership in the HCPUA Contract to Crystal Clear includes all of CRWA's rights, powers, privileges and immunities relating to the 20.191% interest transferred hereby including but not limited to title, if any, to the water to be received hereunder.

2.2 The Parties agree that the purchase price of the percent share set out in the paragraph immediately above is (1) a direct proportion of the costs and expenses that have been assessed by HCPUA to CRWA for CRWA's share in the HCPUA Contract as of the Effective Date of this Contract, and (2) a proportionate share of those costs and expenses that will be assessed by HCPUA for CRWA's current share in the HCPUA Contract. These two elements of consideration are more specifically defined as follows:

### 2.21 Past accumulated investment.

2.211 The Parties agree part of the purchase price includes Crystal Clear reimbursement to CRWA through future rates and fees or direct payment over time, or sooner if Crystal Clear so elects, for 20.191% of the dollar amount CRWA has invested in the HCPUA Contract.

2.2111 This dollar amount will be adjusted upward to correspond to 20.191% of CRWA's investment in the HCPUA Contract as calculated based upon the Effective Date of this Contract.

2.2112 CRWA agrees that payment by Crystal Clear to CRWA of that dollar amount and under the payment method described above is considered payment in full for Crystal Clear's share of CRWA's investment in the HCPUA Contract accumulated between January 1, 2008, and the Effective Date of this Contract.

## 2.22 Future HCPUA costs and expenses.

2.221 The Parties agree that Crystal Clear is obligated to reimburse CRWA for 20.191% of CRWA's future payments to HCPUA under the HCPUA Contract as amended. The Parties agree that for efficiency of management and accounting Crystal Clear will for the foreseeable future make its payment to the HCPUA through CRWA. Crystal Clear's monthly payments will be 20.191 % of the dollar amount billed by the HCPUA to CRWA for CRWA's current ownership interest in the HCPUA Contract.

2.222 After November 1, 2014, and for each successive month following until all financial obligations supporting the Contract are successfully concluded, Crystal Clear agrees to pay on a monthly basis to HCPUA through CRWA a 20.191% part of the HCPUA's monthly billing to CRWA. Crystal Clear's payment will be calculated using the following formula:  $\text{CRWA's HCPUA yearly Proportion} / 12 = \text{CRWA Monthly Proportion to HCPUA}$ ; Crystal Clear will be responsible for  $\text{CRWA's Monthly Proportion} \times 20.191\%$ .

2.223 Crystal Clear must allocate an amount sufficient to cover payments to CRWA to remit to HCPUA.

2.224 Both Parties understand and agree that this monthly dollar amount will increase significantly when the construction of the HCPUA Project begins.

## ARTICLE III. CRYSTAL CLEAR'S RIGHT-OF-FIRST-REFUSAL

3.1 The Parties agree that as part of the consideration for this Contract, CRWA promises and does hereby sell to Crystal Clear the right-of-first-refusal to purchase an additional part of CRWA's ownership interest in the HCPUA Contract under the following terms and conditions:

3.11 CRWA will until such time as all of its interest in the HCPUA Contract is sold provide Crystal Clear with the right-of-first-refusal to purchase additional parts of the HCPUA Contract at CRWA's cost of the requested additional part.

3.13 This right-of-first-refusal is exclusive to Crystal Clear and Crystal Clear may not transfer, assign, delegate, sell, or lease this right to any third party.

3.2 Financing the Project. The plan for financing the Project is set forth in Article III of the HCPUA Contract, and provides for financing using: i) cash from a Sponsoring Entity such as CRWA, ii) the issuance of Bonds by the HCPUA on behalf of a Sponsoring Entity, or iii) a combination of these two methods. Each Participating Entity shall have the right to elect to cash fund any or all future costs or payments related to the Project if this option is available based

upon the financing option elected by the HCPUA and/or CRWA.

#### ARTICLE IV. CRWA'S RIGHT OF FIRST REFUSAL; OTHER GENERAL TERMS AND CONDITIONS

4.1 The Parties agree that beginning on November 1, 2018, CRWA may sell its entire remaining share in the HCPUA Contract to any third party, but only subject to Crystal Clear's right-of-first-refusal.

4.2 The Parties agree that Crystal Clear hereby grants to CRWA as part of the consideration for this contract the right-of-first-refusal when and if Crystal Clear sells or leases a part or all of its 20.191% interest in the HCPUA Contract to any third party.

4.3 CRWA's written approval of the financial capability of a proposed third party purchaser must be obtained before the resale of any of Crystal Clear's 20.191% interest in the HCPUA contract.

4.4 The Parties agree that CRWA will continue for the foreseeable future to represent Crystal Clear and all of the other Participating Entities in all matters before the HCPUA. All CRWA members that purchase a Percentage Share in the HCPUA Contract will be referenced as "Participating Entities". All decisions relating to HCPUA Contract matters will be established by vote of CRWA and all other CRWA Participating Entities on a percent ownership basis.

#### ARTICLE V. NOTICE

5.1 All notices and other communications hereunder will be in writing and will be delivered by one of the following means; hand delivery; expedited courier delivery; mailed by registered or certified mail, return receipt requested, postage prepaid; or, electronic mail, provided, that a duplicate of the same notice or communication is also mailed by first-class mail on the same date of the electronic mail. All notices and communications hereunder will be addressed as follows, and will be effective upon actual delivery if delivered by hand or by expedited courier delivery or, if mailed, three (3) business days after deposit in the United States mail;

Canyon Regional Water Authority  
830 Lakeside Pass  
New Braunfels, Texas 78130  
Telephone: (830) 609-0543  
Facsimile: (830) 609-0740  
Email: crwa@crwa.com

Crystal Clear Water Supply Corporation  
2376 F.M. 1979  
San Marcos, Texas 78666  
Telephone: 830-372-1031

Facsimile: 830-372-0067  
Email: [www.crystalclearwatersud.org](http://www.crystalclearwatersud.org)

## ARTICLE VI. MISCELLANEOUS TERMS

6.1 Term and Termination. After the Effective Date, this Contract shall be effective and shall remain in effect for the term set forth in Section 8.5 of the HCPUA Contract. The Parties may thereafter extend the term of this Contract by mutual agreement.

6.2 Due Authorization. Each Party represents to each of the other Parties that the execution, delivery and performance of this Contract has been duly authorized by all necessary action on the part of governing body of the Party and the person executing this Contract on behalf of the Party has been fully authorized and empowered to bind the Party to the terms and provisions of this Contract;

6.3 No Violation of Law. Each Party represents to each of the other Parties that this Contract does not contravene any law or any governmental rule, regulation or order applicable to the Party; and further that the execution and delivery of this Contract and the performance by the Party of its obligations hereunder does not contravene the provisions of, or constitute a default under, the terms of any contract, resolution, or other instrument to which the Party is bound.

6.4 Authority. This Contract is made in part under the authority conferred in Chapter 791, Texas Government Code.

6.5 Governing Law and Venue. This Contract will be governed by the Constitution and laws of the State of Texas, except as to matters exclusively controlled by the Constitution and Statutes of the United States of America. All obligations of the Parties are performable in Hays County, Texas and venue for any action arising hereunder will be in Hays County.

6.6 Limitation on Assignment and Consent. Except as otherwise set forth herein, any assignment of this Contract, in whole or part, by any Party is prohibited without the prior written consent of all the Parties. Crystal Clear Water Supply Corporation anticipates conveying substantially all of its assets and liabilities to the Crystal Clear Special Utility District, and therefore, notwithstanding any other limitation of this Contract, the Parties hereby expressly consent to the assignment by Crystal Clear Water Supply Corporation of this Contract to the Crystal Clear Special Utility District in conjunction with the conveyance of assets of Crystal Clear Water Supply Corporation to the Crystal Clear Special Utility District.

6.7 Headings. The captions and headings appearing in this Contract are inserted merely to facilitate reference and will have no bearing upon its interpretation.

6.8 Partial Invalidity. If any of the terms, covenants or conditions of this Contract, or the application of any term, covenant, or condition, is held invalid as to any person or circumstance



by any court with jurisdiction, the remainder of this Contract, and the application of its terms, covenants, or conditions to other persons or circumstances, will not be affected.

6.9 Waiver. Any waiver by any Party of its rights with respect to a default or requirement under this Contract will not be deemed a waiver of any subsequent default or other matter.

6.10 Cooperation. Each Party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Contract, and further to not unreasonably withhold any consent or approvals required for implementing the terms of this Contract.

6.11 Third Party Beneficiaries. Except as otherwise expressly provided herein, nothing in this Contract, express or implied, is intended to confer upon any person, other than the Parties, any rights, benefits, or remedies under or by reason of this Contract.

6.12 Exhibits. All exhibits attached to this Contract are hereby incorporated in this Contract as if the same were set forth in full in the body of this Contract.

6.13 Entire Agreement. This Contract, including the attached exhibits, contains the entire agreement between and among the Parties and supersedes all previous communications, representations, or agreements, either verbal or written, between the Parties with respect to such matters.

6.14 Amendments. This Contract may be amended or modified only by written agreement duly authorized and executed on behalf of each of the Parties hereto.

6.15 Approvals. All approvals of any Party hereunder shall be in writing and, unless otherwise expressly provided herein, shall not be unreasonably withheld, conditioned or delayed.

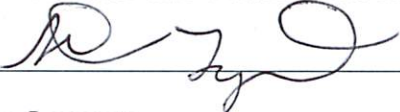
6.16 Execution. This Contract may be simultaneously executed in any number of counterparts, each of which will serve as an original and, will constitute one and the same instrument.

6.17 Effective Date. The Effective Date of this Contract is the 13<sup>th</sup> day of October, 2014.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be signed, sealed and attested in duplicate by their duly authorized officers, and intend to be bound by the terms of this Contract upon such execution, with the Contract to be effective as to all Parties as of the Effective Date.



CANYON REGIONAL WATER AUTHORITY

BY: 

Steven Liparoto

Its: Chairman

CRYSTAL CLEAR WATER SUPPLY CORPORATION

BY: 

Mike Taylor

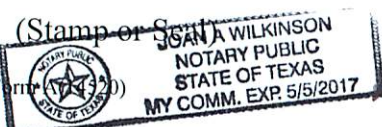
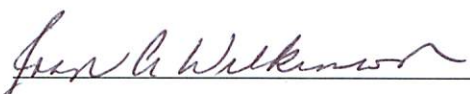
Its: General Manager

ACKNOWLEDGEMENT

STATE OF TEXAS                   §  
   §  
COUNTY OF GUADALUPE       §

Before me on this day personally appeared Steven Liparoto, acting in his capacity as Chairman of the Board of Directors of the Canyon Regional Water Authority, and acknowledged to me that he executed the above document for the purposes and consideration therein expressed.

Given under my hand and seal of office this 10<sup>th</sup> day of November, 2014.

(Stamp or Seal)  
 

Notary Public

ACKNOWLEDGEMENT

STATE OF TEXAS           §  
                                     §  
COUNTY OF GUADALUPE   §

Before me on this day personally appeared Mike Taylor, acting in his capacity as General Manager of Crystal Clear Water Supply Corporation, and acknowledged to me that he executed the above document for the purposes and consideration therein expressed.

Given under my hand and seal of office this 29 day of October, 2014.



Suzanne M Silva  
Notary Public

**FINAL**

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CRWA/SUDs TAKE-OR-PAY CONTRACT

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October 19, 2015

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between

CANYON REGIONAL WATER AUTHORITY

and

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT,  
COUNTY LINE SPECIAL UTILITY DISTRICT, and  
GREEN VALLEY SPECIAL UTILITY DISTRICT

---

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HAYS CALDWELL PUBLIC UTILITY AGENCY  
CONTRACT REVENUE BONDS, SERIES 2015A  
(REGIONAL WATER SUPPLY CONTRACT PROJECT –  
CANYON REGIONAL WATER AUTHORITY)  
SOLD TO THE TEXAS WATER DEVELOPMENT BOARD  
[SWIRFT PHASE I (2015)]

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## **TAKE-OR-PAY CONTRACT**

THIS CRWA/SUDs TAKE-OR-PAY CONTRACT (this "Contract") dated as of the October 19, 2015 (the "Contract Date") is between the CANYON REGIONAL WATER AUTHORITY, a regional water authority and a political subdivision created and existing under and essential to the accomplishment of the purposes of Article XVI, Section 59 of the Texas Constitution and other laws of the State of Texas (the "Authority"), and the CRYSTAL CLEAR SPECIAL UTILITY DISTRICT, a special utility district created by a special act of the Texas Legislature, the COUNTY LINE SPECIAL UTILITY DISTRICT, and the GREEN VALLEY SPECIAL UTILITY DISTRICT, each a special utility district created under Chapter 65, as amended, Texas Water Code (as the "Original Participating Members", which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as "Participating Members").

### **PREAMBLE AND WITNESSETH:**

WHEREAS, the Authority was created to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, special utility districts, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority's boundaries currently include all of the territory located in the service area of its members as provided in their respective certificates of convenience and necessity issued by the Texas Commission on Environmental Quality (the "Commission"); and

WHEREAS, each of the Authority's members, which include a number of other political subdivisions in addition to the Original Participating Members currently provides potable water utility service to its customers; and

WHEREAS, in the pursuit of its purposes, the Authority has entered into contracts and has and anticipates entering into additional contracts to acquire rights to purchase raw water for treatment and resale to the Participating Members and other entities; and

WHEREAS, the Authority was an original "Sponsoring Public Entity," along with the Cities of San Marcos, Buda, and Kyle of the Hays Caldwell Public Utility Agency (the "PUA"), a political subdivision of the State of Texas created and existing under the laws of the State of Texas, including Chapter 572, as amended, Texas Local Government Code and previously entered into a take-or-pay contract with the PUA dated January 1, 2008, as amended by Amendment No. 1 to Regional Water Supply Contract, dated and effective as of October 31, 2009 (collectively, the "PUA Contract"); and

WHEREAS, the PUA Contract defines the Project as set forth in the Engineering Report (as defined in the PUA Contract), establishes the Authority's ownership of the Project to be 10,260 acre-feet/year of Total Project Capacity (as set forth in the PUA Contract) or 30.89% share of Project Costs and Treatment Water (as set forth in the PUA Contract), and obligates the Authority to make Annual Payment Amounts (as defined in the PUA Contract) to include Operation and Maintenance Expenses, Overhead Expenses, and Bond Payments (each as defined in the PUA Contract), on a several and not a joint basis as described in the PUA Contract; and

WHEREAS, the PUA Contract is a take-or-pay contract with the other Sponsoring Public Entities pursuant to the PUA Contract and the Authority's expected source of funds to make these



pecuniary obligations are the Original Participating Members pecuniary obligations set forth in this Contract and in other contracts previously executed between these entities; and

WHEREAS, to date, the Original Participating Members and the Martindale Water Supply Corporation have contributed cash to the Authority to permit the Authority to satisfy its Annual Payment Amounts to the PUA; and

WHEREAS, the Authority and Crystal Clear Water Supply Corporation (now Crystal Clear Special Utility District), Green Valley Special Utility District, County Line Special Utility District, and Martindale Water Supply Corporation previously executed contracts evidencing various rights, duties, and obligations pursuant to the Project; and

WHEREAS, the PUA is contemplating the sale of its initial series of Bonds (as defined in the PUA Contract) to the Texas Water Development Board in the aggregate principal amount of \$3,960,000 to be allocated solely for the benefit of the Authority relating to the Project (as defined in the PUA Contract) and, as such, this Contract will obligate the Original Participating Members to make their proportionate payments to the Authority to satisfy certain of the Authority's Annual Payment Amounts to the PUA; and

WHEREAS, the PUA Contract is attached hereto as Exhibit D and is incorporated by reference for all purposes to this Contract; and

WHEREAS, the PUA plans to build, expand, improve, renovate, equip, operate, and maintain the Project for the purpose of storing, receiving, treating, and transmitting certain of the water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, the Participating Members and other member entities of the Authority previously entered into certain contracts, as amended, and other contractual arrangements concerning the Project; and

WHEREAS, the Participating Members hold and may acquire additional rights to raw water from other sources for treatment pursuant to the provisions of this Contract and thereafter to supply, redeliver, or sell this treated water in accordance with the provisions of this Contract; and

WHEREAS, to finance the costs of the acquisition, construction, and equipping of the first phase of the Project, the PUA intends to issue one or more series of its contract revenue bonds or other debt obligations (the "Bonds") initially to the Texas Water Development Board to be funded by the sale of bonds by the Texas Water Development Board from the State Water Implementation Revenue Fund for Texas or to fund the costs of future phases of the Project to sell Bonds to the Texas Water Development Board or to other entities (including a public or negotiated sale), to be secured by and payable from revenues received by the PUA from the Authority and from the Authority from the Original Participating Members pursuant to this Contract; and

WHEREAS, for and in consideration of the PUA acquiring the right to purchase raw water for treatment and resale as provided herein, the Original Participating Members are willing and have agreed to contract with the Authority as hereinafter provided to acquire treated water from the Project and to pay the costs of the Project by assisting in the amortization of the principal of and interest on the Bonds and paying the Authority's Operation and Maintenance Expenses, Overhead Expenses, and Bond Payments (each as defined in the PUA Contract); and

WHEREAS, the Authority and the Original Participating Members are authorized to enter into this Contract pursuant to the Authority's enabling legislation being Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act"), and Chapter 791, Texas Government Code, as amended (the "Interlocal Cooperation Act"), and other applicable laws; and

WHEREAS, the Authority agrees that the Original Participating Members shall continue to own their respective Certificates of Convenience and Necessity issued by the Commission, shall continue to own and operate their respective water pumping, storage, and distribution facilities, and any respective water treatment facilities currently owned by each of the Original Participating Members; and

WHEREAS, the Authority's Board of Directors has directed that a portion of the raw water under this Contract be made available (following treatment by the PUA) on a firm basis to parties who contract with the Authority pursuant to this Contract; and

WHEREAS, each of the Original Participating Members under this Contract proposes to pay its share of costs of the Project and the Bonds based upon a rate methodology to be developed by the PUA and the Authority or in proportion to the respective amounts of treated water each has agreed to purchase under this Contract; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

## ARTICLE I Definitions

### Section 1.01 Definitions.

The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

(1) "Act" means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended.

(2) "Additional Participating Member(s)" means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Contract to be bound by the terms of this Contract, as it may be amended from time to time.

(3) "Adjusted Annual Payment" means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Contract.

(4) "Annual Payment" means the amount of money to be paid to the Authority by each Original Participating Member during each Annual Payment Period as its share of the Annual Requirement.

(5) "Annual Payment Period" means the Authority's Fiscal Year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority.

(6) "Annual Requirement" means, during an Annual Payment Period, the total amount required to pay the Authority's Annual Payment Amounts to the PUA as set forth in the PUA Contract,



including Operation and Maintenance Expenses, Overhead Expenses, and Bond Payments (each as defined in the PUA Contract).

(7) "Authority" means the Canyon Regional Water Authority, a political subdivision of the State of Texas created in accordance with the Act. Except as otherwise noted herein, actions required or permitted to be taken by the Board under this Contract may be taken by the General Manager on behalf of the Board.

(8) "Board" means the governing body of the Authority.

(9) "Boardmembers" means a member or members of the Board.

(10) "Bond Resolution" means any resolution or other financing documents of the PUA which authorizes any Bonds.

(11) "Bonds" means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the PUA under the PUA Contract, and the interest thereon, hereafter issued by the PUA to finance the costs to acquire, construct, expand, renovate, improve, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance costs to improve and extend the Project, and any bonds or other obligations issued to refund any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.

(12) "Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

(13) "Commission" means the Texas Commission on Environmental Quality or any successor entity thereto.

(14) "Contract" means this CRWA/SUDs Take-or-Pay Contract, as initially executed and as it may be amended from time to time.

(15) "Credit Agreement" means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code which the PUA enters into relating to its obligations with respect to the Bonds.

(16) "EMMA" means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

(17) "Fiscal Year" means the Authority's fiscal year, which currently begins on October 1 of each year and ends on September 30 of the following year, as it may be changed from time to time by the Authority with notice to the Participating Members.

(18) "Force Majeure" means such term only as it is defined in Section 5.04 of this Contract.

(19) "General Manager" means the general manager of the Authority's operations, including any party or entity that the Authority enters into a management contract to provide these services.

(20) "Land Interests" as defined in the PUA Contract.

(21) "MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

(22) "Operation and Maintenance Expenses" as defined in the PUA Contract.

(23) "Original Participating Members" means Crystal Clear Special Utility District, County Line Special Utility District, and the Green Valley Special Utility District.

(24) "Overhead Expenses" as defined in the PUA Contract.

(25) "Participating Member(s)" means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Contract.

(26) "Permitted Liens" as defined in the PUA Contract.

(27) "Point(s) of Delivery" means the point or points designated in Exhibit B to this Contract or by subsequent agreement where water will be delivered by the PUA to the Authority and by the Authority to the Participating Members from the Project.

(28) "Project Costs" as defined in the PUA Contract.

(29) "Project" means the "Project" as defined in the preamble of this Contract and in the PUA Contract.

(30) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(31) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(32) "Sale and Offering Documents" as defined in the PUA Contract.

(33) "State" means the State of Texas.

(34) "System" as defined in the PUA Contract.

#### Section 1.02 Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Contract and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

### ARTICLE II Representations and Warranties

#### Section 2.01 Representations and Warranties of Authority.

The Authority hereby represents and warrants that it has full power and authority to sell or otherwise convey treated water to the Participating Members in accordance with the terms of this Contract and the PUA Contract and the execution and delivery of this Contract by the Authority and the performance by the Authority of the provisions hereof do not and will not conflict with or constitute on the part of the Authority a breach or a default of any provision of any other contract or agreement of the Authority.

#### Section 2.02 Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants that it has full power and authority to purchase treated water from the Authority in accordance with the terms of this Contract and the PUA Contract; and the execution and delivery of this Contract by each Participating Member and the performance of the provisions hereof by each Participating Member do not and will not conflict with



or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

### ARTICLE III Construction of Project and Issuance of Bonds

#### Section 3.01    Construction of Project.

The PUA has agreed in the PUA Contract that the acquisition, construction, and improvement of the Project by the PUA will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.02 to provide a source of funds, with all practical dispatch.

#### Section 3.02    Issuance of Bonds.

A.     The PUA may issue the Bonds, payable from and secured by a pledge of the Annual Payments from the PUA Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project.

B.     Each Bond Resolution of the PUA shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Project as may be necessary for the marketing and sale of the Bonds. The PUA may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

C.     Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the PUA's governing body, a draft of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented for review and approval to the Authority's Board of Directors and to the Board of Directors of the Participating Members. The Participating Members shall adopt a resolution approving the issuance of Bonds and delegate to an authorized representative the approval of the final terms and provisions of the Bonds, including the principal amount, as reflected in the final Bond Resolution.

D.     Upon the Authority and the Participating Member approval of (i) each form of Bond Resolution hereafter adopted by the PUA, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the PUA of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution in such final form by the PUA's governing body, the execution of an approval certificate by the authorized representatives of each of the Authority and the Participating Members approving the final terms and provisions of the Bonds and the Bond Resolution, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the PUA and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

E. All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Authority and the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the Participating Member to make, promptly when due, all Annual Payments specified in this Contract and all payments described in Section 5.03 hereof shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the Authority, the PUA may enter into Credit Agreements, to the extent permitted by law, for the purpose of achieving the lowest financing costs for the Project.

Section 3.03 Liens. Neither the Participating Members nor the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.04 Tax-Exempt Bonds. The parties hereto understand and agree that the PUA will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the parties intend that the PUA will issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should either party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the parties, the parties will identify a different firm, that is mutually acceptable to both parties, in order to resolve the conflict of opinion.

Section 3.05 Payment to Rebate Fund. In the event that tax-exempt Bonds are issued as provided in Section 3.04, the PUA will covenant and agree in the Bond Resolution to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(0)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the trustee or paying agent to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, the PUA forthwith shall pay the amount of such insufficiency on such date to the trustee or paying agent in immediately available funds for such purpose.

Section 3.06 Sale and Offering Documents. At the request of the PUA, the Authority and the Participating Members shall provide to the PUA current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the



Participating Members, and such other information concerning the Participating Members as the PUA shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the PUA and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Authority and the Participating Members represent and warrant, to the best of the Authority and the Participating Members' knowledge, that all statements concerning the Authority and the Participating Members (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

Section 3.07 PUA's Rights Assigned to Trustee. The Participating Members are advised and recognize that as security for the payment of the Bonds, the PUA may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the PUA's rights under the PUA Contract and the PUA's third party beneficiary rights under this Contract, including the right to receive the Annual Payments hereunder and the amounts described in Section 5.03 hereof. The Authority and the Participating Members herewith assent to such assignment and will make the Annual Payments and the payments described in Section 5.03 hereof directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of the PUA Contract and this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the PUA or the Authority a party thereto.

#### ARTICLE IV

##### Sale and Purchase of Treated Water: Operating Requirements

###### Section 4.01 Water Conveyance: Option to Purchase.

A. The Participating Members hereby agree to pay for the right to receive from the PUA for the benefit of the Authority and the Authority hereby agrees to sell to the Participating Members all of the treated water produced by the PUA for the benefit of the Authority through the Project subject to the terms and provisions of this Contract or other contracts which generate System revenues; provided, however, the Authority shall have the right to purchase, and the Participating Members hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Participating Members' share of their Annual Payments under this Contract as provided in Section 5.04 hereof. It is expressly recognized that the treated water delivered to each Participating Member as disclosed in Exhibit A shall be owned by such Participating Member and may be sold or otherwise conveyed by such Participating Member in accordance with applicable law; provided, however, before any Participating Member enters into a contract or other agreement to transfer, sell, or convey any treated water received from the Authority pursuant to the terms of this Contract, such Participating Member shall afford the Authority the right of first refusal for a period of 90 days to obtain such treated water for redistribution to other Participating Members.

B. Each of the Participating Members shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto in accordance with this Contract. To



the extent the Authority has acquired additional water from some other source, or to the extent any Participating Member does not request all of its allotted treated water as set forth on Exhibit A, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use the allotted treated water not requested or the share of treated water produced by the Project and acquired by the Authority to supply treated water or spot water sales to other Participating Members, to retail customers, if any, of the Authority, or on a spot basis. The Authority shall provide a "credit" for any Participating Members' water that is sold by the Authority. The Authority agrees to utilize the revenues from this potential sale of water pursuant to this Paragraph B to benefit all Participating Members as these revenues will be accounted for and disclosed in the Authority's next succeeding budget.

#### Section 4.02 Points of Delivery.

Each Participating Member agrees to take treated water at the Point(s) of Delivery for such Participating Member set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Participating Member, respectively, the PUA, and the Authority. The PUA will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Participating Members.

#### Section 4.03 Resale.

Participating Members hereby agree not to sell treated water purchased from the Authority under this Contract to any person or entity outside such Participating Member's boundaries or prescribed service area (as the boundaries or prescribed service area may be adjusted by the Participating Member in its sole discretion and as approved by any regulatory authority with jurisdiction from time to time) unless the Participating Member has received prior written approval from the Board and are subject to compliance with Section 4.01A above. Approval to make retail sales of treated water to individual customers outside such boundaries or prescribed service area may be granted by the General Manager of the Authority. Approval to make wholesale sales of treated water pursuant to this Contract outside the Participating Member's boundaries or prescribed service area shall require the specific prior approval of the Board and are subject to compliance with Section 4.01A above. Notwithstanding any provision in this Section to the contrary, each Participating Member shall have the right and authority to continue to sell treated water on a retail or wholesale basis to all existing customers situated outside its corporate boundaries or prescribed service area and without the approval or consent of the Board or General Manager. Additionally, the Participating Members shall have the right and authority to sell treated water received from other sources other than the Authority on a wholesale basis or otherwise without any limitation imposed by this Contract or approval by the Board or General Manager.

#### Section 4.04 Other Contracts.

A. If the Authority exercises its right to water under this Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Contract and shall not contain any provision which would adversely affect the Participating Members' percentage share of treated water covered by this Contract, except as permitted by Section 4.01. In addition, the Authority shall not sell treated water (or such sales will be suspended) pursuant to this Section 4.04 to any entity other than a Participating Member when a condition of

drought or other water conservation measure exists which resulted in all Participating Members having their allocation of treated water reduced on a pro rata basis.

B. The parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Participating Member.

#### Section 4.05 Quality.

A. The water to be delivered by the PUA and received by each Participating Member shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency as set forth in the PUA Contract.

The PUA shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Participating Member's utility system.

B. The PUA shall periodically and at a minimum, no less than as may be required by any regulatory authority having jurisdiction, collect samples of treated water delivered to Participating Members and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

C. The PUA shall cooperate with any Participating Member in responding to any regulatory or legal inquiry related to the quality of water delivered under this Contract.

#### Section 4.06 Metering Equipment.

A. The PUA will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Contract from the Project to each Participating Member's Point or Points of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The PUA shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Participating Member shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. The PUA will notify each Participating Member of any scheduled reading, inspection, calibration, or adjustment at least three (3) business days in advance of the scheduled date. If a Participating Member so requests, the Participating Member may observe such reading, inspection, calibration, and adjustment of meters. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired, or replaced by the Authority. Replacement shall be by a like device having the required accuracy. A meter registering not more than five percent (5%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for a period equal to one-half (1/2) the time elapsed since the date of the immediately preceding meter test at which no inaccuracy was discovered, but in no event will a period of correction exceed six (6) months, in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the PUA and the Participating Member shall agree upon a different amount. All readings of meters will



be entered upon proper books of record maintained by the Authority. Any Participating Member may have access to said record books during the Authority's normal business hours.

B. Notwithstanding the requirements for other notices provided in this Contract, any notice, communication, request, reply, or advice from the PUA to a Participating Member, or vice versa, relating to the activities described in Subsection A above, or any other communication relating to the devices for metering of water, may be by electronic or telephone communication, provided receipt of the notice is confirmed by the intended recipient.

#### Section 4.07 Pressure, Backflow, Maximum Rate of Flow.

A. The PUA shall deliver treated water to the Point(s) of Delivery for each Participating Member (subject to the provisions of Section 4.08) at a pressure of not less than 10 psi or at such other pressure agreed upon by the PUA and the Participating Member. If a Participating Member requires a greater or lesser pressure, such Participating Member shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood, fire, earthquakes, other catastrophes, or use of water to fight fires, or any other cause beyond the reasonable control of the PUA shall relieve the PUA from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The PUA shall install and maintain at its sole expense at each Point of Delivery a backflow preventor of AWWA-approved quality. Each Participating Member shall have the right to inspect the backflow preventor at each of its Points of Delivery at such reasonable times at such Participating Member in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Participating Member by the PUA is established in Exhibit A hereto and incorporated by reference for all purposes to this Contract.

#### Section 4.08 Cross-Utilization of Lines.

A. Each Participating Member acknowledges that it may be necessary for certain of its transmission lines to be utilized in order for the PUA to transmit treated water to another Participating Member and such Participating Member hereby agrees to permit the PUA to so utilize its transmission lines in accordance with Section 7.09. In such case, the Participating Members involved agree to inform the PUA of any special requirements with respect to pressure or other matters relating to the transmitting Participating Member's lines.

B. The PUA will furnish, install, operate, and maintain at its expense meters at the point of exit from a Participating Member's lines to maintain accurate measurements of the quantity of water being delivered by the PUA to a Participating Member through the lines of another Participating Member. Such meters shall be subject to inspection and examination by both Participating Members in accordance with the provisions of Section 4.06.

C. In the event that repairs are required to be made to any lines of a Participating Member which are utilized for the transmission of treated water to another Participating Member, the receiving Participating Member shall participate in the cost of such repairs as may be agreed from time to time.

ARTICLE V  
Fiscal Provisions

Section 5.01    Annual Requirement.

Subject to the terms and provisions of this Contract, the Authority will provide and pay the PUA for the cost of the Project through the issuance of the Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Contract will be the expected source of funds available to the Authority to provide the Annual Requirement to the PUA. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority or according to their respective percentage shares of treated water covered by this Contract, and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:

- A.     all Operation and Maintenance Expenses and Overhead Expenses; and
- B.     when the Authority and the Participating Members agree to issue Bonds to finance the costs of the Project, a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the Bonds, including the Bond Payment (as defined in the PUA Contract).

Section 5.02    Annual Budget.

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement. Each Participating Member will be furnished a copy of such annual budget, and each Participating Member hereby acknowledges its ability to pay its share of the Annual Requirement from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, 2016, the Authority shall furnish to each Participating Member a preliminary estimate of the Annual Payment required from each Participating Member for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year 2016, the Authority (i) shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period and (ii) shall provide a copy of such preliminary budget to each Participating Member. A Participating Member who disputes any information in the preliminary budget shall submit written comments, questions, or requests for clarification about the preliminary budget directly to the Authority, with copy to each member of the Board, not less than thirty (30) days before the commencement of the Annual Payment Period. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper; provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Participating Members which change or amendment would in effect increase the Annual Requirement without resubmitting such amended preliminary budget to the Participating Members not less than 10 days prior to the date of the Board meeting scheduled for approval of the annual budget. The Board shall thereupon approve the annual budget. With respect to budgetary



matters, the Participating Members shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund, provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Participating Members, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Participating Members and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Participating Members in any Fiscal Year shall relieve the Participating Members from (or allow them to defer) their absolute and unconditional obligation to make all Annual Payments in full when due.

Section 5.03 Payments by Participating Members.

A. Subject to Sections 4.06 and 4.07B, each Participating Member agrees to pay any required connection fee for each Point of Delivery equal to the total cost of material, labor, and equipment required to implement such connection.

B. For the treated water available to the Participating Members under this Contract (whether or not the Participating Members elect to receive such water), each of the Participating Members agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement. Each of the Participating Members shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority (or its assigns), in monthly installments in accordance with the schedule of payments furnished by the Authority, as hereinafter provided.

C. Each Participating Member shall pay a proportionate share of the Annual Requirement according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Participating Member as set forth on Exhibit A, as amended from time to time. The Authority shall charge each Participating Member its share of pumping costs according to the volume of water actually delivered.

D. Each Participating Member's allocated share of the Annual Requirement for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Participating Members by the Authority.

E. Notwithstanding the foregoing, the Annual Requirement, and each Participating Member's share thereof, shall be redetermined, after consultation with each of the Participating Members, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

(1) the Authority exercises its option to acquire treated water pursuant to Section 4.01;

(2) unusual, extraordinary, or unexpected Operation and Maintenance Expenses or Overhead Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;

(3) Operation and Maintenance Expenses or Overhead Expenses of the Project are substantially less than estimated;

(4) a Participating Member's interest under this Contract is terminated as provided herein or Additional Participating Members become subject to this Contract;

(5) the PUA issues Bonds for the Project; or

(6) the Authority receives either substantially more or substantially less revenues or other amounts than those anticipated by the Authority at the time a Participating Member elects to execute this Contract or at the time any annual Preliminary Budget is distributed by the Authority. "Substantially" in this subsection (6) means by an amount of 15% or greater, determined in accordance with generally accepted accounting practices.

F. Each Participating Member hereby agrees that it will make payments to the Authority required by this Contract at the Authority's offices within thirty (30) days of the date a bill for service is deposited in the United States mail. If any Participating Member at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Participating Member will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Participating Member or due and owing to any Participating Member by the Authority shall, if not paid when due, bear interest at the maximum lawful nonusurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Participating Member which remains delinquent in any payments due under the preceding paragraph for a period of forty-five (45) days, and shall not resume delivery of services or water while such Participating Member is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Participating Member. It is further provided and agreed that if any Participating Member should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Participating Member's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent Participating Members and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Participating Members and the Authority collectively shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent Participating Member to enforce and protect the rights of the Authority, the other Participating Members, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Participating Member shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Participating Members and the Authority during each Annual Payment Period regardless of the delinquency of a particular Participating Member. If any



amount due and owing the Authority by any Participating Member is placed with an attorney for collection, such Participating Member shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

H. If, during any Annual Payment Period, any Participating Member's Annual Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Participating Member with an updated schedule of monthly payments reflecting such redetermination.

#### Section 5.04 Unconditional Payments.

A. Notwithstanding any provision of this Contract to the contrary, while this Contract remains in effect each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered by this Contract as provided in Section 4.01, the Annual Payment of each Participating Member shall be reduced to the proportion that each Participating Member's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement, but, if the Authority exercises its option to acquire treated water from the Project pursuant to Section 4.01, the Participating Members and the Authority shall share the cost of the Project and the Bonds in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Contract.

B. Recognizing that the Participating Members urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay the PUA for the Bonds, it is hereby agreed that each of the Participating Members shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement, as provided and determined in this Contract, regardless of whether or not the PUA actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Participating Member hereunder, or whether or not any Participating Member actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the PUA and the Authority.

C. If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each Participating Member to make the payments required under Section 5.03 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other Participating Members and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation of the Participating Member or the Authority giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Participating Member or the Authority shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or

entire failure of water supply, or on account of any other causes not reasonable within the control of the party claiming such inability.

Section 5.05 Continuing Right to Treated Water.

For and in consideration of agreeing to the unconditional payments to be made under this Contract, each Participating Member is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Contract. That right shall continue for the term of this Contract and any renewals thereof.

ARTICLE VI  
Additional Participating Members

Section 6.01 Additional Participating Members.

If water is available, the Authority and the Original Participating Members agree that additional entities may become subject to the provisions of this Contract as Additional Participating Members by providing the following to the Authority and the then Participating Members:

- A. an executed signature page to this Contract in form satisfactory to the Authority;
- B. to the extent any representation contained in this Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Contract;
- C. a revised Exhibit A to this Contract satisfactory to the Authority and all then Participating Members;
- D. a revised Exhibit B to this Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;
- E. a completed Exhibit C to this Contract to the extent applicable to such entity and in form satisfactory to the Authority; and
- F. such other certifications and information as may be reasonably requested by the Authority and the then Participating Members.

ARTICLE VII  
Special Conditions

Section 7.01 Operation and Maintenance of the Project.

The PUA will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense as set forth in the PUA Contract.



Section 7.02 Project Schedule.

It is the intent of the parties that the Project be placed in operation as soon as practicable, and the PUA has agreed in the PUA Contract to proceed diligently with the evaluation of feasibility, the securing of regulatory permits, and the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Contract.

Section 7.03 Permits, Financing, and Applicable Laws.

Any obligations on the part of the PUA to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Authority for the benefit of the Participating Members shall be (i) conditioned upon the PUA's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the PUA's final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the PUA to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

Section 7.04 Title to Water; Indemnification.

Title to all water supplied to each Participating Member shall be in the Authority up to the Point of Delivery for such Participating Member, at which point title shall pass to the receiving Participating Member. Title to treated water transmitted through the lines of a Participating Member pursuant to Section 4.08 for the use of another Participating Member shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Participating Member. The Authority and each of the Participating Members shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

Section 7.05 Payments Solely From Revenues.

The Authority shall never have the right to demand payment by any Participating Member of any obligations assumed by it or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxes, and the obligations under this Contract shall never be construed to be a debt of such kind as to require any of the Participating Members to levy and collect a tax to discharge such obligation. Nonetheless, any Participating Member may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Participating Member.

Section 7.06 Operating Expenses.

Each of the Participating Members represents and covenants that, to the extent payments under this Contract are made with utility system revenues, such payments shall constitute reasonable and necessary "operating expenses" of its utility system, as defined in Chapter 1502, as amended, Texas Government Code (or other applicable law), and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Participating Member represents and has determined that the treated water supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Participating Member's utility system and facilities, and, accordingly, all payments required by this



Contract to be made by each Participating Member shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or hereafter issued by such Participating Member, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

#### Section 7.07 Rates for Water.

Each of the Participating Members agrees throughout the term of this Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment under this Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

#### Section 7.08 Use of Funds and System.

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid it pursuant to this Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Contract.

#### Section 7.09 Rights-of-Way.

A. Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use.

B. To the extent they have such ownership authority, each Participating Member agrees that, without prior written approval, the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.

#### Section 7.10 Insurance.

The PUA has agreed in the PUA Contract to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the PUA, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the PUA shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the PUA's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or

destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to the Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

#### Section 7.11 Additional Special Provisions.

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C hereto. The Special Provisions for this Contract reflect circumstances or issues for specific Participating Members which may be different from those of other Participating Members and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Contract. To the extent of any conflict between any Special Provision and any other provision of this Contract, the Special Provision shall control.

### ARTICLE VIII Continuing Disclosure

#### Section 8.01 Annual Reports.

The Authority (and each Participating Member if required by the Rule in its Approval Certificate for any series of Bonds) shall file annually with the MSRB, (1) within six months after the end of each Fiscal Year of the Authority ending in or after 2015, financial information and operating data with respect to the Authority of the general type included in the Sale and Offering Documents authorized by Section 28 of the Bond Resolution, being the information described in Exhibit D to the Bond Resolution, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit D to the Bond Resolution, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Authority commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Authority shall file unaudited financial statements within such period and audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such financial statements becomes available. The Authority must have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The annual financial statement, including the auditor's opinion on the statement, shall be filed in the office of the Secretary, Board of Directors, within 180 days after the last day of the Authority's Fiscal Year. Additionally, upon the filing of this financial statement and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

If the Authority changes its Fiscal Year, it will file notice of such change (and of the date of the new Fiscal Year end) with the MSRB prior to the next date by which the Authority otherwise would be required to provide financial information and operating data pursuant to this Section.

#### Section 8.02 Material Event Notices.

The Authority shall file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;



- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

The Authority shall file notice with the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with this Section by the time required by this Section.

Section 8.03 Limitations, Disclaimers, and Amendments.

The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Authority in observing or performing its obligations under this Section shall constitute a breach of or default under this Contract for purposes of any other provision of this Contract.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

The provisions of this Section may be amended by the Authority, with the consent of the Participating Members, from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Authority also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Authority so amends the provisions of this Section,



the Authority shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 8.04 Information Format – Incorporation by Reference.

The Authority information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

Section 8.05 Allocation of Water During Drought.

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of stored water pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

Section 8.06 Conservation.

The Authority and Participating Member each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Participating Members further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Participating Members to the extent practicable considering any differences in the legal authority of Participating Members and other Participating Members to institute those plans.

Section 8.07 Term of Contract.

This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as an agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Contract. The Authority's obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project.



Section 8.08 Approval and Consent.

Unless otherwise provided herein, any approval or consent required by the provisions of this Contract by a Participating Member or the Authority shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate party, the Authority or the Participating Member can conclusively act on the matter requiring such approval.

Section 8.09 Modification and Amendment.

A. No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by any Participating Member under this Contract or any similar contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

B. This Contract may be amended upon the written consent of the Authority and all then Participating Members; provided, however, no amendment to this Contract shall impair the rights of any holder of any of the Bonds.

Section 8.10 Addresses and Notice.

Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

A. If to the Authority, to:

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

B. If to the Crystal Clear Special Utility District to:

Crystal Clear Special Utility District  
2370 FM 1979  
San Marcos, Texas 78666

C. If to the County Line Special Utility District to:

County Line Special Utility District  
8870 Camino Real  
Uhland, Texas 78640

D. If to Green Valley Special Utility District, to:

Green Valley Special Utility District  
Post Office Box 99  
Marion, Texas 78124

E. If to the PUA, to:

Hays Caldwell Public Utility Agency  
630 East Hopkins  
San Marcos, Texas 78666

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.

Section 8.11 State or Federal Laws, Rules, Orders, or Regulations.

This Contract is subject to all applicable federal and state laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

Section 8.12 Remedies Upon Default.

It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing, however, that the PUA's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the PUA has agreed in the PUA Contract, in the event of any default on its part, that each Participating Member shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Participating Member's obligations hereunder could not be adequately compensated in money damages alone, each Participating Member agrees in the event of any default on its part that the Authority and the PUA shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority and the PUA. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or



construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstance.

Section 8.13 Severability.

The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws of the State or the United States of America, or in contravention of any such laws, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 8.14 Venue.

All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Hays County, Texas, which is the County in which the principal administrative offices of the PUA are located. It is specifically agreed among the parties to this Contract that Hays County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Hays County, Texas.

Section 8.15 Assignment.

Neither the Authority nor any Participating Member may assign any interest it may have under this Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Contract or the PUA Contract.

Section 8.16 Entire Agreement.

This Contract, certain existing contractual arrangements, and the PUA Contract constitute the entire agreements among the parties with respect to the sale of treated water by the Authority to the Participating Members and the sale of the Bonds by the PUA.

Section 8.17 Applicable Law.

This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 8.18 No Sale, Lease, or Other Transfer of Participating Members' Utility System.

Pursuant to the terms of this Contract, a Participating Member, to the extent permitted by law, shall not sell, lease, or otherwise transfer any interest in such Participating Member's actual utility system without the written consent of the Authority.

Section 8.19 Counterparts.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.20 Goods and Services; Waiver of Sovereign Immunity; Limitation on Damages.

The Participating Members under the Contract agree that the mutual commitment stated in the Contract to provide water, emergency water service, water treatment services, and funding for utility system improvements constitute an agreement by each party for providing goods and services to the other parties, and that the Contract, as amended, is subject to Chapter 271, Subchapter I, of the Texas Local Government Code.

Section 8.21 PUA Third Party Beneficiary of this Contract.

Given that the PUA will sell the Bonds pursuant to the terms of the Bond Resolution to construct the Project, the Authority and each Original Participating Member agrees that the PUA will be a third party beneficiary of this Contract.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER  
AUTHORITY

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(AUTHORITY SEAL)





IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER  
AUTHORITY

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(AUTHORITY SEAL)

CRYSTAL CLEAR SPECIAL UTILITY  
DISTRICT

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(SEAL)



COUNTY LINE SPECIAL UTILITY  
DISTRICT

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(SEAL)



GREEN VALLEY SPECIAL UTILITY  
DISTRICT

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors

(SEAL)

Exhibit A

Allocations and Maximum Rate of Flow

| Entity                                 | Plant Capacity<br>in A/F | Percent of<br>Ownership (%) |
|--|--------------------------|-----------------------------|
| Crystal Clear Special Utility District | 5,670                    | 55.263                      |
| County Line Special Utility District   | 1,059                    | 10.322                      |
| Green Valley Special Utility District  | <u>3,531</u>             | <u>34.415</u>               |
| Totals                                 | 10,260                   | 100.00%                     |



Exhibit B

Points of Delivery

Crystal Clear Special Utility District  
County Line Special Utility District  
Green Valley Special Utility District

Highway 123 storage tank  
Highway 21 pump station  
Authority's Wagner pump station

Exhibit C

Special Provisions

None

Exhibit D

PUA Contract

## **APPENDIX N**

### **FUTURE GROUNDWATER SOURCE**

#### **McDONALD GROUNDWATER LEASE AND AMENDMENTS**

## GROUNDWATER LEASE

This groundwater lease ("Lease") is between **Thomas L. McDonald and Anne L. McDonald** ("Lessor" whether one or more), whose address is 2188 F.M. 1977, Martindale, Texas, 78655 and **Crystal Clear Special Utility District** ("Lessee"), whose address is 2370 F.M.1979, San Marcos, Texas, 78666 (collectively, the "Parties").

1. **Description.** In consideration of \$10.00 cash in hand paid and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements of Lessee hereinafter contained, Lessor hereby leases the following land (the "Land") to Lessee, its successors and assigns:

### Exhibit "A" Attached Hereto And Made A Part Hereof

in Caldwell County, Texas containing 530.63 acres, whether more or less, and which acreage figure may be relied upon by Lessee in calculating royalty hereunder. Notwithstanding this specific description, Lessor intends to include within the Lease all land and groundwater owned or claimed by Lessor up to the boundaries of any abutting landowner.

2. **Grant.** Lessor leases the Land to Lessee to exclusively explore, conduct geological, hydrogeological and geophysical surveys, develop, drill, operate, withdraw and produce all underground water, percolating water, artesian water and other water from any and all depths and reservoirs, formations, depths and horizons beneath the surface of the earth, and lay pipelines across, and under the Land, build roads, tanks, pumping stations, power and communication lines, telephone lines and all other structures that are useful to Lessee's operations with rights of ingress and egress, all to produce, measure, transport and sell the water. Rights and title to the water are vested exclusively and absolutely in Lessee, as well as any and all permits, licenses, historical use rights or governmental approvals that now or hereafter pertain to such water production and use. Lessor assigns all of the following to Lessee during the term of this Lease, whether they now exist or are created during this Lease: all permits, applications for permits, and historical production and withdrawal rights (except water used by Lessor as permitted under "Water Excluded from Royalty" in Paragraph 10). Lessee may drill, develop and maximize, to the extent permitted by law, the maximum allowable production from each well, and determined by competent professional hydrogeologists to be a maximum sustainable yearly average yield as defined in acre/feet per year.

3. **Term.** Subject to the other provisions of this Lease, this Lease is for a primary term of five years from the Effective Date of this Lease (the "primary term") and as long thereafter as water is produced from the Land. The term "Effective Date" as used in this lease shall have the meaning described in Paragraph 16. Subject to Paragraph 7, in this lease "produced" or "production" means actual permitted withdrawal of groundwater by Lessee from the Land.

4. **Royalty.** Subject to the other provisions of this Lease, once production commences, Lessee will pay Lessor \$75.00 per acre/foot of water produced by Lessor from Well 1, described in a Sanitary Control Easement, dated September 25, 2015, between the Parties (the "Wells"), and covered by this Lease per year. For the purpose of royalty payments, Lessee shall divide this royalty evenly and pay Lessor on a quarterly basis, with



payments due before the tenth day of the payment months: January, April, July and October. Subject to Paragraph 7, for the purposes of this paragraph, "production" means actual withdrawal of groundwater by Lessee from the Land. No royalties shall be paid on any water used by Lessor, as provided for in this Lease, or which may be used by Lessee in field operations. The royalty rate will be adjusted annually in accordance with Paragraph 5.

The Parties agree that there will be a period of time (the "Start-up Period") between the executed date of this Lease to the Effective Date of this Lease. The Parties agree that the Lessee will pay to the Lessor a lump sum of [REDACTED] per year for each year during the Start-up Period to be prorated monthly. The Start-up Period will terminate either twenty-four (24) months from the executed date of this Lease or with the Effective Date of this Lease.

Royalty payments will begin to be calculated on the first of the month immediately following the termination of the Start-up Period and for each consecutive month during the primary term of this Lease.

The Parties agree that the royalty payments set out above are sufficient consideration to support this Lease.

The Landowners and the Utility's predecessor in interest are parties to a separate water supply contract ("Existing Contract") one of the terms of which Existing Contract obligates the Utility is to deliver to the Landowners a supply of potable water for a discounted rate. The Utility hereby promises to continue to honor the terms of the Existing Contract and will manifold together, join, install, and maintain that pipeline(s) necessary to continue to supply the Landowners with potable water under the terms of the Existing Contract, delivery of said water shall be at the Landowners current meter box whether or not its existing well surrounded by the Landowners' Property continues to be used by the Utility.

**5. Method of Calculating Annual Royalty Adjustment (CPILFESL).** The U. S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index: All Items Less Food & Energy (CPILFESL) will provide a (annual) multiplier for the benefit of the Lessor, Lessee shall calculate the annual adjustment (see Paragraph 4 above) for the royalty by multiplying Lessee's previous year's royalty rate by the applicable annual CPILFESL Index, U. S Department of Labor, Bureau of Labor Statistics (reflecting the previous year's all items consumer price index, less food and energy).

**6. Testing of Well Meters.** Lessee shall at its sole expense continuously measure the volume of water pumped from the Wells with an accuracy of plus or minus five (5) %. Lessee shall have the meters used for measuring the volume of water pumped from the Wells tested by a professional service every year. Lessor shall have the right to have the meters tested by a professional service of its choice at Lessor's expense.

**7. Cessation of Production.** If after the expiration of the primary term production of water ceases for any reason, but Lessee is then engaged in drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing any well in search for or in an endeavor to obtain production of groundwater, or shall have completed a well, on the Land within the end of

the primary term, this groundwater lease shall remain in force so long as the same or any additional such operations are prosecuted with no cessation of more than twenty-four (24) consecutive months, so long thereafter as groundwater is produced and marketed from said Land.

8. **Records Inspection.** Lessor shall have the right to inspect or designate an agent to inspect Lessee's production records and measuring devices to confirm production. This right of inspection may be exercised upon reasonable notice and during office hours of business days.

9. **Warranty of Title: Quiet Enjoyment; Proportionate Reduction.** Lessor warrants that it is the record title owner of the Land. Lessor warrants and agrees to defend title to the Land and the water rights therein. Lessor covenants that Lessee shall peaceably and quietly hold and enjoy the Land without hindrance from Lessor or any other party claiming by, through or under Lessor. If Lessor's interest in the water is less than the entire and undivided fee simple estate, or if due to statutory limitation this Lease covers an interest that is less than the entire and undivided fee simple estate, then the royalty payments in this Lease shall be paid to Lessor in the proportion which Lessor's actual interest bears to the entire fee simple estate. All royalty interests covered by this Lease (whether or not owned by Lessor) shall be paid out of the royalty provided for in this Lease. Lessee at its option may discharge any tax lien on Lessor's interest in the Land (unless such tax lien is being appropriately contested in good faith by Lessor) and, if Lessee does so, Lessee shall have the right to apply royalty payments to reimburse that payment.

10. **Water Excluded from Royalty.** Lessor shall have at their discretion the right to construct water well(s) or continue to operate, repair, maintain, re-drill and/or replace their existing water well(s) and associated pumping equipment to withdraw water solely for Lessor's domestic, livestock or existing agricultural watering purposes, but not for any industrial/commercial/municipal purposes nor for sale to third parties. The Parties agree that the Lessor reserves unto themselves an excepts from this Lease that volume of water pumped, not to exceed 25,000 gallons per day, per well, from Lessor's water well(s). Lessor's free use must not challenge Lessee's title to the water, violate any sanitary control easement, or otherwise in any manner reduce Lessee's right to withdraw groundwater from the Land. Lessee shall have the right, free from the payment of royalty, to use water from its wells in connection with its field operations and such water shall be metered separately. Lessor agrees to obtain Lessee's prior written approval concerning the location, size and characteristics of any exempt well to be constructed pursuant to this Section.

11. **Surface Use Easement.** Lessor grants Lessee the right of unimpaired ingress and egress to, from, over, through, across and along the Land to locate, install, construct, operate, inspect, alter, maintain, repair, replace and remove, in whole or in part, any and all facilities useful to Lessee in order to develop, drill, operate, withdraw, produce water, and otherwise operate the well system ("Groundwater Facilities"), including but not limited to pipelines, wells, well house pumps, pumping stations, water storage reservoirs, pressure tanks, pipelines, electrical equipment, fences, improvements, appurtenances, appliances, and fixtures. As it pertains to pipelines, the easement granted herein shall be more particularly described in a United States

Department of Agriculture Right-of-Way Easement, dated \_\_\_\_\_, 2015, between the Parties. Lessee shall bury all Pipelines a minimum of thirty-six inches (36") below the surface of the ground. However, Lessee, at its option, may construct its Pipeline above the channel of any stream, ravine, ditch, or water course. No water well shall be drilled nearer than one hundred fifty feet from any house or barn now on the Land without Lessor's written consent. Lessee shall have the right to construct a fence around each well or other surface facilities located on the Land.

12. **Well Site Easements of 0.2296 Acre (100ft x 100 ft) Per Site.** Lessee will determine and designate, in writing, the areas of the Land which will be used by Lessee for Well Site(s) for its 0.2296 Acre Well Site(s). Lessor for the same consideration recited herein, hereby agrees to grant unto Lessee a Sanitary Control Easement (in accordance with Paragraph 13) in each 0.2296 Acre Well Site so designated by Lessee, including, to the extent applicable, all groundwater rights in and to, and associated with each Well Site, but excluding any and all mineral estate. The perimeter of said Well Site(s) (100ft x 100ft) shall be fenced, so as to restrict access to such Well Site(s), which fence shall be adequate to prevent entry upon the Well Site(s) by Lessor's livestock. If Lessor's livestock enter upon the well Site(s) due to failure of the required fencing, Lessor will not be liable in any manner or form for any damage done by said livestock. In the event Lessee reasonably determines from time-to-time, that for purposes of production or regulatory requirements, including mitigation, that additional Well Site(s) are necessary for the purposes of this Lease, Lessee may designate additional areas as Well Site(s) and/or areas of operation, and the Lessor shall promptly execute a recordable Sanitary Control Easement consistent with the terms and conditions provided under this Lease, including any groundwater district which may have jurisdiction. In the event that Lessee determines that additional well sites are necessary for the purpose of this Lease, a separate written agreement is to be negotiated and signed by both parties. The Parties further agree that Lessee, subject to regulation, shall have sole obligation and duty in the design, format and layout of any well-fields, access road easements and utility easements necessary to provide service to or from the Land (so long as such well-field design is consistent with applicable regulations, and other provisions of this Lease, including but not limited to, allowing for the Lessor's existing uses of the Land and existing wells and any future use(s) that do not interfere with the respective Party's operations under this Lease and the drilling and extracting of groundwater as provided below). Lessee shall pay for surveying and hydrogeologic studies, fencing of Well Site perimeter(s) (100ft X 100ft), recording of easements, and expenses of regulatory approvals.

13. **Sanitary Control Easement.** Lessee has the right to designate a sanitary control easement consisting of a circular tract of land centered on each completed water well having a radius of 150 feet from the well or such reasonable size and configuration necessary to comply with any governmental rules relating to water produced for sale to a potable water system or utility. Lessor will not interfere with any sanitary control easement nor impair the quality of the water from its natural condition. The following items of activities are prohibited within a sanitary control easement: any feed lot or poultry facility, septic or sewage-related tank, apparatus, or other facility of infrastructure regulated by any governmental authority. Upon request by Lessee, Lessor will execute a Sanitary Control Easement as described in Title 30,

Section 290.47 of the Texas Administrative Code, as amended, (or any similar or successor regulation) which will provide for a sanitary control easement around each well site.

14. **Proceedings Affecting Water Rights.** To protect Lessee's rights and interests herein, Lessee may (but is not required to) prosecute any administrative, legislative or legal proceedings relating to the Land, water and the rights conveyed herein including, but not limited to, (1) contesting any taxes or fees assessed or levied upon the Land pursuant to water withdrawal rights, or (2) protesting, defending or preserving the right to withdraw water. If necessary to effect these purposes, Lessee may take any administrative or legal action in the name of the Lessor.

15. **Governmental Regulation.** If the Land or rights in this groundwater lease are, or become, subject to the regulatory jurisdiction of a groundwater conservation district, or other similar entity of the State of Texas, which regulates or limits the pumping of groundwater, both Lessor and Lessee understand that Lessee may be prohibited by law from producing groundwater from the Land unless said pumping is in accordance with regulations promulgated by such groundwater conservation district or any other governmental agency with lawful jurisdiction over groundwater.

16. **Effective date of the Lease.** Accordingly, notwithstanding any paragraph in this Lease to the contrary, the "Effective Date" of this Lease shall be the date in which Lessee commences production of groundwater covered under this Lease.

17. **Cooperation.** Whenever compliance with this Lease requires the approval of regulatory agencies (especially local groundwater conservation districts) or lienholders, each party agrees to actively support and cooperate with the other to secure such approval, including but not limited to executing easements, and such support shall not be unreasonably withheld or delayed.

18. **Notice of Lease.** Except as otherwise provided in this paragraph, each Party agrees that: (1) this Lease shall not be recorded and shall not be provided to any party not a signatory or prospective signatory except as required by law; and (2) this is a confidential, privileged document used for purposes of negotiating and effectuating the Lease between the parties. However, at Lessee's sole discretion upon request, Lessor shall execute a "Memorandum of Lease of Groundwater Rights" in a recordable form as notice of the existence of this Lease between the Parties. Lessee shall be responsible for filing the Memorandum of Lease of Groundwater Rights in the appropriate county records. Lessee may file a copy of this Lease, the Memorandum or any document referred to in this paragraph, in any public office or in compliance with any governmental regulations, transfer program rules or recording requirements. Lessor and Lessee shall execute and deliver to each other any document that Lessee determines to be necessary or useful to fully carry out the transactions covered by this Lease.

19. **Taxes and Other Government Assessments.** Except as otherwise provided in this paragraph, Lessee shall be responsible for and shall timely pay all taxes, water fees, assessments,

studies, management fees, levies, charges, or other surcharges of all and every kind (including any fees and taxes assessed by a Groundwater Conservation District) associated with the ownership, pumping and use of the Groundwater Rights identified under the terms of this Lease, except that Lessor shall bear and pay (1) consistent with Article 59, Section XI of the Constitution, any ad valorem taxes; and (2) any federal or state income taxes payable on the royalty payments and on the other considerations payable to Lessor under this Lease. Lessor and Lessee shall each promptly pay when due all taxes, assessments, and other sums for which such person is responsible if the failure to promptly pay such taxes, assessments, and other sums may result in the enforcement of a statutory or judgment lien on the Groundwater Rights.

20. **Force Majeure.** If operations are delayed or interrupted by events such as storm, flood, other act of God, fire, war, riot, strike, differences with workers, failure of transport, or some government action, the time of such interruption shall not be counted against Lessee.

21. **Condemnation.** Lessor assigns to Lessee an interest in and to any condemnation awards or insurance proceeds which would otherwise be payable to Lessor to the extent they are for the water rights conveyed by this Lease or are for improvements, equipment or property installed by Lessee on or within the surface or subsurface interests covered by this Lease. Additionally, In the event any part of the Real Property (including all Groundwater and Groundwater Rights attributable to the Real Property) shall be taken by condemnation, Lessee will have the option of surrendering Lessee's rights under this Lease in accordance with Section 15.

22. **Information from Lessor.** As a condition for the payment of proceeds to Lessor, Lessee shall be entitled to receive a signed instrument or division order containing the fractional or decimal interest in production claimed by Lessor, a warranty of title as to such interest, and indemnification for payments made for such interests, the taxpayer identification number of Lessor and any other information needed by Lessee to make payments hereunder. If Lessor's interest in the Land is subject to a deed of trust, mortgage or other lien, Lessor shall provide Lessee with an instrument that subordinates such lien to the terms of this Lease.

23. **Termination; Notice and Opportunity to Cure.** If Lessee fails to make payment when due, Lessor shall provide written notice to Lessee of such past due payment. In the event Lessee fails to remedy such default by making payment within 30 days of receipt of the Lessor's written notice, Lessor may issue a written notice of termination of the lease. Upon receipt of such notice, Lessee shall have fifteen (15) days to cure any defect in payment. Upon receipt of notice and failure to cure non-payment, Lessor shall notify Lessee of their application for mandamus to compel non-discretionary payment of royalties under the lease. Lessee shall have the right at any time during or within a reasonable time (not exceeding two years) after the expiration or earlier termination of this Lease, to remove all equipment and fixtures placed by Lessee on the Land, but not including the right to remove casing, well head and pumping equipment including electrical and water transmission lines.

24. **Liability and Reimbursement.** Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful




Party in exercising or enforcing any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions of this Lease in a court of law.

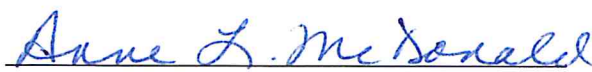
25. **Assignment.** At its sole discretion, Lessee may assign all or a portion of the rights obtained in this lease. This Lease shall be binding upon and inure to the benefit of the Parties to this Lease and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns.

26. **Miscellaneous.** All notices given pursuant to this Lease shall be in writing mailed by first class U.S. mail postage prepaid, certified, return receipt requested, addressed to the addresses above. A party may change its address for notice by giving notice to the other. This Lease may not be amended except in a writing signed by Lessor and Lessee. No third party shall be deemed a third party beneficiary hereof. Interpretation and construction of the Lease shall be governed by the laws of the State of Texas. This Lease constitutes the entire agreement between Lessor and Lessee and supersedes all oral statements and prior understanding relating hereto. Except as set forth in this Lease, no representation, warranties, or agreements have been made by Lessor or Lessee to the other with respect to this Lease or the obligation of Lessor or Lessee. If any part of this Lease is illegal, invalid or unenforceable under present or future laws, then the remainder of this Lease shall not be affected and in lieu of such part there shall be added a clause or provision as similar in terms to such illegal, invalid, or unenforceable part as may be possible and be legal, valid, and enforceable. This lease may be executed in counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, the Parties hereto have caused this Lease to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed this 16th day of November, 2015.

LESSOR

  
\_\_\_\_\_  
Thomas L. McDonald

  
\_\_\_\_\_  
Anne L. McDonald

LESSEE

Crystal Clear Special Utility District

by:   
\_\_\_\_\_  
Mike Taylor, General Manager

**ACKNOWLEDGMENT (LESSOR)**

STATE OF Texas §  
COUNTY OF Caldwell §

Before me, the undersigned authority in and for said County and State, on this 16<sup>th</sup> day of November, 2015, personally appeared **Thomas L. McDonald**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 16<sup>th</sup> day of November, 2015.

(Stamp or Seal)



\_\_\_\_\_  
Notary Public

**ACKNOWLEDGMENT (LESSOR)**

STATE OF Texas §  
COUNTY OF Caldwell §

Before me, the undersigned authority in and for said County and State, on this 16<sup>th</sup> day of November, 2015, personally appeared **Anne L. McDonald**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 16<sup>th</sup> day of November, 2015.

(Stamp or Seal)



\_\_\_\_\_  
Notary Public

ACKNOWLEDGMENT (LESSEE)

STATE OF Texas §

COUNTY OF Guadalupe §

Before me, the undersigned authority in and for said County and State, on this 16<sup>th</sup> day of November, 2015, personally appeared **Mike Taylor**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same in his/her capacity as **General Manager of Crystal Clear Special Utility District**, for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 16<sup>th</sup> day of November, 2015.

(Stamp or Seal)



Notary Public

A handwritten signature in blue ink, appearing to be "R. de la Garza", written over a horizontal line.

## EXHIBIT A

### FIELD NOTES FOR 530.630 acres of land

FIELD NOTES for a 530.63 acre tract or parcel of land situated about 9.4 miles southwest of Lockhart, Texas, and being 106.31 acres out of and a part of the STEPHEN B. MORRISON LEAGUE, Abstract No. 19, Caldwell County, Texas and 424.32 acres out of and a part of the ALMERION DICKINSON LEAGUE, Abstract No. 5, Caldwell County, Texas and being the remainder of a tract or parcel of land as conveyed by M.G. White and wife, Alva White to M.G. White, Jr., Cliff Chapman, Anna Ruth Chapman, Hal Chapman and Kirk Chapman, as recorded in Volume 488, Page 255 of the Caldwell County Deed Records and found to be described in a Deed from Dr. Clay Nichols, Sr., et al to M.G. White as recorded in Volume 237 Page 20 of the Caldwell County Deed Records, called 545.75 acres and a undivided one-half interest in a called 0.12 of an acre (said 0.12 of an acre was found to be a part of said 545.75 acre tract). Said 530.63 acre tract which includes 0.10 of an acre of said 0.12 of an acre tract is herein described by metes and bounds, as follows, to-wit:

BEGINNING at a 5/8" rebar set in the northwest line of Farm to Market Road No. 1977, being the Right-of-Way line of a called 10.783 acre tract as conveyed by M.G. White and wife, Alva White to the State of Texas as recorded in Volume 250 Page 408 of the Caldwell County Deed Records and the southwest line of County Road No. 103 for the easternmost corner of this tract herein described;

THENCE: with the northwest line of said FM-1977 as follows:

South 51°-27'-00" West at 4,504.91 feet a found concrete monument with top broken off;

South 50°-27'-00" West at 889.46 feet crosses the northeast line of said 0.12 of an acre tract, being the easternmost corner of said 0.10 of an acre tract (and continuing parallel to the northwest line of said 0.10 of an acre tract, being located North 44°-33'-00" West 60.50 feet and parallel to the southeast line of said 0.12 of an acre tract being located South 44°-33'-00" East 14.50 feet) at 964.46 feet crosses the southernmost corner of said 0.10 of an acre tract and at a total distance of 5,357.80 feet a found concrete monument at the beginning of a curve to the left;

with said curve to the left arc length of 498.84 feet (radius of this curve being 1,467.71 feet and cord bears South 40°-40'-59" West 496.44 feet) a found concrete monument at the end of said curve to the left;

South 30°-55'-03" West at 30.04 feet a 5/8" rebar set at the easternmost corner of Staples Farmer's Co-op tract as recorded in Volume 471 Page 414 of the Caldwell County Deed Records;

THENCE: with said Staples Farmer's Co-op tract as follows:

North 41°-00'-40" West at 82.00 feet a 5/8" rebar set at the northernmost corner of said Co-op tract and a inside corner of this tract herein described;

South 30°-55'-02" West at 73.00 feet a 5/8" rebar set at the westernmost corner of said Co-op tract and a inside corner of this tract herein described;

South 41°-00'-40" East at 82.00 feet a 5/8" rebar set for the southernmost corner of said Co-op tract and a corner of this tract herein described, being in the northwest Right-of-Way line of said P.M. 1977;

THENCE: with the northwest Right-of-Way line of said P.M.-1977 as follows:

South 30°-55'-08" West at 0.92 feet a found concrete monument at the beginning of a curve to the right;

with said curve to the right arc length of 595.24 feet (radius of this curve being 2,256.85 feet and cord bears South 38°-31'-42" West 593.52 feet) a found concrete monument at the end of said curve to the right;

South 46°-05'-00" West at 500.00 feet a 5/8" rebar set on the east bank of the San Marcos River and at a total distance of \$19.30 feet to a point on the apparent east gradient boundary of said San Marcos River for the southermost corner of this tract herein described;

**THENCE:** with said apparent east gradient boundary of the San Marcos River as follows:

North 25°-30'-00" West 124.77 feet;

North 30°-45'-27" West 190.23 feet;

North 44°-47'-11" West 136.90 feet;

North 00°-45'-02" West 148.36 feet;

North 39°-43'-46" East 205.60 feet;

North 11°-45'-39" East 202.34 feet;

North 25°-29'-13" West 164.89 feet;

North 00°-46'-53" West 184.36 feet;

North 19°-40'-48" East 280.25 feet;

North 41°-43'-12" East 394.60 feet;

North 27°-52'-09" East 208.99 feet;

North 13°-18'-44" East 164.28 feet;

North 37°-41'-27" East 97.71 feet;

North 22°-37'-32" East 72.92 feet;

North 26°-41'-03" East 113.06 feet;

North 04°-31'-45" East 201.72 feet;

North 02°-02'-48" West 209.65 feet;

North 11°-21'-07" East 95.98 feet;

North 21°-39'-51" East 171.74 feet;

North 00°-32'-20" West 248.81 feet;

North 10°-42'-39" East 181.11 feet;

North 17°-34'-33" East 178.47 feet;

North 13°-23'-31" West 89.52 feet to a point for the southermost corner of Robert Carl Ohlendorf and Thomas Alan Ohlendorf called 200 acre tract as recorded in Volume 493 Page 25 of the Caldwell County Deed Records;

**THENCE:** with the southeast line of said 200 acre tract and the southeast line of Kenneth C. Griss called 48.61 acre tract as recorded in Volume 399 Page 200 of the Caldwell County Deed Records along or near a existing fence as follows:



North 49°-53'-01" East at 130.60 feet a 5/8" rebar set at the edge of a rock on the east bank of said San Marcos River and at a total distance of 3,724.52 feet a 5/8" rebar set at the edge of a rock in said fence line;

North 49°-43'-26" East at 2,335.41 feet crosses a fence corner post at the southermost corner of said 48.61 acre tract and at a total distance of 4,715.97 feet a 5/8" rebar set at the edge of a rock in the southwest line of County Road No. 103 for the northermost corner of this tract herein described;

**TUENCE:** with the southwest line of said County Road No. 103, as follows:

South 42°-54'-51" East at 550 feet ± crosses the southeast line of said Morrison League and the northwest line of said Dickinson League and at a total distance of 942.30 feet a 5/8" rebar set;

South 44°-33'-03" East at 604.26 feet a 5/8" rebar set;

South 44°-42'-31" East 866.94 feet to the point of beginning, as surveyed under the direct supervision of Stephen G. Pirkie, Jr., Registered Professional Land Surveyor No. 4227 in the State of Texas, during the month of May, 1993.

**LESS AND EXCEPT:**

An undivided 1/2 interest in .129 acres of land, more or less, conveyed from J. B. Martindale to R. N. Martindale dated October 1, 1929, recorded in Volume 155 at Page 573 of the Caldwell County Deed Records.

## **AMENDMENT TO GROUNDWATER LEASE**

Attached to and made a part of that certain GROUNDWATER LEASE ("Lease") executed the 16th day of November, 2015, by and between **Thomas L. McDonald and Anne L. McDonald**, ("Lessor", whether one or more) and **Crystal Clear Special Utility District**, the successor in interest to Crystal Clear Water Supply Corporation ("Lessee"), (collectively, the "Parties").

WHEREAS, the Parties have mutually agreed, pursuant to the terms hereof, to amend and extend certain provisions of the Lease as set forth herein ("the Amendment"):

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Start-up Period. The Parties agree to amend and replace the second paragraph of Section 4 of the Lease to state as follows:


The Parties agree that there will be a period of time (the "Start-up Period") between the executed date of this Lease to the Effective Date of this Lease. The Parties agree that, during the first twenty-four months of the Start-up period that the Lessee will pay to the Lessor a lump sum of \$2,500 (two thousand five hundred dollars) per year for each year to be prorated monthly. For the twelve-month period beginning November 16, 2017, the parties agree that the Lessee will pay to the Lessor a lump sum of \$5,000.00 (five thousand dollars), to be paid on or before January 26, 2017, which payment shall cover the privilege of deferring commencement of production for a period of one year, and will not be subject to a prorated refund upon said commencement. In like manner and upon of payment by Lessee to Lessor of a lump sum of \$5,000 (five thousand dollars), on or prior to December 15th, 2018, the commencement of production may be further deferred for a period of one year. If production has not commenced on or before December 15th, 2019, the Parties agree to negotiate in good faith a further extension of the Start-Up Period on terms mutually agreeable to the Parties.

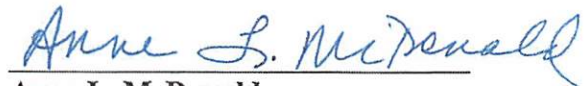
2. Conflict. Except as expressly amended, modified or re-stated herein, all other terms and conditions of the Lease are unaffected and shall continue in full force and effect. In the event of any conflict, discrepancy or inconsistency between the terms and provisions of this Amendment and the terms of the Lease, the Amendment shall control and govern.

3. May be Executed in Counterparts. This Amendment may be executed in counterparts, each of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed, upon lawful approval and authority, signed this 26<sup>th</sup> day of January, 2018.

LESSOR:

  
Thomas L. McDonald

  
Anne L. McDonald

LESSEE:

Crystal Clear Special Utility District

By:   
Mike Taylor, General Manager



**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

029453 STC -DR

THOMAS L. McDONALD, ET UX -TO- CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

**WARRANTY DEED**

DATE: December 17, 2015

GRANTOR: THOMAS L. McDONALD and wife, ANNE L. McDONALD

GRANTOR'S MAILING ADDRESS: 2188 FM 1977, Martindale, Texas 78655 (Caldwell County)

GRANTEE: CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

GRANTEE'S MAILING ADDRESS: 2370 FM 1979, San Marcos, Texas 78666-2100 (Hays County)

CONSIDERATION: Cash and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged

PROPERTY (including any improvements): Being 1.000 acres of land, being out of and a part of the A. DICKERSON SURVEY, ABSTRACT NO. 5, Caldwell County, Texas, and being more particularly described by metes and bounds and shown on the survey plat in Exhibit "A" attached hereto and made a part hereof for all purposes.

The Property is conveyed As Is with any defects, and without warranties except warranties of title and warranties in the contract between the parties, if any.

RESERVATIONS FROM CONVEYANCE: For Grantor and Grantor's heirs, successors, and assigns forever, a reservation of all oil, gas and other minerals owned by Grantor in and under and that may be produced from the Property.

Grantor reserves and retains implied rights of ingress and egress and of reasonable use of the Property, including surface materials, for mining, drilling, exploring, operating, developing, or removing oil, gas and other minerals from the Property.

Nothing herein, however, restricts or prohibits the pooling or unitization of the portion of the mineral estate owned by Grantor with land other than the Property; or the exploration or production of the oil, gas, and other minerals by means of wells that are drilled or mines that open on land other than the Property but enter or bottom under the Property, provided that these operations in no manner interfere with the surface or subsurface support of any improvements constructed or to be constructed on the Property.

**CHICAGO TITLE INSURANCE COMPANY**

Owner's Policy No.: 7244243-95054370


| Premium Amount | Rate Rules | Property<br>Type | County<br>Code | Liability        | Policy Date     |   |   |
|----------------|------------|------------------|----------------|------------------|-----------------|---|---|
| 1<br>\$450.00  | 2<br>1000  | 3<br>3           | 4<br>55        | 5<br>\$40,000.00 | 6<br>12/22/2015 | 7 | 8 |



- (e) Reservation of an undivided one-half (1/2) interest in all pipelines and water supply system with ingress and egress as set out in deed dated October 1, 1929 from J. B. Martindale to R. N. Martindale, recorded in Volume 155 at Page 573, Deed Records of Caldwell County, Texas.
- (f) Reservation of the use and benefit of water system as set out in deed dated March 8, 1943 from Howard Storey Martindale, et ux to Dr. Clay Nichols, Sr., et al, recorded in Volume 204 at Page 87, Deed Records of Caldwell County, Texas.
- (g) Interest in and to coal, lignite, oil, gas and other minerals, and all rights incident thereto, contained in instrument dated July 5, 1950, recorded in Volume 237 at Page 20, Deed Records of Caldwell County, Texas, reference to which instrument is heremade for particulars. NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT. THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S).
- (h) Interest in and to coal, lignite, oil, gas and other minerals, and all rights incident thereto, contained in instrument dated May 19, 1993, recorded in Volume 92 at Page 363, Official Public Records of Caldwell County, Texas, reference to which instrument is heremade for particulars. NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT. THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S).
- (i) Affidavit of Mineral Interest Ownership dated July 9, 1993, executed by Anna Ruth Chapman, recorded in Volume 95 at Page 635, Official Public Records of Caldwell County, Texas.
- (j) Sanitary Control Easement dated May 31, 1996 from Thomas L. McDonald, et al, to Staples Farmers Corporation, recorded in Volume 156 at Page 435, Official Public Records of Caldwell County, Texas.
- (k) Easement and Right of Way dated July 6, 1996 from Thomas L. McDonald, et ux to GTE Southwest, Inc., recorded in Volume 151 at Page 131, Official Public Records of Caldwell County, Texas.
- (l) Interest in and to coal, lignite, oil, gas and other minerals, and all rights incident thereto, contained in instrument dated May 7, 1981, recorded on March 27, 1997 in Volume 92 at Page 363, Official Public Records of Caldwell County, Texas; said deed having been corrected by Correction Gift Mineral Deed dated September 12, 1997, recorded in Volume 172 at Page 490, Official Public Records of Caldwell County, Texas, reference to which instrument is heremade for particulars. NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT. THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S).
- (m) Interest in and to all coal, lignite, oil, gas and other minerals, and all rights incident thereto, contained in instrument dated December 17, 2015, recorded Document No. 2015-008053, of the Official Public Records of Caldwell County, Texas. Reference to which instrument is here made for particulars. No further search of title has been made as to the interest(s) evidenced by this instrument, and the Company makes no representation as to the ownership of holder of such interest(s).

Countersigned  
Chicago Title Insurance Company

By

  
Authorized Signatory

# **OWNER'S POLICY OF TITLE INSURANCE (Form T-1)**

**Issued by**

**CHICAGO TITLE INSURANCE COMPANY**

## **SCHEDULE B**

**File No.: 029453STC**

**Policy No.: 7244243-95054370**

### **EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of the terms and conditions of the leases and easements, if any, shown in Schedule A, and the following matters:

1. The following restrictive covenants of record itemized below (the Company must either insert specific recording data or delete this exception):

**Item 1, Schedule B is hereby deleted.**

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.

3. Homestead or community property or survivorship rights, if any, of any spouse of any Insured.

4. Any titles or rights asserted by anyone, including but not limited to, persons, the public, corporations, governments or other entities,

- (a) to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
- (b) to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
- (c) to filled-in lands, or artificial islands, or
- (d) to statutory water rights, including riparian rights, or
- (e) to the area extending from the line of mean low tide to the line of vegetation, or the right of access to that area or easement along and across that area.

5. Standby fees, taxes and assessments by any taxing authority for the year **2016**, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year.

6. The following matters and all terms of the documents creating or offering evidence of the matters (The Company must insert matters or delete this exception).:

- (a) **Rights of parties in possession.**
- (b) **Rights of lessees, under the terms of any unrecorded leases.**
- (c) **Visible, apparent and/or unrecorded easements over or across the subject property.**
- (d) **Any portion of the subject property lying within the boundaries of road or roadway whether dedicated or not.**



S 39° 37' 16" E, A DISTANCE OF 143.57 FEET TO THE POINT OF BEGINNING,  
CONTAINING AN AREA OF 1.000 ACRES (43,560 SQ. FT.) OF LAND, MORE OR  
LESS.

I, MELISSA T. HINTON, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO  
HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM  
A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

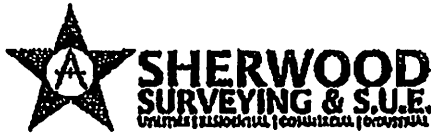
A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE, BASIS OF BEARING IS  
NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

SHERWOOD SURVEYING & SUE, LLC  
P.O. BOX 992  
SPRING BRANCH, TEXAS 78070  
TBPLS FIRM #10044200

Melissa T. Hinton 12/14/15  
MELISSA T. HINTON DATE  
R.P.L.S. #6521 STATE OF TEXAS



EXHIBIT " A "  
PAGE 2 OF 3



6477 FM 311 | PO BOX 992  
SPRING BRANCH, TX 78070  
830.228.5788 P | 830.885.2170 F  
WWW.MSENGR.COM | TBPLS #10044200

1.000 ACRE TRACT  
18MB046.DWG

FN NO. 18MB046  
DECEMBER 14, 2015

**FIELDNOTE DESCRIPTION**

OF A 1.000 ACRE TRACT OUT OF THE ALMERION DICKINSON SURVEY, ABSTRACT NO. 5, CALDWELL COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 530.63 ACRE TRACT CONVEYED TO THOMAS L. AND ANNIE L. McDONALD AS DESCRIBED IN VOLUME 282, PAGE 430 OF THE OFFICIAL PUBLIC RECORDS OF REAL PROPERTY OF CALDWELL COUNTY, TEXAS, SAID 1.000 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING, AT A FOUND METAL POST AT THE INTERSECTION OF THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF COUNTY ROAD NO. 103 AND THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, BEING THE EASTERLY CORNER OF SAID 530.63 ACRE TRACT;

THENCE, LEAVING THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF COUNTY ROAD NO. 103, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, THE FOLLOWING COURSES:

S 50° 26' 06" W, A DISTANCE OF 4,504.91 FEET TO A POINT;

S 49° 26' 01" W, A DISTANCE OF 248.11 FEET TO THE POINT OF BEGINNING, OF THE HEREIN DESCRIBED TRACT, AND THE EASTERLY CORNER HEREOF;

THENCE, S 49° 26' 01" W, CONTINUING ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, A DISTANCE OF 297.13 FEET TO THE SOUTHERLY CORNER HEREOF, FROM WHICH A FOUND CONCRETE MONUMENT BEARS S 49° 26' 01" W, A DISTANCE OF 4,810.80 FEET;

THENCE, LEAVING THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, INTO AND ACROSS SAID 530.63 ACRE TRACT, THE FOLLOWING COURSES:

N 39° 37' 16" W, A DISTANCE OF 149.68 FEET TO THE WESTERLY CORNER HEREOF;

N 50° 36' 44" E, A DISTANCE OF 297.10 FEET TO THE NORTHERLY CORNER HEREOF;

EXHIBIT " A "  
PAGE 1 OF 3



**OWNER'S POLICY OF TITLE INSURANCE (Form T-1)**

**Issued by**

**CHICAGO TITLE INSURANCE COMPANY**

**SCHEDULE A**

Name and Address of Title Insurance Company:  
**CHICAGO TITLE INSURANCE COMPANY**  
**P.O. Box 45023, Jacksonville, Florida 32232-5023**

**File No.: 029453STC**

**Policy No.: 7244243-95054370**

**Address for Reference only: FM 1977, Martindale, TX 78655**

**Amount of Insurance: \$40,000.00**

**Premium: \$450.00**

**Date of Policy: December 22, 2015, at 10:51 am**

1. **Name of Insured: Crystal Clear Special Utility District**
2. **The estate or interest in the Land that is insured by this policy is: Fee Simple**
3. **Title is insured as vested in: Crystal Clear Special Utility District**
4. **The land referred to in this policy is described as follows:**

**BEING 1.000 acres of land; being out of and a part of the A. DICKERSON SURVEY, ABSTRACT NO. 5, Caldwell County, Texas; and being more particularly described by metes and bounds and shown on the survey plat in Exhibit "A" attached hereto and made a part hereof for all purposes.**

**Note: The Company is prohibited from insuring the area or quantity of the land described herein. Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made only for information and/or identification purposes and does not override Item #2 of Schedule B hereof.**

**IMPORTANT NOTICE**

To obtain information or make a complaint:

You may call CHICAGO TITLE INSURANCE COMPANY toll-free telephone number for information or to make a complaint at:

**1-877-862-9111**

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

**1-800-252-3439**

You may write to the Texas Department of Insurance:

P.O. Box 149104

Austin, TX 78714-9104

Fax: (512)490-1007

Web: [www.tdi.texas.gov](http://www.tdi.texas.gov)

E-mail: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

**PREMIUM OR CLAIM DISPUTES:**

Should you have a dispute concerning your premium or about a claim you should contact the (agent) (company) (agent or the company) first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

**ATTACH THIS NOTICE TO YOUR POLICY:**

This notice is for information only and does not become a part or condition of the attached document.

**AVISO IMPORTANTE**

Para obtener información o para presentar una queja:

Usted puede llamar al numero de telefono gratuito de CHICAGO TITLE INSURANCE COMPANY para obtener informacion o para presentar una queja al:

**1-877-862-9111**

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información sobre compañías, coberturas, derechos, o quejas al:

**1-800-252-3439**

Usted puede escribir al Departamento de Seguros de Texas a:

P.O. Box 149104

Austin, TX 78714-9104

Fax: (512) 490-1007 (512)475-1771

Web: [www.tdi.texas.gov](http://www.tdi.texas.gov)

E-mail: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

**DISPUTAS POR PRIMAS DE SEGUROS O RECLAMACIONES:**

Si tiene una disputa relacionada con su prima de seguro o con una reclamación, usted debe comunicarse con (el agente) (la compañía (el agente o la compañía) primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas.

**ADJUNTE ESTE AVISO A SU POLIZA:**

Este aviso es solamente para proposito informacion y no se convierte en parte en condicion del documento adjunto.

not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance. Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

**15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim, shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. Each Commitment, endorsement or other form, or provision in the Schedules to this policy that refers to a term defined in Section 1 of the Conditions shall be deemed to refer to the term regardless of whether the term is capitalized in the Commitment, endorsement or other form, or Schedule. Each Commitment, endorsement or other form, or provision in the Schedules that refers to the

or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Conditions and Stipulations shall be deemed to refer to the Conditions of this policy.

**16. SEVERABILITY.**

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid and all other provisions shall remain in full force and effect.

**17. CHOICE OF LAW; FORUM.**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured, and in interpreting and enforcing the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of laws principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

**18. NOTICES, WHERE SENT.**

Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at National Claims Administration, P.O. Box 45023, Jacksonville, FL 32232-5023.

together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay. Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

## **8. DETERMINATION AND EXTENT OF LIABILITY.**

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of:

(i) the Amount of Insurance; or  
(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 3 or 5 and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

## **9. LIMITATION OF LIABILITY.**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, all as insured, or takes action in accordance with Section 3 or 7, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

## **10. REDUCTION OF INSURANCE; REDUCTION OR**

7244243

## **TERMINATION OF LIABILITY.**

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance by the amount of the payment.

## **11. LIABILITY NONCUMULATIVE.**

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

## **12. PAYMENT OF LOSS.**

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

## **13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.**

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

## **14. ARBITRATION.**

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are

## **5. DEFENSE AND PROSECUTION OF ACTIONS.**

(a) Upon written request by the Insured, and subject to the options contained in Sections 3 and 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Sections 3 and 7, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

## **6. DUTY OF INSURED CLAIMANT TO COOPERATE.**

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

## **7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.**

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy,



(ii) With regard to (A), (B), (C) and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e)"Insured Claimant": an Insured claiming loss or damage.

(f)"Knowledge" or "Known": actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g)"Land": the land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h)"Mortgage": mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i)"Public Records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j)"Title": the estate or interest described in Schedule A.

(k)"Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.

## **2. CONTINUATION OF INSURANCE.**

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

## **3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.**

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 7244243

5(a) below, or (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

When, after the Date of the Policy, the Insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in Title insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the charge to determine whether the lien, encumbrance, adverse claim or defect or other matter is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the Insured's claim or charge under the policy. If the Company concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the Insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions: (i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the Title as insured; (ii) indemnify the Insured as provided in this policy; (iii) upon payment of appropriate premium and charges therefore, issue to the Insured Claimant or to a subsequent owner, mortgagee or holder of the estate or interest in the Land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the Land or, if a loan policy, the amount of the loan; (iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect; (v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or (vi) undertake a combination of (i) through (v) herein.

## **4. PROOF OF LOSS.**

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

## EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions or location of any improvement erected on the Land;
  - (iii) subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.
6. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of Unmarketable Title.

## CONDITIONS

### 1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

- (a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company or other similar legal entity.
- (d) "Insured": the Insured named in Schedule A.
  - (i) The term "Insured" also includes:
    - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives or next of kin;
    - (B) successors to an Insured by dissolution, merger, consolidation, distribution or reorganization;

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title;

(1) If the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

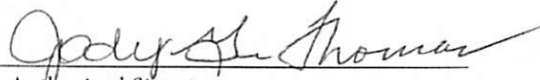
(2) If the grantee wholly owns the named Insured,

(3) If the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or

(4) If the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

- (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws; or
- (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws by reason of the failure of its recording in the Public Records:
- (i) to be timely, or
  - (ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

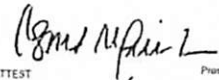

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

Countersigned:   
Authorized Signatory

CHICAGO TITLE INSURANCE COMPANY

By:



  
ATTEST   
President Secretary

6949TX 0029453STC  
Seguin Title Company  
202 North Camp Street, Suite 110  
Seguin, TX 78155  
Tel: (830) 303-0080  
Fax: (830) 303-1209



**OWNER'S POLICY OF TITLE INSURANCE (Form T-1)**

Issued by

**Policy No.: 6949-1-0029453STC-2016.7244243-95054370**

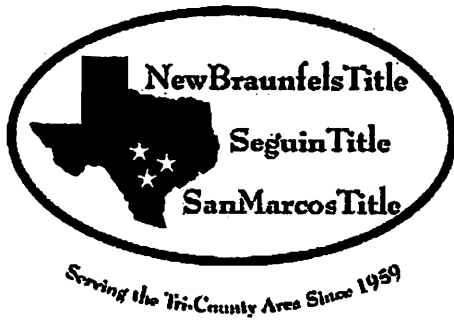
**CHICAGO TITLE INSURANCE COMPANY**

**Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.**

**COVERED RISKS**

**SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, CHICAGO TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:**

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:
  - (a) A defect in the Title caused by:
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired or otherwise invalid power of attorney;
    - (vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
    - (vii) a defective judicial or administrative proceeding.
  - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
  - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
  - (d) Any statutory or constitutional mechanic's, contractor's, or materialman's lien for labor or materials having its inception on or before Date of Policy.
3. Lack of good and indefeasible Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
  - (a) the occupancy, use or enjoyment of the Land;
  - (b) the character, dimensions or location of any improvement erected on the Land;
  - (c) subdivision of land; or
  - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective:



**SEGUIN TITLE COMPANY**  
**202 N. Camp St., Suite 110**  
**Seguin, TX 78155**

**Phone: 830-303-0080**  
**FAX: 830-303-1209**  
**Nile B Riedel - President**

January 28, 2016

Crystal Clear Special Utility District  
2370 FM 1979  
San Marcos, TX 78666

Re: Our GF Number: 029453STC  
Property Description: FM 1977 Martindale TX 78655

Dear Valued Customer:

In connection with the above referenced transaction, please find enclosed the following documents:

1. Chicago Title Insurance Company Owners Policy No. 7244243-95054370
2. Original Recorded Warranty Deed, recorded in Doc # 2015-008053

This policy contains important information about the real estate transaction you have just completed; it is your guarantee of ownership. Please read it and retain it with your other valuable papers.

Please retain all for your records. A complete and permanent file of the records concerning your transactions will be maintained in our office under the above assigned file number. These records will assure prompt processing of future title orders and save valuable time should you wish to sell or obtain a loan on your property. Visit or call our office and simply give us your personal GF file number.

Thank you for your business! We are as close as your phone and would be happy to hear from you at anytime.

Again, thank you.

Sincerely,  
Seguin Title Company

Enclosures as stated





6477 FM 311 | PO BOX 992  
SPRING BRANCH, TX 78070  
830.228.5788 P | 830.885.2170 F  
WWW.MSENGR.COM | TBPL5 #10044200

1.000 ACRE TRACT  
15MS046.DWG

FN NO. 15MS046  
DECEMBER 14, 2015

#### FIELDNOTE DESCRIPTION

OF A 1.000 ACRE TRACT OUT OF THE ALMERION DICKINSON SURVEY, ABSTRACT NO. 5, CALDWELL COUNTY, TEXAS, BEING A PORTION OF THAT CERTAIN 530.63 ACRE TRACT CONVEYED TO THOMAS L. AND ANNIE L. McDONALD AS DESCRIBED IN VOLUME 282, PAGE 430 OF THE OFFICIAL PUBLIC RECORDS OF REAL PROPERTY OF CALDWELL COUNTY, TEXAS, SAID 1.000 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING, AT A FOUND METAL POST AT THE INTERSECTION OF THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF COUNTY ROAD NO. 103 AND THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, BEING THE EASTERLY CORNER OF SAID 530.63 ACRE TRACT;

THENCE, LEAVING THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF COUNTY ROAD NO. 103, ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, THE FOLLOWING COURSES:

S 50° 26' 06" W, A DISTANCE OF 4,504.91 FEET TO A POINT;

S 49° 26' 01" W, A DISTANCE OF 248.11 FEET TO THE POINT OF BEGINNING, OF THE HEREIN DESCRIBED TRACT, AND THE EASTERLY CORNER HEREOF;

THENCE, S 49° 26' 01" W, CONTINUING ALONG THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, A DISTANCE OF 297.13 FEET TO THE SOUTHERLY CORNER HEREOF, FROM WHICH A FOUND CONCRETE MONUMENT BEARS S 49° 26' 01" W, A DISTANCE OF 4,810.80 FEET;

THENCE, LEAVING THE NORTHWESTERLY RIGHT-OF-WAY LINE OF F.M. 1977, INTO AND ACROSS SAID 530.63 ACRE TRACT, THE FOLLOWING COURSES:

N 39° 37' 16" W, A DISTANCE OF 149.68 FEET TO THE WESTERLY CORNER HEREOF;

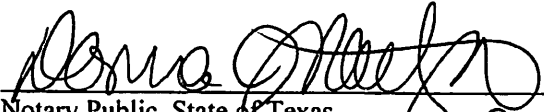
N 50° 36' 44" E, A DISTANCE OF 297.10 FEET TO THE NORTHERLY CORNER HEREOF;

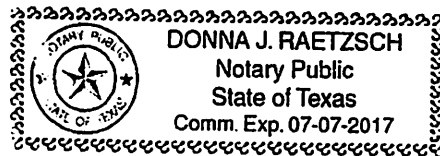
EXHIBIT " A "  
PAGE 1 OF 3

THE STATE OF TEXAS

COUNTY OF GUADALUPE

This instrument was acknowledged before me on the 17 day of December, 2015, by ANNE L. McDONALD.

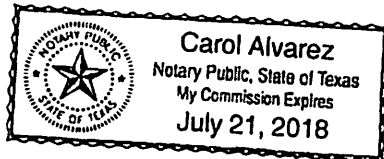
  
Notary Public, State of Texas  
Notary's Name Printed: Donna J. Raetzsch

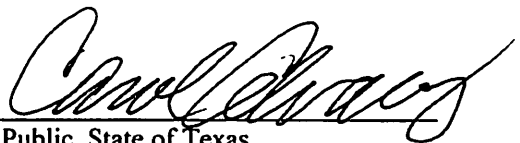


THE STATE OF TEXAS

COUNTY OF GUADALUPE

This instrument was acknowledged before me on the 18<sup>th</sup> day of December, 2015, by MIKE TAYLOR, General Manager of CRYSTAL CLEAR SPECIAL UTILITY DISTRICT, on behalf of said CRYSTAL CLEAR SPECIAL UTILITY DISTRICT.



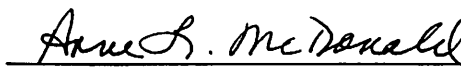
  
Notary Public, State of Texas  
Notary's Name Printed: Carol Alvarez

EXCEPTIONS TO CONVEYANCE AND WARRANTY: Validly existing easements, and rights-of-way, of record or not; all presently recorded and validly existing restrictions, reservations, covenants, conditions, oil and gas leases, mineral interests, that affect the Property; validly existing rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; and taxes for 2015, the payment of which Grantee assumes.

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

When the context requires, singular nouns and pronouns include the plural.

  
THOMAS L. McDONALD

  
ANNE L. McDONALD

ACCEPTANCE BY GRANTEE:

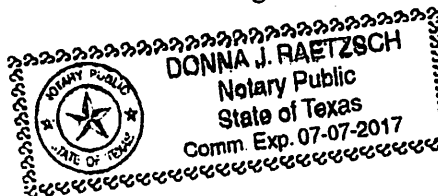
CRYSTAL CLEAR SPECIAL UTILITY DISTRICT

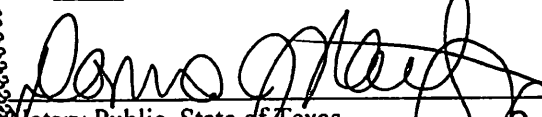
By:   
MIKE TAYLOR,  
General Manager

THE STATE OF TEXAS

COUNTY OF GUADALUPE

This instrument was acknowledged before me on the 17 day of December, 2015, by THOMAS L. McDONALD.



  
Notary Public, State of Texas  
Notary's Name Printed: Donna J. Raetzsch

**FILED AND RECORDED**

**Instrument Number: 2015-008053 WARRANTY DEED**

**Filing and Recording Date: 12/22/2015 10:51:24 AM Pages: 7 Recording Fee: \$46.00**

**I hereby certify that this instrument was FILED on the date and time stamped hereon and  
RECORDED in the OFFICIAL PUBLIC RECORDS of Caldwell County, Texas.**



*Carol Holcomb*

Carol Holcomb, County Clerk  
Caldwell County, Texas

ANY PROVISION CONTAINED IN ANY DOCUMENT WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE REAL  
PROPERTY DESCRIBED THEREIN BECAUSE OF RACE OR COLOR IS INVALID UNDER FEDERAL LAW AND IS  
UNENFORCEABLE.

**DO NOT REMOVE. THIS PAGE IS PART OF THE OFFICIAL PUBLIC  
RECORD.**





S 39° 37' 16" E, A DISTANCE OF 143.57 FEET TO THE POINT OF BEGINNING, CONTAINING AN AREA OF 1.000 ACRES (43,560 SQ. FT.) OF LAND, MORE OR LESS.

I, MELISSA T. HINTON, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PROPERTY DESCRIBED HEREIN WAS DETERMINED FROM A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.

A SURVEY EXHIBIT WAS PREPARED ON THIS SAME DATE. BASIS OF BEARING IS NAD 83 TEXAS STATE PLANE COORDINATES, SOUTH CENTRAL ZONE.

SHERWOOD SURVEYING & SUE, LLC  
P.O. BOX 992  
SPRING BRANCH, TEXAS 78070  
TBPLS FIRM #10044200

Melissa T. Hinton 12/14/15  
MELISSA T. HINTON DATE  
R.P.L.S. #6521 STATE OF TEXAS



EXHIBIT " A "  
PAGE 2 OF 3

## SECOND AMENDMENT TO GROUNDWATER LEASE

Attached to and made a part of that certain GROUNDWATER LEASE ("Lease") executed the 16th day of November, 2015, by and between THOMAS L. McDONALD and ANNE L. McDONALD, ("Lessor", whether one or more) and CRYSTAL CLEAR SPECIAL UTILITY DISTRICT f/k/a Crystal Clear Water Supply Corporation ("Lessee"), (collectively, the "Parties"), as amended by that certain Amendment to Groundwater Lease executed by the Parties on January 26, 2018 (the "First Amendment").

WHEREAS, the Parties have agreed, pursuant to the terms hereof, to amend certain provisions of the Lease as amended by the First Amendment, as set forth in this Second Amendment.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. First Amendment Rescinded. The Parties agree that the First Amendment is rescinded in its entirety and no longer of any effect.
2. The Parties agree to delete the second paragraph of Paragraph 4 of the Lease, which paragraph addressed the "Start-up Period", and hereby replace the deleted paragraph with the following:

The Parties agree that there will be a period of time (the "Start-up Period") from the date of execution of the Lease until the Effective Date of this Lease, during which time no production of groundwater will occur. The Parties agree that for the duration of the Start-up Period, Lessee shall be obligated to make an annual lump sum payment (the "Start-Up Period Annual Payment") according to the terms and conditions of this paragraph in order to defer commencement of production one year for each Start-Up Period Annual Payment made by Lessee to Lessor. During the first twenty-four months of the of the Start-up Period, Lessee pay to Lessor a Start-Up Period Annual Payment of \$2,500.00 (two thousand five hundred dollars) per year for each year to be prorated monthly. For the twelve-month period beginning November 16, 2017, Lessee shall pay to Lessor a Start-Up Period Annual Payment of \$5,000.00 (five thousand dollars), to be paid on or before January 26, 2017. Lessee shall pay to Lessor a Start-Up Period Annual Payment of \$5,000.00 (five thousand dollars), on or prior to December 15 of the years 2018, 2019, 2020, 2021, 2022, and 2023. Beginning in 2024 and continuing until the commencement by Lessee of production as defined in Section 3 of the Lease, Lessee shall pay to Lessor on or before December 15 of each year a Start-Up Period Annual Payment of \$7,500.00 (seven thousand five hundred dollars). Beginning with the December 15, 2025 Start-Up Period Annual Payment, said Start-Up Period Annual Payment shall be calculated by multiplying \$7,500 by the Annual Adjustment as provided in Paragraph 5 of the Lease as herein amended.

3. The Parties hereby delete Paragraph 5 of the Lease in its entirety and replace Paragraph 5 to read as follows:

**5. Method of Calculating Start-Up Period Annual Payment Adjustment and Royalty Adjustment.**

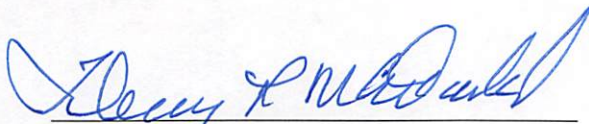
The amount of the Start-Up Period Annual Payment or, as applicable, the Royalty amount specified in Paragraph 4 of this Lease shall be adjusted annually (each an "Annual Adjustment") to reflect changes in the Consumer Price Index, All-Urban Consumers, U.S. City Average, All Items, issued by the Bureau of Labor Statistics of the U.S. Department of Labor. Each Annual Adjustment will be determined by multiplying the Start-Up Period Annual Payment or, as applicable, the Royalty, by a fraction, the numerator of which is the index number for the month of October before the adjustment and the denominator of which is the index number for the same month a year before (e.g. October to October).

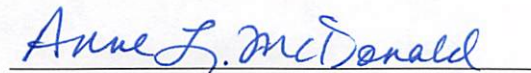
4. Conflict. Except as expressly amended, modified or re-stated herein, all other terms and conditions of the Lease are unaffected and shall continue in full force and effect. In the event of any conflict, discrepancy or inconsistency between the terms and provisions of this Amendment and the terms of the Lease, the Amendment shall control and govern.
5. May be Executed in Counterparts. This Amendment may be executed in counterparts, each of which when taken together shall constitute one and the same instrument.

*{Signature Page to follow}*


In witness hereof, the Parties have caused this Amendment to be duly executed, upon lawful approval and authority, signed this 1 day of APRIL, 2024.

LESSOR:

  
Thomas L. McDonald

  
Anne L. McDonald

by:

  
Regina Franke, General Manager

LESSEE:

Crystal Clear Special Utility District

**APPENDIX O**

**FUTURE GROUNDWATER SOURCE**

**DANK PROPERTY & INVESTMENT LLC**

**WELL AGREEMENT AND WELL REGISTRATION FORM**

**(KUTSCHER WELL)**



## **AGREEMENT FOR WATER WELL AND EASEMENTS ASSOCIATED THEREWITH**

This Agreement is entered into by and among DANK Property and Investment LLC (except where indicated, together "Landowner") and Crystal Clear Water Supply Corporation ("Utility") for the following purposes:

1. to allow Utility to drill a test public drinking water supply well ("Well") on Landowner's property to obtain knowledge about the subsurface water quality and quantity;
2. to allow Utility ingress and egress onto, in and across and use of property owned by Landowner (the "Property") for the purpose of drilling said Well and, if the Well is found acceptable by Utility and placed into commercial operation, the use of the Property and such easements as may reasonably be necessary to conduct public drinking water operations thereon; and
3. to allow Utility to produce water on and transport water from Landowner's property to be supplied to Utility's customers for reasonable compensation to Landowner as provided herein.

The Property referenced in this Agreement is located at Vol. 201006007361 Page 0 Real Property Records of Comal County, Texas.

Wherefore, in consideration of ten dollars and other valuable consideration, the sufficiency of which is acknowledged herein, the parties agree and bind themselves to the following:

### **1. TEST WELL**

a. Utility shall retain and pay to Kutscher Drilling, Ltd. [REDACTED] for the purpose of drilling the Well to the specifications of Utility's consulting engineer on the Property.

b. Utility is granted a temporary license to produce and test water from the Well while this Agreement is in effect. Any water rights or record of historic water production related to water produced from the Property pursuant to this Agreement shall inure and accrue to benefit of Utility. This Agreement shall not *affect* the water rights or historic water production on any other portion of the Property.

c. Unless otherwise agreed to in writing by change order approved by Utility's consulting engineer, all additional costs over and above those in 1.a associated with drilling and temporary production of water shall be borne by



Landowner and shall not be reimbursed by Utility. All cost of water quality testing of water from the Well shall be borne by Utility.

d. Utility shall be responsible, at its expense, for obtaining all permits and governmental approvals necessary for the Well. All permit and governmental approval applications shall be filed and prosecuted in Utility's name.

e. If the Well is found to be unsatisfactory to Utility, at its sole discretion, for use as a public drinking water supply, Utility shall, at Landowner's option:

1. cap and plug the Well as required by law; or

2. convey ownership and control of the Well to Landowner. Utility may salvage and remove any production equipment, storage tanks, treatment equipment and pipelines. Any remaining property, including the well bore and any casing shall be deemed abandoned and become the property of Landowner.

f. Once the Well is capped or conveyed to Landowner, this Agreement shall terminate and all parties are released from further obligations one to the other arising hereunder.

## **2. TERM**

a. This Agreement shall have a term of 40 years from the effective date. The Agreement shall automatically renew for successive 10-year term(s) until a party announces it does not wish to renew. The election not to renew must be made in writing 12 months before the expiration of the current term.

b. This Agreement may be cancelled at any time by mutual agreement of all parties, but no party shall ever be obligated to cancel the Agreement.

## **3. TEMPORARY/PERMANENT EASEMENTS**

a. Utility shall have a temporary, non-exclusive easement for ingress/egress onto the Property during the drilling and testing of the Well. (Utility may place a locked gate across the ingress/egress easement at the entrance to the well site to exclude the public as required by state law.) Landowner may designate the route of the ingress/egress easement so long as it is suitable for the safe operation of heavy trucks and equipment and can be used for a permanent all-weather road if a permanent public water supply well is constructed. Utility shall be granted an easement for a Well site, to be designated by agreement of all parties of not less than 100 feet by 100 feet ("Well site"). Utility shall also have easements of not less than 20 feet wide to

install and maintain such water and electric lines to, from, under and across the Property as may be needed so long as they do not interfere with the Landowner's customary use of the remainder of their property.

b. If Utility determines that the Well is satisfactory and suitable for use as a public drinking water supply, these temporary easements shall become permanent and shall remain in full force and effect for the term of this Agreement, as it may be extended.

c. If the Well proves to be of adequate quality and quantity, Utility shall be entitled to complete it to applicable public health and safety standards and to connect the completed Well to its retail public water utility system. If the Well is used as a public drinking water source, Landowner shall provide Utility with a sanitary control easement of not less than a 150 foot diameter centered on the well bore as required by the Texas Commission on Environmental Quality ("TCEQ").

#### **4. REQUIRED DISCLOSURES**

Utility shall provide Landowner with a copy of all scientific data produced from the drilling and testing of the Well, including, but not limited to, copies of any filings made with any local groundwater conservation district. Once per calendar year, Utility shall provide Landowner with copies of the production reports used to calculate royalty payments.

#### **5. COMPENSATION TO LANDOWNER IF THE WELL IS PLACED INTO COMMERCIAL SERVICE**

a. Utility shall pay Landowner 90% of the appraised value (per the latest Comal County Appraisal District's published valuation) for the Well site easement, sanitary control easement and pipeline/electric utility easements. It is anticipated that 1 acre total will be subject to this compensation. This will be a one-time payment to be made within 90 days of the Well being placed into commercial operation. Since the ingress/egress easement shall be non-exclusive, no additional compensation shall be provided for it.

b. If the Well is found acceptable to Utility and is completed and placed into commercial operation, Utility shall pay Landowner a royalty of \$0.12 per 1,000 gallons produced. Production shall be determined by a master well meter installed and maintained by Utility in compliance with TCEQ regulations. Landowner is entitled to have the master well meter tested at Utility's expense once per calendar year. More frequent tests may be conducted at Landowner's expense. If the master meter is found to be outside the TCEQ-permitted range of accuracy, royalty payments to Landowner for the agreed period of inaccuracy (not to exceed the period back to the last test) shall be adjusted by the same percent the meter was found to be inaccurate. If the meter under-read

production, Landowner shall be entitled to supplemental payments until the under payments are extinguished. If the meter over-read production, Utility may deduct overpayments from future royalty payments until the over payments are extinguished.

c. The royalty payment per [REDACTED] gallons shall be subject to increase or decrease every third year anniversary of the effective date of this Agreement. The royalty shall be subject to changes in the Consumer Price Index ("CPI") for the period not to exceed a rate of [REDACTED] per year.

d. Utility shall have the sole power and authority to decide how much water should be produced from the Well. Landowner shall never be entitled to a guaranteed royalty of any minimum amount.

#### **6. LANDOWNER LIABILITY**

Landowner assumes no liability or responsibility other than that stated in this Agreement. Landowner accepts no liability imposed by state and federal public drinking water or environmental regulations.

#### **7. SUCCESSORS AND ASSIGNS**

This Agreement shall be binding on any successor or assigns of any party.

#### **8. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas; and venue for any civil action shall be in the State District Court of Comal County, Texas.

#### **9. ENTIRE AGREEMENT**

This Agreement shall constitute the complete and exclusive written expression of the intentions of the parties hereto and shall supersede all previous communications, representations, agreements, promises, or statements, either oral or written by or between either party. There are no third party beneficiaries to this Agreement and none are intended.

#### **10. Public Recording**

This Agreement may be recorded in the public records of Comal County, Texas and relied upon thereafter to convey the real property interests identified herein for the term of the Agreement.

EFFECTIVE on August 30, 2011.



**Crystal Clear Water Supply  
Corporation**

By:   
DENNIS KRACKAU, President

**Kutscher Drilling, Ltd.**

By: , General Partner  
Name: Daniel Kutscher Title: President

**Landowner DANK PROPERTIES & INVESTMENTS**

By: , Owner  
Name: Daniel Kutscher

ATTESTATIONS

STATE OF TEXAS                   §  
   §  
COUNTY OF GUADALUPE       §

SWORN AND SUBSCRIBED to under oath by Dennis Krackau, who did swear that he was the President of Crystal Clear Water Supply Corporation and that he was authorized and did execute the foregoing in that capacity for the considerations recited therein on the 1 day of September, 2011.

SEAL



Suzanne M. Silva  
Notary Public, State of Texas  
Name: Suzanne M. Silva  
Commission expires: April 10, 2015

STATE OF TEXAS                   §  
   §  
COUNTY OF Hays               §

SWORN AND SUBSCRIBED to under oath by Daniel Kutscher who did swear that he was the Owner of Kutscher Pump, the General Partner of Kutscher Drilling, Ltd. and that he was authorized and did execute the foregoing in that capacity for the considerations recited therein on the 30 day of August, 2011.

SEAL



Christy Aylesworth  
Notary Public, State of Texas  
Name: Christy Aylesworth  
Commission expires: March 13, 2012



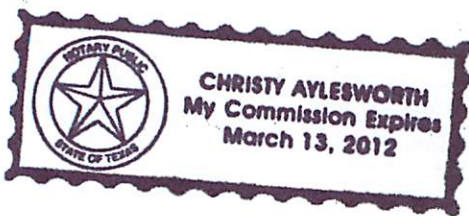
STATE OF TEXAS

COUNTY OF Hays

§  
§  
§

SWORN AND SUBSCRIBED to under oath by Daniel Kutscher owner of DANK PROPERTIES & INVESTMENTS who did swear he is the landowner of the real property at interest in the foregoing conveyance and that he is authorized and executed the foregoing in that capacity for the considerations recited therein on the 30 day of August, 2011.

SEAL



Christy Aylesworth  
Notary Public, State of Texas  
Name: Christy Aylesworth  
Commission expires: March 13, 2012



Comal Trinity Groundwater Conservation District (CTGCD)

Well Registration Form

*Kutscher Well*

Owner Name: Crystal Clear WSC Telephone: 830-372-1031

Owner Mailing Address: 2370 FM 1979

City: San Marcos State: Texas Zip: 78666

Owner Email Address: miket@crystalclearsud.org

Well Driller Company: Kutscher Drilling Telephone: 512-353-0075

Well Driller State License Number: 58773

Mailing Address: 3810 Hunter Road

City: San Marcos State: Texas Zip: 78666

Pump Installer Company: Kutscher Drilling Telephone: 512-353-0075

Pump Installer State License Number: \_\_\_\_\_

Mailing Address: 3810 Hunter Road

City: San Marcos State: Texas Zip: 78666

Physical (911) Well Location: 6775 Wegner Road

City: San Marcos New Braunfels State: Texas Zip: 78666 78132

Well Location Longitude: 29° 50' 16.62"N Well Location Latitude: 98° 4' 22.64" W

Coordinate Method Used (ie: USGS Map, GPS, ...): GPS (WGS 84) Well Head Elevation: 1040 feet

Lot, Block, Subdivision: \_\_\_\_\_ Acreage: 5.06

**Purpose of Well (check all that apply)**

- ☐ Domestic (private homeowner well) ☐ Livestock ☐ Irrigation  
☐ Industrial ☐ Agricultural ☐ Commercial ☒ PWS ☐ Monitor Well  
☐ Public Safety (specify) \_\_\_\_\_  
☐ Other (specify) \_\_\_\_\_

**Please answer each of the following questions**

1. Will the well be on, or serving, a tract of land of less than five acres? ☐ Yes ☒ No  
2. Do you have the State Well Drillers Report for the well? ☒ Yes ☐ No  
3. Is the well connected to an irrigation system? ☐ Yes ☒ No  
If yes, how large is the area that is irrigated? \_\_\_\_\_  
4. Is water produced from the well discharged into a pond or impoundment, other than a swimming pool? If yes, describe the pond or impoundment: \_\_\_\_\_ ☐ Yes ☒ No

5. Type of Sewage Disposal: ☒ Septic ☐ Sanitary Sewer

6. Is property served by a Public Water Supplier (PWS)? ☐ Yes ☐ No

7. Was an Edwards Aquifer Authority (EAA) permit required? ☒ Yes ☐ No

If yes, provide EAA Permit Number: Obtained by Kutscher Drilling (EAA Drill Through  
the Edwards Aquifer Permit)

8. Is well metered? ☒ Yes ☐ No

### Well Characteristics

Total Depth of Well: 1240 (ft)

Casing Type Steel Casing Diameter 14 (in) Depth of Casing: 410 (ft)

Cementing method: Pressure Cemented Cemented to surface? ☒ Yes ☐ No


Target formation: Trinity

Well Completion Date: 9-24-2012 Depth to Water: 403 Date Measured: 10-22-2012

How many gallons per day do you expect to withdraw from well on a daily basis? 637,200 (Maximum Production Capacity = 590 gpm @ 18 hrs/day = 637,200)

By signing this form, you declare that you agree to abide by the District's rules and standards, and agree to allow District personnel to enter property to inspect well.

By signing this form, you certify that the information provided is true and correct. By signing this form, you acknowledge that the District reserves the right, to the extent allowed by law, to adopt, revise, and supercede rules applicable to registered wells and to require the owner of a registered well to obtain a permit if the well is not exempt from the District's permitting requirements and that the issuance of the well registration by the District shall not limit the District's authority to regulate the well or the production of water from the well, unless the well is otherwise exempt from such authority.

Signature of Owner or Representative  Date 1-28-16

Received by \_\_\_\_\_ Date \_\_\_\_\_

Additional information may be found at <http://www.comaltrinitygcd.com>