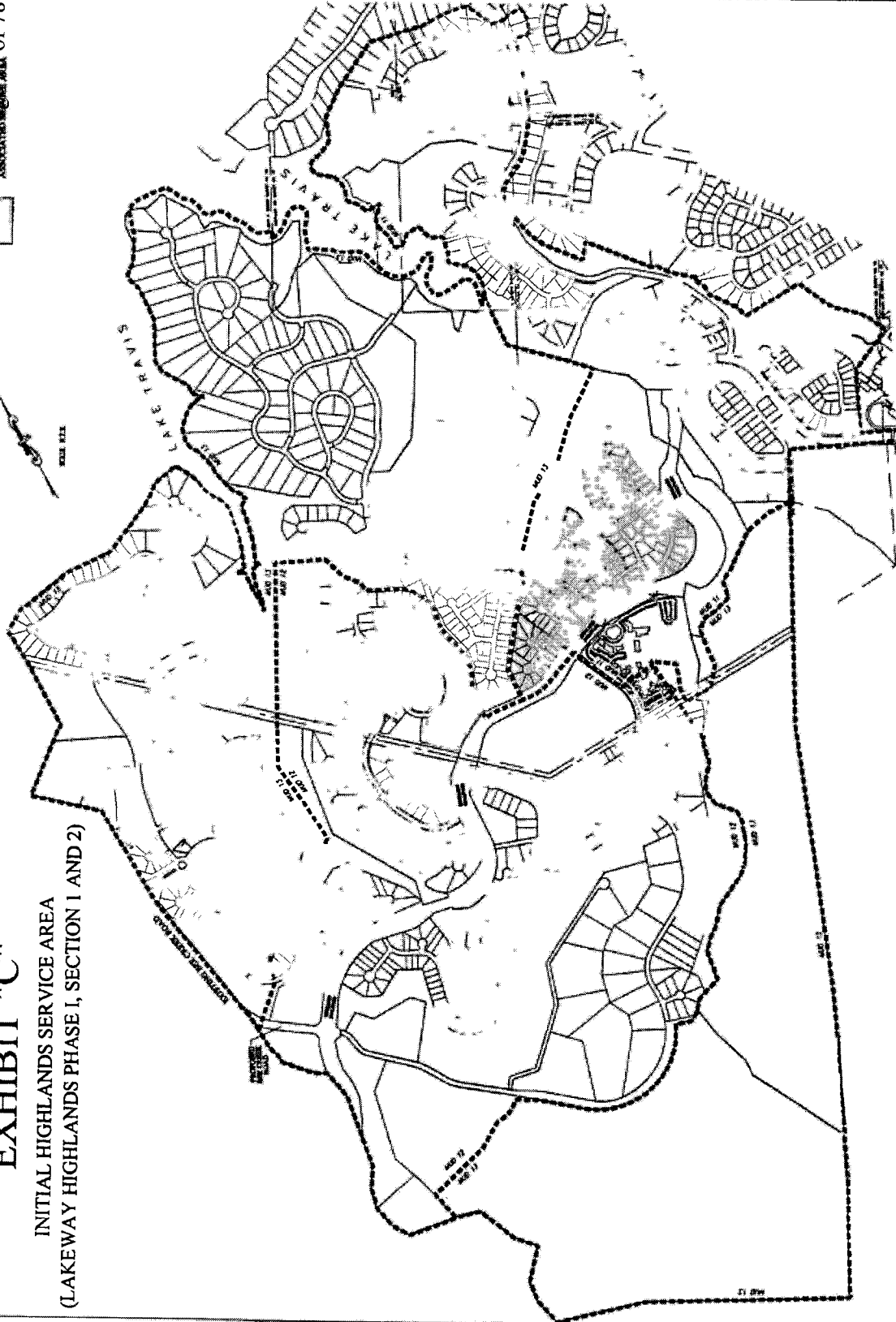


EXHIBIT "C"

INITIAL HIGHLANDS SERVICE AREA
(LAKEWAY HIGHLANDS PHASE I, SECTION 1 AND 2)

LEGEND JAD Exhibit 7
Page 75 of 78



JOB NUMBER 14-000	PROJECT LAKEWAY HIGHLANDS	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78	SHEET 75 OF 78
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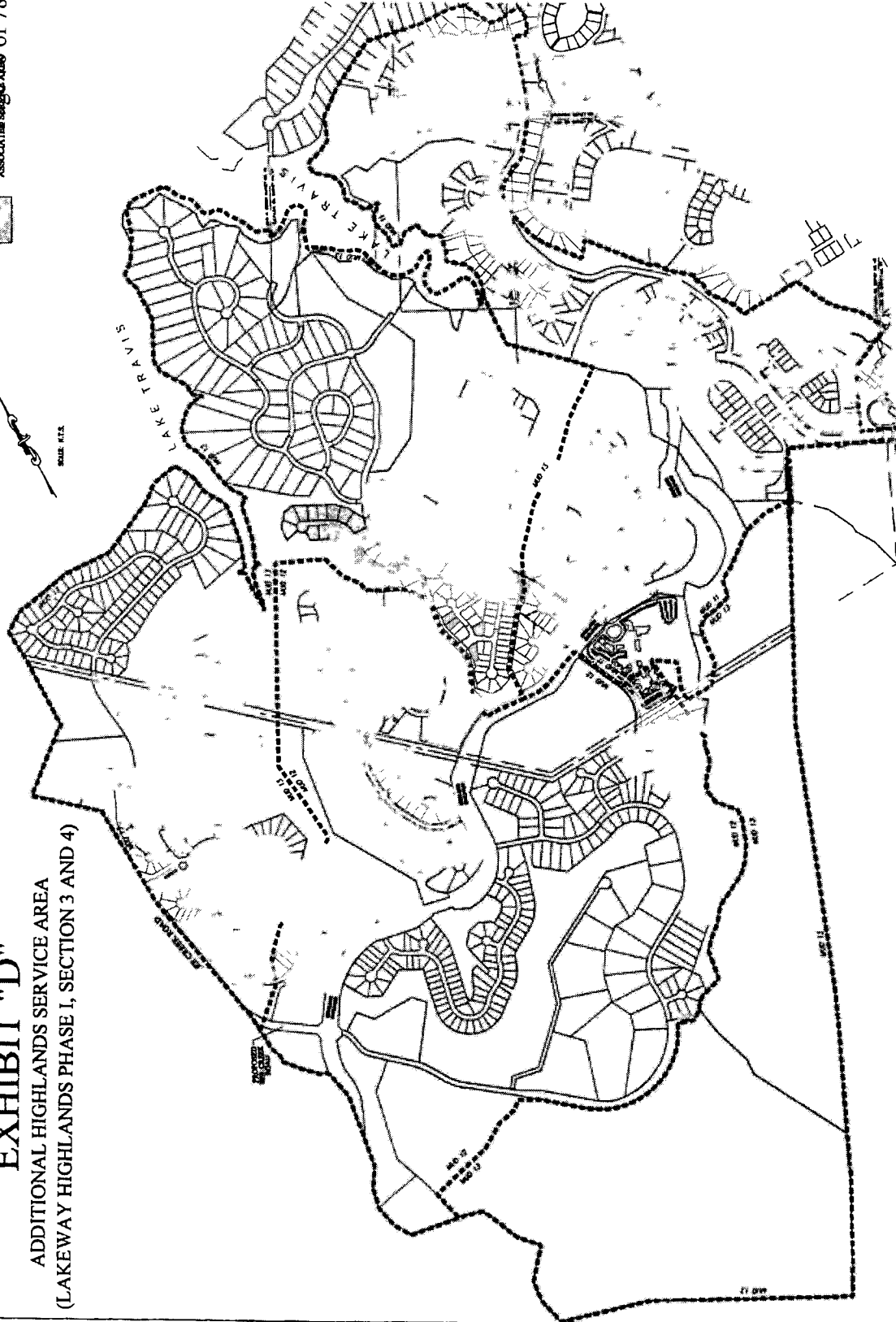
EXHIBIT "D"

ADDITIONAL HIGHLANDS SERVICE AREA
(LAKEWAY HIGHLANDS PHASE I, SECTION 3 AND 4)

LEGEND AD Exhibit 7
ASSOCIATED Page 36 of 78



SCALE: 1" = 100'

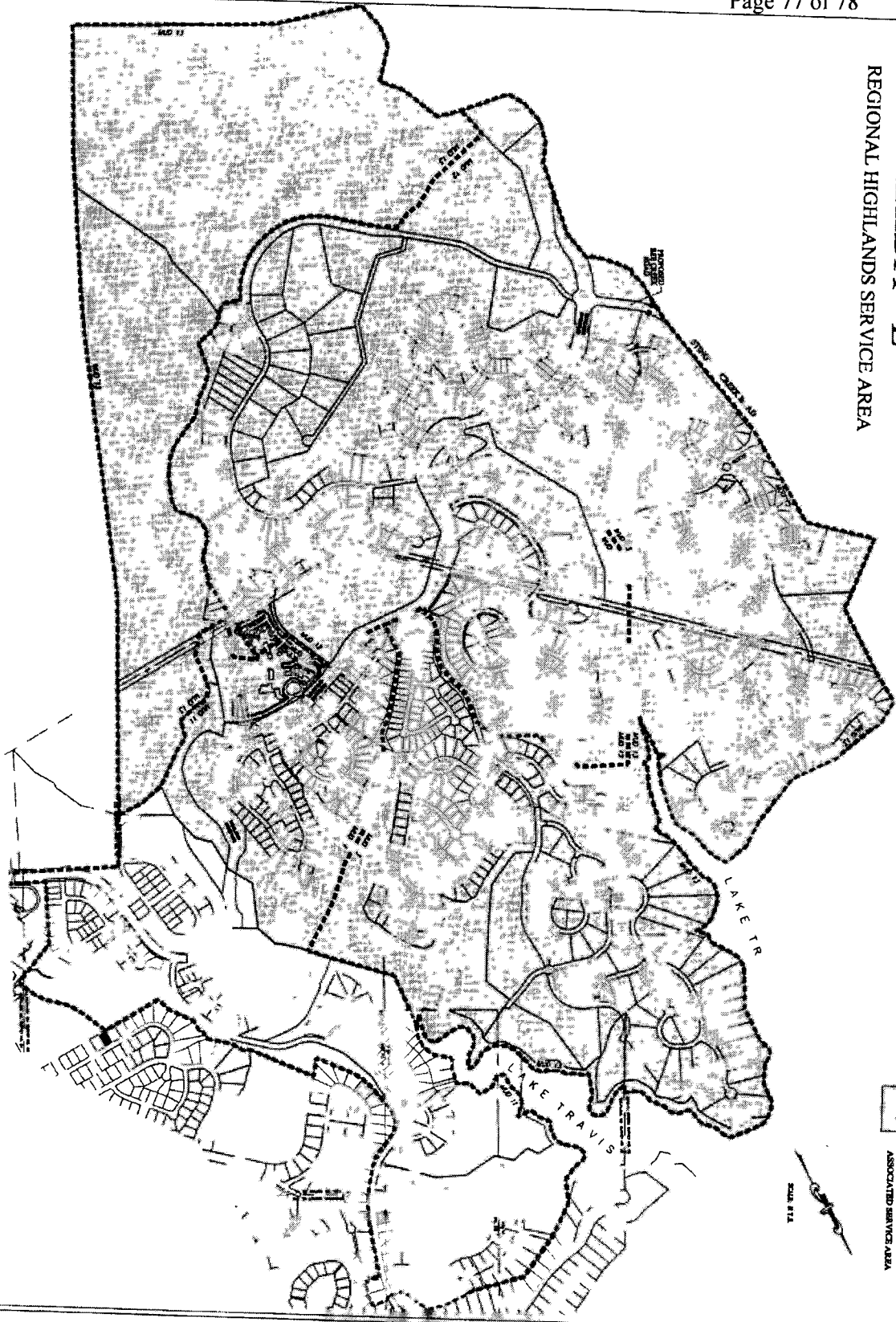


	C&D Civil & Design 10000 N. 10th Ave. Suite 100 Denver, CO 80231 Phone: 303.755.1100 Fax: 303.755.1101 Email: info@candco.com
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JOB NAME	LAKEWAY HIGHLANDS
PROJECT	STREET, DRAINAGE, WATER & WASTEWATER IMPROVEMENTS
DESIGNED BY	PEL
DRAWN BY	RE/CP
DATE	MARCH 2012
EXHIBIT	11/11
SHEET	1 OF 1

EXHIBIT "E"

REGIONAL HIGHLANDS SERVICE AREA

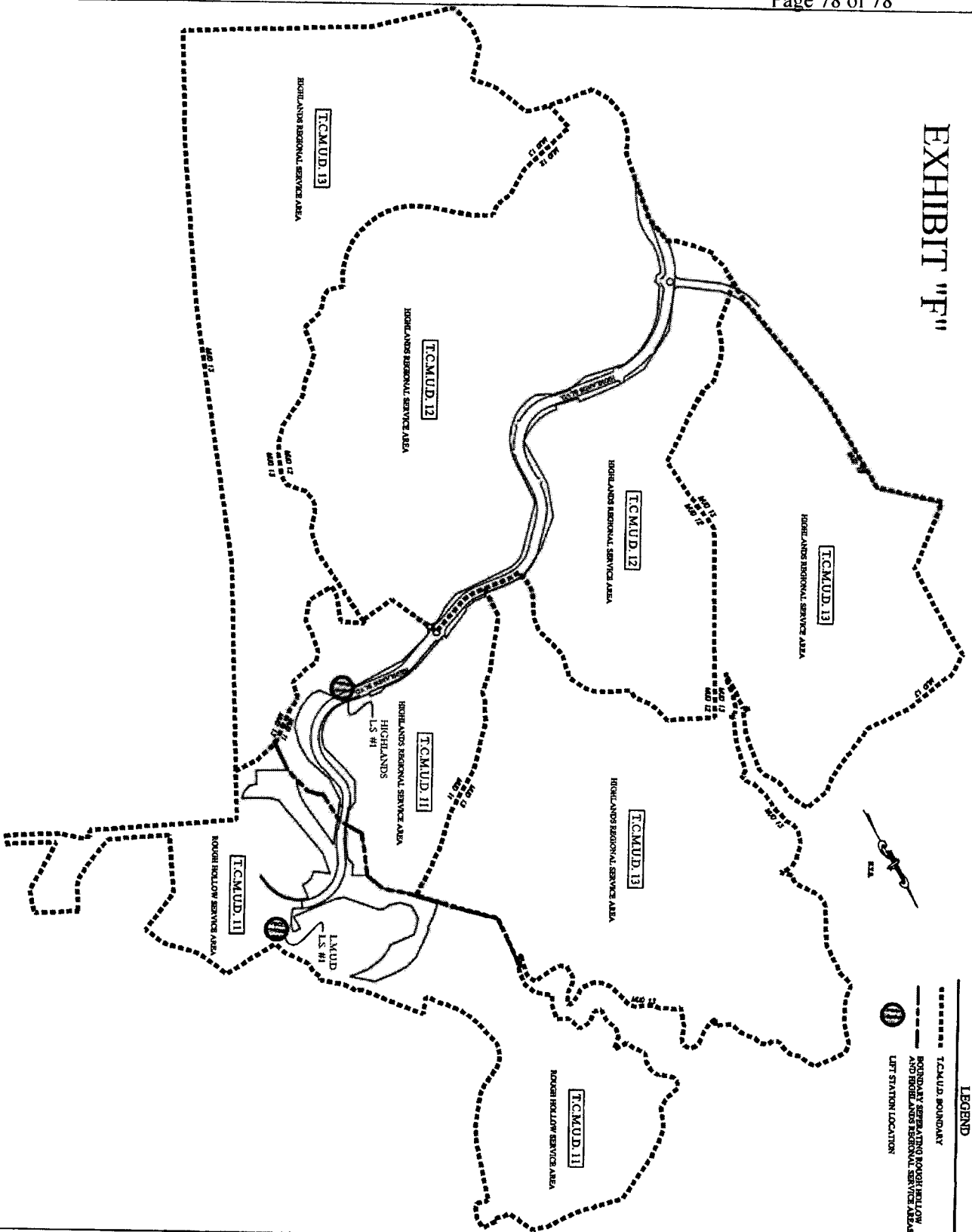



LEGEND
 ASSOCIATED SERVICE AREA

SHEET 1 OF 1	JOB NAME PROJECT STREET, DRAINAGE, WATER & WASTEWATER IMPROVEMENTS	SHEET EXHIBIT "E"		
		DESIGNED BY DRJ	DRAWN BY RH/CP	DATE MARCH 2012

Caldwell, Briggance & Dunning, Inc.
 Civil Engineering & Surveying
 1001 West 10th Street
 Suite 100, Fort Worth, TX 76102
 Phone: (817) 335-3333
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EXHIBIT "F"



10 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437	JOB NAME LAKEWAY HIGHLANDS	SHEET EXHIBIT "F"	 Carlson, Bergeron & Doreing, Inc. ♦ Civil Engineering ♦ Surveying 2001 West Broadway ♦ Austin, Texas 78704 Phone No. 512.345.6789 ♦ Fax No. 512.345.6789
	PROJECT STREET, DRAINAGE, WATER & WASTEWATER IMPROVEMENTS	DESIGNED BY DRJ	

APPENDIX F

UTILITIES INSTALLMENT PURCHASE AGREEMENT

WTCPUA00008046

UTILITIES INSTALLMENT PURCHASE AGREEMENT

THIS UTILITIES INSTALLMENT PURCHASE AGREEMENT (this "Agreement") by and between the Lower Colorado River Authority, a conservation and reclamation district and political subdivision of the State of Texas ("LCRA") and the West Travis County Public Utility Agency ("Buyer" or "Obligor") is made and entered into effective the 17th day of January, 2012 (the "Effective Date").

RECITALS

- A. LCRA owns the West Travis County water and wastewater utilities located within Travis and Hays counties and served by water and wastewater treatment facilities located within the vicinity of the City of Bee Cave, Texas (the "Utilities").
- B. LCRA acquired portions of the Utilities from local governmental entities and private entities in an effort to provide regionalized water and wastewater service at a reasonable cost to the communities served by the Utilities that would be of benefit to the region.
- C. The LCRA Board has determined that the Utilities are no longer necessary, convenient, or of beneficial use to the business of LCRA and initiated a bidding process to seek out buyers of the Utilities who could meet the criteria of: providing reliable, quality utility services; having the ability to invest capital for needed infrastructure; having a commitment to meeting state regulatory requirements; and having a willingness to compensate LCRA for its investment.
- D. Buyer has met these criteria, LCRA hereby agrees to sell the Assets to Buyer, and Buyer agrees to purchase the Assets from LCRA, under the terms and conditions more particularly provided in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the parties hereto agree as follows:

The Parties agree that recitals above, including defined terms, are incorporated herein by reference for all purposes. Definitions for additional defined terms appear in Section 11.13 of this Agreement.

Article I.

PURCHASE AND SALE OF THE ASSETS

Section 1.1 Sale of Assets by LCRA. Subject and pursuant to the terms and conditions set forth in this Agreement, on the Closing Dates, LCRA shall transfer and convey to Buyer, and Buyer shall purchase and receive from LCRA, with the limited representations and warranties provided in this Agreement, all of LCRA's right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed,

tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets), which comprise, or are used or held for use in connection with, the Utilities (collectively, the "Assets" or "System Assets"). The Assets will be transferred AS-IS with no warranties, representations or guarantees, other than third-party warranties related to the Assets to the extent same are assignable; and provided, however, the conveyance of Property on which Material Facilities are located shall be by special warranty conveyance instrument. LCRA will use commercially reasonable efforts to identify by the Operations Transfer Date in writing to Buyer all third party warranties related to the Facilities that are assignable to the Buyer as a part of the Intangible Assets below.

Section 1.2 Description of Assets. The Assets include, without limitation, the Facilities, Intangible Assets, and Property as follows:

A. Facilities.

- (i) all of the water and wastewater utility facilities owned by LCRA, together with all improvements, structures, electrical equipment, and other equipment and tangible assets listed on Schedule 1-A of Exhibit A attached hereto and incorporated herein for all purposes (hereinafter, the "Fixtures"); and
- (ii) any other tangible assets of LCRA (such as associated laboratory equipment, office furniture, vehicles and other equipment) that are necessary for Buyer's ownership and operation of the Assets listed on Schedule 1-B of Exhibit A (hereinafter, "Personalty") (collectively, with (i) above, the "Facilities").

A complete inventory of the Facilities that are owned by LCRA and necessary for the operation of the Utilities shall be taken prior to the expiration of the Review Period by Buyer and LCRA. The inventory will be used to update Schedules 1-A and 1-B of Exhibit A prior to the Operations Transfer Date. The updated Schedules 1-A and 1-B of Exhibit A may delete any items no longer owned by LCRA as a result of normal operation and maintenance of the Assets and to add items purchased by LCRA as a result of normal operation and maintenance of the Assets. All items shown on Schedule 1-B of Exhibit A, i.e. the Personalty, shall constitute the Facilities to be transferred to Buyer for operations on the Operations Transfer Date and all items shown on Schedule 1-A of Exhibit A, i.e. the Fixtures, shall constitute the Facilities to be transferred to Buyer on the Closing Dates pursuant to the terms of this Agreement. After the Operations Transfer Date, Buyer shall provide LCRA with an updated Schedule 1 of Exhibit A (reflecting the updated inventories) no later than thirty (30) business days prior to each Closing.

- B. Intangible Assets.** All contracts, leases, option rights, permits, certificates, licenses, reimbursement rights, service agreements, warranties from vendors or manufacturers or other third parties, regulatory correspondence, as-built plans and specifications, engineering reports, design plans, impact fee studies, files, records, information, data, Operational Reserve Funds, Impact Fee Funds, Developer Deposits, and other intangible assets of LCRA in draft or final form that are necessary for the on-going operation and ownership of the Facilities, including but not limited to those more particularly described

on Schedule 2 of Exhibit A attached hereto and incorporated herein for all purposes (collectively referred to herein as the "Intangible Assets").

1. Any files, records, information or data that are privileged under the attorney-client privilege or privileged under other law may be excluded from the Intangible Assets. LCRA, and Buyer shall cooperate to transfer originals of such documents if permitted under applicable law, or to transfer copies if originals are to be retained by LCRA.
 2. LCRA shall maintain current levels in the Impact Fee Funds and Operational Reserve Funds (currently estimated to total \$6,500,000) except that LCRA may expend such funds to pay for: a) Planned Improvements; b) Required Improvements; and c) Emergency Improvements. Contingent on Obligor's timely assumption of operation of the Assets in accordance with this Agreement, remaining Operational Reserve Funds and Impact Fee Funds shall be transferred to Obligor in cash on the Operations Transfer Date. Obligor agrees and covenants to use Impact Fee Funds received from LCRA, if any, only for purposes as allowed by state law. LCRA shall provide Buyer with a written accounting of its expenditures, if any, from the Operational Reserve Funds and Impact Fee Funds no later than 10 business days prior to the Operations Transfer Date. Impact Fee Funds shall be expended only on those projects identified in the Impact Fee Studies. Operational Reserve Funds shall only be used for operations and maintenance expenses that qualify as Planned Improvements, Required Improvements or Emergency Improvements. Capital expenses qualifying as Planned Improvements, Required Improvements or Emergency Improvements shall be included in the Operating Cash Deficiency and addressed as provided in Sections 1.4, 6.2, and Definitions to this Agreement.
- C. **Property.** All land and interests therein, including without limitation, contract rights, easements, licenses and rights-of-way owned by LCRA for the installation, operation, use and maintenance of, or otherwise necessary for use of the Facilities for their intended purposes, all of which land and interests therein are more particularly described on Schedule 3 of Exhibit A attached hereto and incorporated herein by reference for all purposes, together with all and singular the rights, privileges, and appurtenances, if any, pertaining to said land and interests therein, including any right, title, and interest of LCRA in and to adjacent streets, alleys, or rights-of-way, and together with any improvements, fixtures, and personal property of LCRA situated on and attached to said land and interests therein to the extent same constitute part of the Facilities (such assets collectively referred to herein as the "Property").

The Facilities, Intangible Assets, and Property are collectively referred to herein as the "Assets" or the "System Assets."

Section 1.3 Excluded Assets. Notwithstanding anything herein to the contrary, the Assets shall not include the items listed in Exhibit B attached hereto ("Excluded Assets"). The Excluded Assets may include interests to be retained by LCRA in certain of the Assets to be conveyed to Buyer, in which event the parties will identify any such interests to be retained by LCRA and draft appropriate conveyance instruments for the Assets which recognize, and retain for LCRA, any interests in said Assets to be retained by LCRA for its other corporate purposes

while still conveying ownership interests in the Assets to Buyer as necessary for Buyer's ownership, use and operation of the Facilities.

Section 1.4 Purchase Price.

- A. The purchase price ("Purchase Price") will be (i) the full amount necessary to pay and/or defease all of LCRA's current outstanding debt attributable to the Assets, including amounts carried in LCRA's short-term debt programs, in amounts as shown on Schedule A and totalling approximately \$137,909,441 as of December 31, 2011; (ii) the full amount necessary to pay LCRA short-term debt incurred for capital costs based on Planned Improvements, Required Improvements and Emergency Improvements; and, (iii) the full amount necessary to pay LCRA short-term debt issued by LCRA to cover the Operating Cash Deficiency (collectively, the "LCRA Debt Obligations"). Schedule A shall be updated, as described in Section 1.4.D(1)(a) below to show all LCRA Debt Service Obligations as of the Operations Transfer Date.
- B. The LCRA may pay for the Operating Cash Deficiency it incurs from the Effective Date until the Operations Transfer Date with the issuance of new LCRA short-term debt in an amount not to exceed \$6,000,000.00. The Operating Cash Deficiency shall include the amounts required to pay LCRA's May 15, 2012 debt service payment. The Operating Cash Deficiency shall not include any expenses incurred by LCRA in replenishing its Operating Reserve Fund unless the period of time between the Effective Date and the Operations Transfer Date exceeds three (3) months. The Parties agree that this "not to exceed" amount is based on LCRA's estimate of the possible Operating Cash Deficiency it could accumulate from January 17, 2012 until November 1, 2012 (the last possible date for the Operations Transfer Date under this Agreement). The Parties acknowledge that the Operating Cash Deficiency may be significantly less than this amount if the Operations Transfer Date is March 19, 2012. LCRA shall provide Buyer a written accounting for costs and expenses included in the Operating Cash Deficiency not less than twenty (20) calendar days following the Operations Transfer Date.
- C. The parties agree to use their respective best efforts to achieve the Operations Transfer Date on March 19, 2012. In the event Buyer does not successfully complete assumption of operations and rate-making authority by March 19, 2012, the Operations Transfer Date will refer to the actual date that Buyer assumes operations and rate-making authority. The Operations Transfer Date will not extend beyond November 1, 2012, in which event this Agreement shall terminate in accordance with Section 9.3 below.
- D. The Purchase Price will be paid in the form of installment payments at times specified in this Agreement ("Installment Payments").
- (1) Obligor's Installment Payments will be made from November 1, 2012, (or July 2, 2012 if the provisions of Section 1.4.D(2)(a) have been satisfied) through May 1, 2019, and will be made up of two types: (i) Equity Payments (as defined in Section 1.4.D(2)below); and (ii) Debt Service Payments (as defined in Section 1.4.D(3) below) to be calculated and prepared based on Schedules A and B.

(a) Schedule A shall reflect outstanding principal, call dates, and debt service information for LCRA Debt Obligations and shall be updated no later than forty-five (45) days after the Operations Transfer Date ("Schedule A Update") in a form and manner agreed to by the Parties as of the 2012 Equity Payment to include all then-current LCRA Debt Obligations as provided in this Agreement.

(b) Schedule B shall reflect how Installment Payments made by Obligor shall be applied to LCRA Debt Obligations, and define the remaining LCRA Debt Obligations after the first Equity Payment. Schedule B shall be prepared by an independent CPA firm, initially Grant Thornton LLP, subject to selection of an alternative firm upon mutual agreement of the Parties. The CPA firm's expenses will be borne by the Obligor.

(c) Schedule B shall be prepared based upon the following methodology: following required adjustments to Schedule A after application of all cash received by the LCRA from the 2012 Equity Payment to pay LCRA Debt Obligations callable at the time of the payment, Schedule B shall be adjusted to reflect all remaining LCRA Debt Obligations (the "Initial Schedule B"). To the extent funds from the 2012 Equity Payment remain after defeasance of the LCRA Debt Obligations due on November 15, 2012, through May 15, 2014, as reflected on Schedule A, the LCRA will apply the remaining funds to retire either taxable or tax exempt short-term debt.

(d) The revised, supplemental Schedule B to be delivered after the second Equity Payment ("Schedule B Supplement") shall represent the remaining LCRA Debt Obligations following required adjustments to Initial Schedule B after payment of all cash received by the LCRA from the second Equity Payment toward all then-callable LCRA Debt Obligations (including long term debt and outstanding short-term debt of LCRA). To the extent funds from the second Equity Payment remain after such redemption/defeasance of all then-callable LCRA Debt Obligations, LCRA will use the funds to defease remaining non-callable LCRA Debt Obligations.

(e) The Schedule B Supplement to be delivered after any subsequent Installment Payment shall represent the remaining LCRA Debt Obligations following required adjustments to the last prepared and accepted Schedule B after payment of all cash received by the LCRA from the most recently received Installment Payment, first, toward all then-callable LCRA Debt Obligations and, second, to defease remaining non-callable LCRA Debt Obligations.

(f) Debt Service Payments and Equity Payments may be combined into a single Installment Payment by Obligor to LCRA also as shown on Schedule B.

(g) If either party disputes or objects to the items updated in the Schedule A Update, the Initial Schedule B, or a Schedule B Supplement prepared for the purposes of this Agreement because such Party believes the disputed Schedule is

not in compliance with the terms and conditions of this Agreement, the parties shall mutually identify a third-party CPA firm to prepare a revised Schedule, and the cost of the preparation of such revised schedule shall be borne by the Party requesting such revised Schedule. Unless a party objects in writing to the revised Schedule within 14 days of receipt of the revised Schedule, the revised Schedule shall be deemed approved. In the event of dispute between the parties, the revised Schedule shall be referred to binding arbitration pursuant to the provisions of Article IX and Exhibit H unless the parties agree otherwise.

- (2) Obligor's Equity Payments will be calculated based on the amounts needed by LCRA to pay off its long-term LCRA Debt Obligations as such debt becomes callable, as shown on Schedule A and the Schedule A Update.
- (a) Obligor agrees to use its best efforts to finance a first Equity Payment to the LCRA in an amount not less than \$23,588,485 to be made on July 2, 2012, contingent upon the Obligor's ability to obtain a rating of "Baa" or higher from Moody's Investors Service, Inc. ("Moody's") or "BBB" or higher from Standard & Poor's Rating Services ("S&P"). This payment would be available to be applied to any LCRA Debt Obligations occurring after July 2, 2012. Obligor agrees to make a first Equity Payment to the LCRA of not less than \$23,588,485 to be made on November 1, 2012, in the event that the Obligor cannot obtain an investment grade rating in time for a July 2, 2012, payment (as described above).
- (b) Obligor further agrees to use its best efforts to finance a second Equity Payment to the LCRA in an amount not less than the amount of then-outstanding and currently-callable LCRA Debt Obligations to be made on May 1, 2013, contingent upon the Obligor's ability to obtain a rating of "A2" or higher from Moody's and "A" or higher from S&P. This payment will be available to be applied to any LCRA Debt Obligations as shown Schedule B remaining after the receipt of the first payment made by the Obligor to the LCRA. Obligor agrees to make a second Equity Payment to the LCRA of not less than \$93,245,068 on May 1, 2014, in the event the Obligor cannot obtain the ratings for the May 1, 2013, Equity Payment specified above.
- (c) Obligor thereafter will make semi-annual Debt Service Payments starting with the November 1, 2014, due date and Equity Payments as shown on Schedule B on May 1, 2015, and May 1, 2019 (as additional LCRA Debt Obligations become callable on or prior to May 15, 2015, and May 15, 2019). This Agreement may refer to Equity Payments by the year for which they are scheduled (e.g., "2015 Equity Payment").
- (d) Debt Service Reserves as of the Operations Transfer Date (currently estimated in the amount of \$3.3 Million) and Coverage from Obligor's Debt Service Payments will be used to pay callable LCRA Debt Obligations to reduce Obligor's Equity Payments. The balance of the Debt Service Reserves after use to pay callable

LCRA Debt Obligations will be reflected in Schedule A and Schedule B as prepared and revised for the purposes of this Agreement.

- (3) Obligor's Debt Service Payments ("Debt Service Payments") shall be made as shown on Initial Schedule B or any Schedule B Supplement, as may be updated as provided for herein (and such updates to be approved by LCRA and Obligor) and shall be equal to LCRA's annual debt service on outstanding principal and interest payments on LCRA's Debt Obligations including applicable Coverage.
- (a) Coverage ("Coverage") on Debt Service Payments will be calculated based on:
- i. actual fixed rate annual debt service (principal and interest payments) on the portion of the LCRA Debt Obligations consisting of long term tax exempt bonds as shown on Schedule B;
 - ii. interest payments on the portion of the LCRA Debt Obligations consisting of outstanding tax-exempt and taxable short-term debt as shown on Schedule A and additional short-term debt issued by LCRA for the purposes of the Operating Cash Deficiency to be updated on Schedule A as of Operations Transfer Date; provided, however Obligor agrees that LCRA may use Coverage amounts from Obligor's Debt Service Payments to prepay the portion of the LCRA Debt Obligations consisting of the outstanding principal and interest balances on LCRA's outstanding short-term debt at LCRA's discretion;
 - iii. Obligor's Debt Service Payments shall include a coverage amount of twenty-five percent (25%) as applied to the amounts in subsections "i." and "ii." above and credited to Obligor's future Debt Service and Equity Payments as stated in this Agreement; and,
 - iv. Debt Service Payments will be reduced to account for the application of Coverage to prepay LCRA Debt Obligations and as Equity Payments are made and LCRA retires the LCRA Debt Obligations.
 - v. Coverage shall not apply to any portions of any Installment Payments that prepay the Debt Service Payments prior to their applicable Debt Service Payment due date.
- (b) Debt Service Payments shall be made semi-annually no later than May 1 and November 1 of each year beginning November 1, 2012, but only to the extent such payments have not been satisfied by Equity Payments received by LCRA on or before such date. Obligor's first Debt Service Payment shall be made no later than November 1, 2012. LCRA shall be responsible for paying the portion of the LCRA Debt Obligations consisting of the principal and interest on the long term debt due on May 15, 2012, and the amount of such payment shall be included in the Operating Cash Deficiency to be repaid by Obligor as described in Section 1.4.B above.

(c) Coverage paid by Obligor will be credited against the final Equity Payment due on May 15, 2019, unless previously used to pay LCRA Debt Obligations. Notwithstanding anything herein to the contrary, in lieu of prepaying or defeasing the LCRA Debt Obligations with the Debt Service Payments or Equity Payments, LCRA shall have the right to use all funds paid by Obligor under this Agreement, including Debt Service Payments, Equity Payments or Redemption Payment, for any lawful purpose; i.e., LCRA may elect to use such funds to pay for other capital expenditures in lieu of issuing new debt for such purposes, provided, however, that all of Obligor's Debt Service and Equity Payments, including Coverage, are credited to the LCRA Debt Obligations as provided herein and LCRA's use of such funds as stated above will in no way increase or otherwise affect Obligor's Equity and Debt Service Payments. LCRA may transfer from Coverage the amount of three percent (3%) as applied to the amounts in subsections "a.i." and "a.ii." above (that is, 3 percentage points out of the 25 percentage points total) to the LCRA Public Service Fund, provided, however that such transferred funds shall be credited against Obligor's Debt Service and Equity Payments if such payments are timely made by Obligor.

(d) LCRA shall maintain Debt Service Reserves to be funded by current LCRA Debt Service Reserves on hand on the Effective Date and from Coverage from Obligor's Debt Service Payments. If Coverage is insufficient to fund Debt Service Reserves due to default in payments by Obligor as provided in this Agreement, Obligor will fund any additional Debt Service Reserves necessary within ten (10) days after written demand by LCRA. In the event LCRA has exercised its remedy hereafter provided for and begun to provide wholesale water and sewer service to Obligor and it becomes necessary for LCRA to collect from Obligor additional sums for Debt Service Reserves as a result of Obligor's default in payment, LCRA may collect same as a surcharge related to Debt Service Reserves, and LCRA will bill Obligor and Obligor will pay LCRA according to the procedures and timelines for billing and payment provided in the New Raw Water Contract (defined below). The 2019 Equity Payment will be reduced to account for the application of any Debt Service Reserves toward the payment of the LCRA Debt Obligations remaining immediately prior to the 2019 Equity Payment.

(e) Obligor will pledge its revenues in order to pay Installment Payments and all other obligations of Obligor under this Agreement and such pledge will be senior to any payment due from Obligor for any other indebtedness. Obligor grants LCRA a lien on its revenues securing the Installment Payments and all other obligations of Obligor under this Agreement. In addition, payments due LCRA under this Agreement shall be an expense on the books of the Obligor, to be paid ahead of any of Obligor's debt service obligations.

E. Installment Payments for the Purchase Price will be paid by wire transfer of immediately available funds to an account designated by LCRA.

Section 1.5 Earnest Money. In consideration of the obligations undertaken by Obligor in this Agreement, and also in consideration of the dismissal of rate appeals pending before the Texas Commission on Environmental Quality regarding the Assets on the Effective Date, no earnest money will be deposited by or due from Obligor.

Section 1.6 Closing Dates. For each Equity Payment made, LCRA and Obligor shall have a Closing in which LCRA transfers and conveys to Obligor interests in the System Assets as follows :

- A. at the time of the first Equity Payment in July/November, 2012, LCRA will convey all of its title to and interest in the retail distribution and collection facilities included in the System Assets to Obligor.
- B. at the time of Obligor's First Equity Payment in July/November, 2012, and at each of Obligor's subsequent Equity Payments, LCRA shall convey to Obligor an undivided ownership interest in the capacity of the Central Facilities commensurate with the amount of each such Equity Payment as compared to the amount of the LCRA Debt Obligations as shown on the Schedule A Update, so that Obligor shall acquire an ownership interest in the capacity in the Central Facilities in proportion to the amount of the LCRA Debt Obligations as of the Schedule A Update, that Obligor's Equity Payments retire, defease or redeem.
- C. LCRA will retain legal title to the Central Facilities and any undivided capacity interests not conveyed to Obligor until the final 2019 Equity Payment is made as provided herein. Upon full payment of all Installment Payments, LCRA shall have conveyed legal title and all capacity interest in the System Assets at the Closing of Obligor's final 2019 Equity Payment.
- D. In this Agreement, Closing Dates may be referred to individually by the year in which an Equity Payment and a corresponding Closing Date will occur; for example, 2015 Closing Date will refer to the Equity Payment due May 1, 2015, and the corresponding Closing Date.

Section 1.7 Obligor's Rights After Operations Transfer Date. From and after the Operations Transfer Date, Obligor shall have the right to manage and control operations of the Assets (including Central Facilities) and to set rates for service from the Assets (including Central Facilities); provided, however, if any "Required Consents" or "Required Approvals" necessary for Obligor to exercise such rights have not been obtained, LCRA and Obligor agree to enter into such agreements as necessary for Obligor to receive the beneficial interests contemplated by full exercise by Obligor of such operational and rate-setting aspects of the Assets as described below in, and subject to, Article III of this Agreement. Although LCRA may retain legal title to the Central Facilities and certain undivided interests in the capacity of the Central Facilities until the final Equity Payment, LCRA's retention of such legal title and undivided capacity interests shall not confer any rights or privileges in favor of LCRA that interfere with or are in abrogation of Obligor's rights and privileges under this Agreement arising on the Operations Transfer Date (including Obligor's right to manage and control operations and

set rates for service from the Assets) except as otherwise provided by the terms related to LCRA's remedies for payment defaults as provided below.

Article II.

BUYER'S INVESTIGATION RIGHTS

Section 2.1 Environmental Assessment. LCRA will have conducted a Phase I environmental assessment on all of the Property at no cost to Buyer, provided that LCRA will not be required to obtain any third party services for completion of the assessment (the "ESA"). The ESA may be apportioned with different assessments for different portions of the Property. LCRA agrees to provide Buyer with a copy of the initial ESA at least ten business days prior to the Operations Transfer Date.

Section 2.2 Document Review. Beginning on the Effective Date, LCRA shall make available for reasonable inspection and copying by Buyer upon reasonable notice from Buyer and at Buyer's expense during normal working hours at the Facilities or at the offices of LCRA or its agents, the following documents to the extent same are in LCRA's possession at its Facilities and offices and are not privileged (that is, excluding documents or records that are privileged under the attorney-client privilege or other law, provided that no such privilege shall affect or excuse LCRA's obligations to make disclosures regarding the Assets as otherwise expressly provided in this Agreement) (the "Review Documents"):

- A. copies of all books, records, operating reports, trade account reports, accounts payable and receivable lists, utility service agreements, vendor contracts, management agreements, maintenance records, purchase or sale contracts, regulatory records and correspondence, deeds, easements, surveys, plats or descriptions, plans and specifications, licenses, permits, certificates, soil reports, inspection reports, and engineering reports (including, without limitation, endangered species, environmental, and governmental inspection reports of LCRA related to the ownership or operation of the Assets or relating to or in respect of the physical condition or operation of Assets);
- B. copies of work papers which reflect the revenues, expenses, cash flows, assets and liabilities of the Assets since July 1, 2006, and LCRA's most recent budget and forecast related to the Assets;
- C. copies of any other documents evidencing LCRA's interests in the Property.

LCRA will use reasonable efforts to make the Review Items available to Buyer in electronic format so that the Review Items may be viewed remotely. Buyer agrees that, for any Review Item that LCRA makes available to Buyer in electronic format, LCRA will have satisfied its obligations under this Section; provided, however, that LCRA will deliver any hard copies of the Review Items to Buyer at Closing. LCRA represents, warrants and covenants that all Review Items provided to Buyer in connection with Buyer's investigation and due diligence of the Utilities and the Assets shall, in the case of documents and materials, be originals or true and correct copies of originals or, in the case of other information, be materially true, correct and complete. Until the 2019 Closing Date, Buyer shall have the right, during normal business hours and upon reasonable prior notice to LCRA, to conduct any and all reviews, investigations, or

examinations of the Review Documents which Buyer determines necessary in its sole and absolute discretion; provided, however, that Review Documents may be transferred by LCRA to Buyer prior to the 2019 Closing Date.

Section 2.3 Asset Review. From the Effective Date and continuing until the sixtieth (60th) day after the Effective Date (the "Asset Review Period"), Buyer at its expense shall have the right, during normal business hours and upon reasonable prior notice to LCRA, to conduct any and all investigations, examinations and/or environmental assessments of the Facilities and Property that Buyer determines necessary in its sole and absolute discretion, provided, however, any environmental testing or sampling shall require the prior written approval of LCRA, which approval shall not be unreasonably withheld or delayed. Buyer will make available to LCRA for review during regular business hours, within a reasonable period of time following request by LCRA, the results of any investigations or examinations of the Facilities or Property conducted by Buyer. In the event that Buyer substantially disturbs or substantially disrupts any of the Facilities and Property during the Asset Review Period, Buyer shall be obligated to restore the Facilities and Property or any item related thereto substantially to its prior condition to the extent Buyer's review, investigation, or examination changed same and this obligation shall survive any termination of this Agreement. LCRA may, at LCRA's option, accompany Buyer during any such inspections.

Section 2.4 Refusal to Provide Access. Should LCRA refuse to provide Buyer with access to the Facilities and Property within the Asset Review Period as provided in this Agreement, Buyer shall provide written notice of such refusal within the Asset Review Period by hand delivery or overnight delivery, receipt requested, to LCRA to the address specified in this Agreement. Such notice shall specifically identify the Assets to which LCRA has failed to allow Buyer access. If LCRA does not cure the alleged refusal within ten (10) business days from the date of receipt of such notice, such refusal shall be a material default by LCRA of this Agreement and Buyer may, as its sole and exclusive remedies, to enforce this Agreement by specific performance, mandamus, or similar remedy and recover its attorney fees in doing so. In the event LCRA refuses to pay reasonable and necessary attorney fees to Buyer after issuance of a court order for specific performance, mandamus, or similar remedy, Buyer may subtract its reasonable and necessary attorney fees approved by the court issuing said order from the Purchase Price.

Article III.

CONSENTS AND APPROVALS

Section 3.1 Required Consents. The parties acknowledge that certain of the Intangible Assets consisting of utility service and other agreements to which LCRA is a party – including agreements for construction of retail infrastructure and wholesale service agreements – and certain portions of the Property on which Material Facilities are located require the consent of another party ("Required Consents") as a condition of LCRA's assignment of said agreements, conveyance of infrastructure that is subject to said Intangible Assets or Property portions, and Obligor's assumption of LCRA's rights and obligations under said Intangible Assets or Property portions. All Required Consents identified by LCRA after due inquiry are listed in Schedule 4 of Exhibit A. Beginning on the Effective Date, Obligor shall use

commercially reasonable efforts to obtain all Required Consents and keep LCRA informed of the status of same, including at a minimum providing a monthly status report in writing to LCRA. LCRA agrees to use commercially reasonable efforts to cooperate with, and assist, Obligor in obtaining the Required Consents; provided, however, that such cooperation and assistance will not require any third-party expenditures by LCRA. To the extent that any of Intangible Assets are not assignable or not transferable without a Required Consent, this Agreement shall not constitute an assignment or transfer of those contracts if such assignment or transfer would constitute a breach thereof or a violation of any law absent such Required Consent.

- A. In the event a Required Consent pertaining to a wholesale service agreement between LCRA and customer receiving service from the Assets is not obtained by the Operations Transfer Date, the parties agree to enter into an operations agreement for Buyer to operate all Assets necessary to enable LCRA to provide wholesale services to said non-consenting wholesale customer for the duration that LCRA remains responsible for providing such wholesale service. LCRA shall continue to provide wholesale service, including setting of rates to cover costs of service to the non-consenting wholesale customer, in accordance with the wholesale service agreement.
- B. In the event a Required Consent pertaining to infrastructure included with the Assets is not obtained by the Operations Transfer Date, this Agreement shall constitute a license from LCRA to Buyer for Buyer to possess and use said infrastructure subject otherwise to the terms of the agreement by which LCRA obtained rights in said infrastructure. Title to said infrastructure will not pass from LCRA to Buyer until the Required Consent is obtained.

Section 3.2 Required Approvals. Buyer shall use commercially reasonable efforts to obtain all Required Approvals as provided in Schedule 5 of Exhibit A ("Required Approvals"). Buyer shall keep LCRA informed of the status of obtaining the Required Approvals, including at a minimum providing a monthly status report in writing to LCRA. LCRA agrees to use commercially reasonable efforts to cooperate with, and assist, Buyer in obtaining the Required Approvals; provided, however, that such cooperation and assistance will not require any third-party expenditures by LCRA. LCRA shall have the right to review any filings made by Buyer with the TCEQ prior to the filing of same. The parties shall use their respective best efforts to obtain TCEQ approval for the transfer of Certificate of Convenience and Necessity No. 11670 as it pertains to the Assets (the "WTC CCN") to Buyer by the Operations Transfer Date. Notwithstanding the foregoing sentence, LCRA agrees that it shall not object to Buyer's assumption of operation of and rate-making authority for the Assets on the Operations Transfer Date in the event such Required Approval remains pending, except to the limited extent a Required Consent remains pending and would affect Buyer's assumption of rate-making authority. The parties agree and covenant that transfer of the WTC CCN shall not require, nor will such transfer include nor shall either party request, review by TCEQ of the Purchase Price or the LCRA Debt Obligations.

Article IV.

REPRESENTATIONS AND COVENANTS OF BUYER

Section 4.1 Authorization and Validity of Agreement. Buyer represents and warrants to LCRA that the following are true, accurate, and complete as of the Effective Date. The representations and warranties in this Article IV shall survive termination of this Agreement or Closing.

- A. each of the persons executing this Agreement on behalf of Buyer are duly authorized to do so;
- B. Buyer is a duly created Public Utility Agency pursuant to Chapter 572, Texas Local Government Code, and Buyer has full right and authority to enter into this Agreement and to consummate the transaction described in this Agreement;
- C. this Agreement constitutes the valid and legally binding obligation of Buyer and is enforceable against Buyer in accordance with its terms, subject to applicable law;
- D. neither the execution nor delivery of this Agreement nor the performance of Buyer's obligations under this Agreement violates, or will violate, any contract or agreement to which Buyer, or any member of Buyer, is a party or by which Buyer, or any member of Buyer, is otherwise bound; and
- E. there is no claim, action, suit, proceeding, investigation, inquiry, state or federal legislative action pending, or to the knowledge of Buyer, threatened, that would prevent Buyer from entering into or performing its obligations under this Agreement.

Section 4.2 Independent Decision. Buyer has conducted its own independent investigation of the Assets in making its determination as to the propriety of entering into this Agreement. Buyer has relied solely on the results of its own investigation and on the representations and warranties of LCRA provided in Article V below.

Section 4.3 Covenants of Buyer. In addition to other covenants expressly provided by Buyer in this Agreement, Buyer covenants as follows, all of which covenants shall survive until the termination of this Agreement upon the 2019 Closing Date:

(a) **Financial Ability.** Buyer shall have sufficient funds and financial ability to (i) pay the Purchase Price through the Installment Payments, when due, (ii) fund working capital to operate the Assets and provide adequate and reliable water and wastewater services to customers in compliance with contracts for service and local, state and federal regulations, and (iii) fund ongoing capital expenditures for required upgrading, renewals and replacements.

(b) **Rates.** Obligor agrees and covenants to timely increases in rates, as necessary, such that it has sufficient revenues to provide for the Installment Payments provided under this Agreement until all LCRA Debt Obligations are retired and this Agreement terminates.

(c) **Operational Ability.** By the Operations Transfer Date, Obligor shall have the employees or contracts with an operating company with experience and licenses necessary to operate the Assets in a manner to provide continuous, adequate and reliable water and wastewater services in compliance with all federal, state and local regulations. Obligor will consider hiring available and qualified LCRA employees having knowledge of and experience in operating and managing the Assets.

(d) **Warranty to Operate and Maintain.** Obligor shall operate and maintain the Assets at Obligor's expense, in accordance with TCEQ regulations and normal utility practices during the term of this Agreement consistent with level of operations described in Exhibit C. LCRA has the right to inspect the Assets to ensure compliance with TCEQ regulations until all LCRA Debt Obligations are retired.

(e) **Insurance.** Obligor shall maintain an appropriate amount of casualty insurance – to cover property damage, personal injury and wrongful death – and pollution liability insurance at all times with LCRA named as an additional insured until all LCRA Debt Obligations are retired and this Agreement terminates. LCRA will have right of mandamus to enforce this covenant.

(f) **Hazardous Substances.** Buyer agrees and covenants to LCRA not to create or permit a nuisance or store, use, manufacture or dispose of Hazardous Substances in, on or under the Property except: (i) in strict compliance with federal, state and local regulations and any necessary regulatory permits therefor; and, only to the extent reasonably necessary for potable water and treated wastewater services from the Utilities.

(g) **Prohibition on Buyer Conveying Interests in Property.** Buyer agrees and covenants to LCRA not to transfer, hypothecate or otherwise encumber either Buyer's or LCRA's rights in this Agreement or Buyer's or LCRA's rights in the Assets; provided, however, the parties expressly recognize and agree that the Obligor shall have the right (and the limitations expressed in this section shall not be construed to limit or interfere with the Obligor's right) to transfer, hypothecate and otherwise encumber (i) the Assets comprising the distribution and collection systems (upon the transfer of legal title to such systems to the Buyer) or (ii), subject only to the priorities expressed in this Agreement, the revenues derived from (A) the interests of the Obligor in the Assets (as and when such interests arise) or (B) the Obligor's rights under this Agreement.

Article V.

REPRESENTATIONS AND COVENANTS OF LCRA AND RELATED AGREEMENTS BY OBLIGOR

Section 5.1 Authority and Validity of Agreement.

LCRA represents and warrants to Buyer that the following are true, accurate, and complete as of the Effective Date. The representations and warranties within this Section 5.1 shall survive the termination of this Agreement or Closing.

- A. Each of the persons executing this Agreement on behalf of LCRA is duly authorized to do so;
- B. LCRA has full right and authority to enter this Agreement and to consummate the transaction described in this Agreement;
- C. This Agreement constitutes the valid and legally binding obligation of LCRA, and is enforceable against LCRA in accordance with its terms, subject to applicable law, and will not contravene any other agreement to which LCRA is a party;
- D. There is no claim, action, suit, proceeding, investigation, inquiry or state or federal legislative action pending which would prevent LCRA entering into or performing its obligations under this Agreement except as disclosed on **Exhibit D**;
- E. LCRA has no knowledge that any Material Facilities are located outside either the Property or dedicated public utility easements or rights-of-way appropriate for same except as disclosed on **Exhibit E**; and LCRA shall use good faith efforts and cooperate with Buyer in a timely manner to assist in the correction of any title, easement or right-of-way issues that may arise during the course of Buyer's operation and ownership of the Assets, provided such assistance is provided at no cost to LCRA other than the use of LCRA employee staff time; the parties acknowledge and agree that the Required Consents are not exhaustive with regard to consents or approvals, if any, relating to portions of the Property on which Facilities other than Material Facilities are located; and;
- F. To the best of LCRA's knowledge, the Assets are not subject to any materialman's liens, debts, or claims by or through LCRA filed in the public records of Travis or Hays County Texas or claims by or through LCRA filed in any legal or administrative tribunals.

Section 5.2 LCRA Covenants to Buyer. In addition to LCRA's and Buyer's other agreements and undertakings hereunder, LCRA hereby represents, warrants and covenants to Buyer that:

- A. **Notices Received.** LCRA, at its sole cost and expense, will promptly deliver to Buyer copies of any of the following received by LCRA after the Effective Date: (i) written notices alleging the occurrence of any default or alleged default under any of the contracts included in the Assets; (ii) written violations or alleged violations of any law, regulation, order, or other requirement of any governmental authority having jurisdiction over the Assets, including a proposed compliance order; or, (iii) tort claims filed in court relating to LCRA's ownership or operation of the Assets.
- B. **Completeness.** Except for Excluded Assets, the Assets comprise all of the property and assets of the Utilities as currently used in or necessary for the operation of the Utilities.
- C. **"As Is," Claims, Liens and Encumbrances.** Except for manufacturer's and contractor's warranties as otherwise expressly provided in this Agreement, the Assets shall be

transferred AS-IS and with no representations or warranties other than special warranty of title as provided herein.

- D. Required Approvals.** Exhibit A, Schedules 4 and 5, list all material Required Approvals and Required Consents known to LCRA. Other than the Required Approvals, LCRA has no knowledge of any approvals needed for LCRA to transfer the Assets to Buyer on Closing Dates as contemplated herein.
- E. Absence of Certain Changes, Events and Conditions.** Between the Effective Date and the Operations Transfer Date, and other than in the ordinary course of business consistent with past practice or the purchase of Planned Improvements, Required Improvement or Emergency Improvements, LCRA represents and warrants that it will not:
- (i) transfer, assign, sell or otherwise dispose of any of the Assets shown or reflected on Schedules 1-A and 1-B of Exhibit A except for deletion of any items no longer owned by LCRA as a result of normal operation and maintenance of the Assets and addition of items purchased by LCRA as a result of normal operation and maintenance of the Assets in amounts totaling more than \$10,000 unless otherwise approved in writing by Buyer;
 - (ii) amend, terminate or waive any claims or rights included in the Intangible Assets except with Buyer's written consent;
 - (iii) enter into any new, or amendments or modifications to any existing, contracts for any wholesale services or developer reimbursements that represent new or increased levels of water or wastewater service commitments from, or provide for third party operations of, the Assets without the Obligor's written consent;
 - (iv) damage, destroy, or materially interrupt the use of the Assets resulting in a loss of Fifty Thousand Dollars (\$50,000.00) or more, whether or not covered by insurance, with written notice to and approval by Buyer; or,
 - (v) purchase, lease or otherwise acquire the right to own, use or lease any property or assets in connection with the Utilities for an amount in excess of Fifteen Thousand Dollars (\$15,000.00), individually (in the case of a lease, per annum) or Fifty Thousand Dollars (\$50,000.00) in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), unless LCRA has obtained Buyer's written approval for same, which approval shall be deemed effective in the event Buyer has not provided approval or comment within five (5) business days.
- F. Contracts and Required Consents.** To LCRA's knowledge, the Required Consents listed in Exhibit A, Schedule 4 list each contract related to the Assets that grants any person or party a right to consent to the assignment of any of the Assets. In addition, LCRA has made available to Buyer as part of the Review Documents:
- (i) all contracts involving aggregate consideration in excess of \$25,000 and that, in each case, cannot be cancelled without penalty or without more than 90 days'

notice; and,

- (ii) all contracts that require LCRA to purchase or sell a stated portion of the requirements or outputs of the Utilities or that contain "take or pay" provisions.

LCRA has disclosed in Exhibit D, or agrees to disclose to Buyer promptly after filing, any allegation against LCRA of breach of or default under any contract included in the Assets that is filed in a legal or administrative tribunal.

- G. **Insurance.** Exhibit D sets forth with respect to the Utilities or the Assets, a list of all pending claims against LCRA since January 1, 2008. Except as set forth on Exhibit D, there are no claims related to the Utilities or the Assets pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights.
- H. **Legal Proceedings; Governmental Orders.** Except as set forth in Exhibit D, there are no actions in a legal or administrative tribunal pending against or by LCRA (a) relating to or affecting the Utilities or the Assets; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. In addition, LCRA agrees to disclose to Buyer promptly after filing any action brought against LCRA and filed in a legal or administrative tribunal relating to or affecting the Utilities or Assets. Except as set forth in Exhibit D, there are no outstanding governmental orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the Utilities.
- I. **Compliance With Laws; Permits.** To LCRA's knowledge, LCRA has complied, and is now complying, with all laws applicable to the conduct of the Utilities as currently conducted or the ownership and use of the Assets. LCRA has disclosed any allegations of non-compliance filed with a legal or administrative tribunal and currently pending in Exhibit D or Exhibit E. All permits required for LCRA to conduct the business of the Utilities as currently conducted or for the ownership and use of the Assets have been obtained by LCRA and are valid and in full force and effect and have been made available with the Review Documents. To LCRA's knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any such permit.
- J. **Employment Matters.** LCRA does not have any multi-employer benefit plans. To LCRA's knowledge, LCRA has withheld wages all remitted to the U. S. Treasury all federally mandated taxes for all persons classified by LCRA as employees and included on LCRA's FICA rolls. To the best of its knowledge, LCRA has no person classified as an independent contractor whom the IRS would deem to be an employee.
- K. **Limitations on Additional Debt.** Provided that Obligor assumes operation of the Assets by the Operations Transfer Date, and except as otherwise expressly provided in this Agreement, LCRA agrees that the LCRA Debt Obligations shown in Schedule A and as updated and defined in this Agreement constitute all and the total sum of all of LCRA's outstanding LCRA Debt Obligations for the Assets and LCRA further agrees that Obligor's Debt Service Payments and Equity Payments shall only be based on the debt

obligations as shown in Schedule A and in accordance with Schedule B as may be updated as provided herein.

- L. **Disclaimer.** IT IS THE EXPLICIT INTENT OF LCRA AND BUYER, AND LCRA AND BUYER HEREBY AGREE, THAT NEITHER LCRA, NOR ANY OF ITS AFFILIATES OR REPRESENTATIVES, HAS MADE OR IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING ANY IMPLIED REPRESENTATION OR WARRANTY AS TO THE CONDITION, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS OF THE ASSETS FOR ANY PARTICULAR PURPOSE EXCEPT THOSE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT.

BUYER ACKNOWLEDGES AND AGREES THAT EXCEPT FOR A SPECIAL WARRANTY OF TITLE TO THE PROPERTY ON WHICH MATERIAL FACILITIES ARE LOCATED AS DESCRIBED AND PROVIDED IN THIS AGREEMENT, AT CLOSING BUYER IS ACCEPTING THE ASSETS IN THEIR "AS-IS, WHERE-IS" CONDITION "WITH ALL FAULTS" AND DEFECTS IN EXISTENCE AS OF THE CLOSING AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS, OR GUARANTEES, EITHER EXPRESS OR IMPLIED, AS TO THEIR CONDITION, VALUE, QUALITY, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, OR ANY OTHER WARRANTY OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF LCRA. THE FOREGOING DISCLAIMER DOES NOT APPLY TO THIRD-PARTY WARRANTIES RELATED TO THE ASSETS TO THE EXTENT SAME ARE ASSIGNABLE AND ARE ASSIGNED. BUYER ASSUMES ALL RESPONSIBILITY FOR THE PHYSICAL AND ENVIRONMENTAL CONDITIONS OF THE PROPERTY AND ANY DAMAGES CAUSED BY OR ARISING FROM THE CONDITIONS ON THE PROPERTY UPON TRANSFER OF TITLE. BUYER AGREES TO ADDRESS ANY ENVIRONMENTAL SITE CONDITIONS AS REQUIRED BY LAW. Any instruments of transfer for the System Assets will reference this Agreement by Buyer.

Article VI.

MAINTENANCE AND CASUALTY PRIOR TO OPERATIONS TRANSFER DATE

Section 6.1 Operation of Assets by LCRA Pending Operations Transfer. The parties agree that between the Effective Date and the Operations Transfer Date, LCRA may, and it shall operate the Assets substantially in accordance with its past practices and procedures, substantially in compliance with local, state and federal regulations and in a manner generally consistent with accepted industry standards and in compliance with any existing agreements included in the Intangible Assets, subject to any approval rights of Buyer provided in this Agreement.

Section 6.2 Capital Projects and Repairs by LCRA Pending Operations Transfer. The parties agree that between the Effective Date and the Operations Transfer Date: (i) LCRA may design, engineer or construct any Planned Improvements, any Required Improvements or any Emergency Improvements and the costs of same will be an adjustment to the Purchase Price as provided in Section 1.4; and, (ii) otherwise, LCRA will not design, engineer or construct any changes to the Facilities without the prior express written consent of Buyer. Any contracts related to construction of Planned Improvements, Required Improvements or Emergency

Improvements that remain in effect on the Operations Transfer Date will be assigned by LCRA to Buyer.

Section 6.3 Planned Improvements, Required Improvements and Emergency Improvements Designed or Constructed Prior to Operations Transfer. LCRA will provide Buyer with a written report monthly after the Effective Date describing the status of the plans for, or design or construction of, any Planned Improvements, Required Improvements or Emergency Improvements, including the estimated cost and cost-to-date thereof. Within five (5) days prior to the Operations Transfer Date, LCRA shall provide Buyer with a final report regarding same including the costs to be added to the Purchase Price as provided by Section 1.4.

Section 6.4 Casualty. In the event the Assets or any part thereof should be damaged by any casualty prior to the Operations Transfer Date, LCRA shall pay to Buyer, on the Operations Transfer Date, any funds actually received by LCRA as insurance proceeds relating to such casualty (the "Insurance Proceeds") for repair or replacement of the damaged property by LCRA as insurance proceeds relating to such casualty, and operations shall be transferred without LCRA repairing any such damage. Buyer acknowledges and agrees, however, that LCRA is self-insured for casualty events that result in damages of amounts less than One Hundred Thousand Dollars (\$100,000.00). LCRA shall apply insurance proceeds received, if any, in replacement of the damaged property to such repair or replacement. If the cost of such repair or replacement is not covered by third-party Insurance Proceeds or is less than \$100,000.00, and otherwise constitutes an Emergency Improvement, then the parties agree the cost of such repair shall be included in the Purchase Price as provided in Section 1.4. Buyer shall remain entitled, regardless, to receive on the Operations Transfer Date any surplus insurance proceeds remaining after LCRA's repair or replacement of the Assets. LCRA shall diligently pursue claims for Insurance Proceeds and pay Buyer any Insurance Proceeds collected promptly following collection in respect of casualty events occurring prior to the Operations Transfer Date for which funds have not been received as of the Operations Transfer Date.

Section 6.5 Raw Water Curtailment Plan. LCRA shall provide for Buyer's review and comment any "pro-rata curtailment plan" developed by LCRA pursuant to LCRA's rules and policies regarding raw water contracts for the Assets prior to its submission in final form on the deadline set by LCRA for its raw water customers in February 2012. LCRA shall provide to Buyer for review not later than February 7, 2012. Buyer agrees to review and provide any comments on said "pro-rata curtailment plan" prior to or on February 11, 2012. The parties will cooperate in good faith to complete said plan for submittal not later than February 14, 2012.

Article VII.

OPERATIONS TRANSFER

Section 7.1 Operations and Funds Transfer. Buyer shall assume operation and rate-making authority for the Assets on the Operations Transfer Date, which the Parties agree shall be March 19, 2012 (unless otherwise delayed by mutual written agreement of the parties but in no event later than November 1, 2012), subject to the Required Consents and shall provide such operations and managerial services to LCRA for all Assets to which LCRA retains title or

interest. Operations to be assumed and provided by Buyer by or on the Operations Transfer Date shall include, but not be limited to, those operations described in Exhibit C attached hereto. Contingent upon Buyer's assumption of operation of the Assets, LCRA will transfer to Buyer on the Operations Transfer Date: (a) remaining Operational Reserve Funds in cash; (b) unused Impact Fee Funds in cash; (c) other Intangible Assets for which the Required Consents have been obtained; and (d) Personalty. LCRA and Buyer shall cooperate in the provision of notice to customers served by the Assets of the Operations Transfer and work together to minimize any impact to such customers. LCRA shall not charge customers of the Assets any fees for transfer of services provided from the Assets resulting from the transfer of the Assets by LCRA to Obligor pursuant to this Agreement.

Section 7.2 Utilities Rates Pending Operations Transfer Date. LCRA agrees to continue to collect rates that are currently in effect for the Utilities (which rates were the "second step" of rate increases approved by the LCRA Board of Directors in August 2007) until March 31, 2012. Buyer acknowledges and agrees that LCRA may implement for the Utilities rates approved as the "third step" of increases (which third step increases were to take effect October 1, 2009) by the LCRA Board in August 2007 (but without a "clawback" surcharge or recovery from system customers for the time period prior to March 31, 2012) if Obligor fails to take over operations and ratemaking control of assets by March 30, 2012, until the Operations Transfer Date occurs.

Section 7.3 Buyer's Rights of Possession and Assumption of Liabilities. Upon and after the Operations Transfer Date, and subject to the Required Consents, Buyer shall have the right to possess the Assets, including the Property, and to use the Assets and Property for potable water and treated wastewater services in accordance with this Agreement to retail and wholesale customers served by the System Assets. In accordance with such right of possession, Buyer shall have all of the rights necessary to operate, control, use, replace, repair and expand the Assets as needed for the provision of retail and wholesale water and wastewater services to the public. Any capital expansions of the Facilities increasing the Facilities' capacity paid for by the Buyer after the Operations Transfer Date shall be wholly owned by Buyer and may be located on the Property. LCRA agrees not to interfere with Buyer's right of possession of the Assets, including the Property, as long as Buyer timely performs Buyer's obligations under this Agreement. Buyer by written instrument will assume on the Operations Transfer Date all liabilities related to the Assets with the exception of any liability arising out of the Intangible Assets that is expressly excluded from the Intangible Assets under this Agreement. **BY THIS INSTRUMENT, BUYER WILL AGREE TO INDEMNIFY, HOLD HARMLESS AND DEFEND LCRA IN ACCORDANCE WITH SECTION 10.2 OF THIS AGREEMENT.**

Section 7.4 Prohibition on LCRA Conveying Interests in Property. During the term of this Agreement, LCRA agrees and covenants to Buyer not to transfer LCRA's rights in this Agreement or LCRA's rights in the Property under this Agreement or to create any lien on LCRA's rights in the Property under this Agreement as long as Buyer timely performs Buyer's obligations under this Agreement.

Section 7.5 Raw Water Supply. LCRA shall continue the reservation and supply of raw water for the Assets and for Obligor's purchase of such raw water under the terms and conditions of LCRA's current LCRA Board Resolution until such time as LCRA and Obligor

execute a new Raw Water Contract which shall be on LCRA's current standard form and for a term of not less than forty (40) years on the Effective Date or prior to March 30, 2012 ("New Raw Water Contract"). Obligor agrees to submit an application for the New Raw Water Contract within ten (10) days of the Effective Date and to execute the New Raw Water Contract within five (5) days of LCRA approval of the New Raw Water Contract, upon which execution the New Raw Water Contract will be incorporated herein for all purposes and will be a material part of this Agreement. The New Raw Water Contract may not be terminated by Obligor during the term of this Agreement.

Article VIII.

CLOSING DATES

Section 8.1 Closing Dates. Closings will be held on Closing Dates as provided in this Agreement as follows: not later than November 1, 2012; not later than May 1, 2014; on May 1, 2015; and, on May 1, 2019.

Section 8.2 Time and Place of Closing. Closings shall be held at 10:00 a.m., local time on each respective Closing Date, at the offices of LCRA, 3700 Lake Austin Blvd. Austin, Texas 78703 or at such other time and place as may be agreed between the Parties. All matters to take place at each respective Closing, including delivery of title to Assets or capacity interests therein as provided in this Agreement, shall take place simultaneously.

Section 8.3 LCRA Delivery. On each Closing Date, LCRA shall deliver or cause to be delivered to Buyer, at LCRA's sole cost and expense, each of the following items:

- A. A duly executed and acknowledged Special Warranty Deed conveying LCRA's interest in portions of the Property consisting of fee simple Property, and an assignment for portions of the Property that are not held in fee simple by LCRA, consistent with the provisions of this Agreement regarding transfers of portions of the Assets on each respective Closing Date.
- B. A Bill of Sale and Assignment executed by Buyer and LCRA transferring and assigning to Buyer LCRA's interest in the Facilities and the Intangible Assets, consistent with the provisions of this Agreement regarding transfers of portions of the Facilities and Intangible Assets on each respective Closing Date. Each Bill of Sale and Assignment shall provide for Buyer's assumption of LCRA's obligations and liabilities under or related to the Facilities or Intangible Assets assigned thereby and, unless waived by LCRA, a full and complete release of LCRA from any further obligations and liabilities under the assigned Facilities and Intangible Assets.
- C. On the Operations Transfer Date and at each Closing, LCRA shall provide to Buyer the LCRA Closing Certificate (so called herein) which shall certify, represent, and warrant to Buyer, as of each Closing Date, that: (a) each and every of the covenants contained in this Agreement has been fully satisfied; and, (b) each and every of the representations and warranties contained in this Agreement is and continues to be true and correct on the Operations Transfer Date or date of Closing (as applicable), provided, should an event

occurring during the pendency of this Agreement make any of such representations and warranties not correct on the Operations Transfer Date or Closing Date (as applicable), such noncompliance shall be indicated and described on the LCRA Closing Certificate. In addition, LCRA will provide to Buyer a certified copy of the previously adopted Board resolution determining that the Assets are no longer necessary, convenient or of beneficial use to the business of LCRA. In addition, the LCRA Closing Certificate provided on the Operations Transfer Date shall certify compliance with the provisions of Section 6.1 of this Agreement.

- D. An opinion letter of LCRA's counsel substantially in the form attached hereto as **Exhibit F**.
- E. Any other additional documents and instruments as in the mutual opinion of Buyer's counsel and LCRA's counsel are reasonably necessary to the proper consummation of this transaction.
- F. All combinations and/or keys to all locks related to the Assets.
- G. To the extent reasonably available, the originals of all matters agreed to be transferred to Buyer at Closing, unless LCRA is otherwise required by law (including but not limited to Texas Local Government Code Chapter 201) to retain said originals, in which event LCRA will deliver copies to Buyer.

Section 8.4 Buyer Delivery. At the Closing, Buyer shall deliver to LCRA the following items:

- A. Buyer shall provide to LCRA a Buyer's Closing Certificate executed by an authorized representative of Buyer that shall certify, represent and warrant to LCRA, as of each respective Closing Date, that: (a) each and every of the covenants contained in this Agreement has been fully satisfied; (b) each and every of the representations and warranties contained in this Agreement is and continues to be true and correct on the Closing Date, provided, should an event occurring during the pendency of this Agreement make any of such representations and warranties not correct on the date of Closing, such noncompliance shall be indicated and described on the Buyer's Closing Certificate; and, (c) unless waived by both LCRA and Buyer, all of the Required Approvals have been obtained. The obligation of the LCRA to close this transaction is expressly conditioned upon the representations and warranties contained on Article V hereof being true and correct on the date of Closing.
- B. The Purchase Price, in good funds, consistent with the provisions of this Agreement regarding each respective Closing Date and as provided in **Schedule B**, as supplemented.
- C. An opinion letter of Buyer's counsel substantially in the form attached hereto as **Exhibit G**.
- D. Such evidence or documents as may reasonably be required by the LCRA evidencing the capacity of Buyer to close the transaction and the authority of the person or persons who

are executing the various documents on behalf of Buyer in connection with the sale of the Assets.

- E. Any other additional documents or instruments as in the mutual opinion of Buyer's counsel and LCRA's counsel are reasonably necessary to the proper consummation of this transaction.

Section 8.5 Customer Deposits. LCRA will return retail customer deposits to customers within a commercially reasonable time after the Operations Transfer Date. Buyer agrees that it will be responsible for obtaining deposits from customers after Closing.

Section 8.6 Accounts Receivable and Accounts Payable. LCRA will read customer meters as close as commercially feasible to the Operations Transfer Date ("Final Reading") but not more than three business days after the Operations Transfer Date. LCRA will provide the Final Reading to Buyer. LCRA shall continue to bill customers and shall be entitled to receive the associated revenue, including any past due amounts, based on service meter readings up to and including the Final Reading. Buyer shall bill customers and shall receive the associated revenue based on meter readings after the Final Reading. Accounts Receivable related to the Assets shall be collected by and owing to LCRA for services provided prior to the Operations Transfer Date and shall be collected by and owing to Buyer for services provided on and after the Operations Transfer Date, subject to the Required Consents. For any accounts payable associated with the Assets, LCRA shall pay expenses accruing prior to the Operations Transfer Date and Buyer shall pay expenses accruing on and after the Operations Transfer Date. Each Party shall cooperate and work together in good faith to effectuate the provisions of this Section and any funds collected by either Party due and owing to the other under this Section shall be promptly remitted by the collecting Party to the other, and in no event later than thirty (30) calendar days of such collection.

Section 8.7 Costs and Expenses. Unless expressly provided herein that LCRA shall pay certain costs and expenses, all costs and expenses in connection with the transaction contemplated by this Agreement shall be borne by Buyer.

Section 8.8 Additional Deliveries at Closing. At Closing, Buyer shall deliver to LCRA a document or documents terminating LCRA's obligations under or with reference to any Assets transferred to Buyer, and including a full release and discharge of LCRA with respect thereto. **BY THIS DOCUMENT, BUYER WILL AGREE TO INDEMNIFY, HOLD HARMLESS AND DEFEND LCRA IN ACCORDANCE WITH SECTION 10.2 OF THIS AGREEMENT.**

Section 8.9 Redemption Payment and Related Closing. This Agreement is redeemable by Obligor at any time after May 1, 2012, with sixty (60) calendar days written notice to LCRA at a price equivalent to the then-outstanding LCRA Debt Obligations plus any defeasance costs related to defeasance of the LCRA Debt Obligations on the proposed date of redemption ("Redemption Payment"). In the event Obligor exercises such redemption, the parties shall conduct a Closing at which LCRA conveys to Obligor all of its remaining interests in the Assets subject to the requirements for such a Closing provided in this Agreement.

Article IX.

DEFAULT AND REMEDIES

Section 9.1 Default and Cure. Obligor must cure any default in payment within ten (10) business days of the receipt of written notice of non-payment of the Equity Payment or Debt Service Payment.

Section 9.2 LCRA Remedies Through Arbitration and Courts. If Obligor fails to cure within ten (10) business days of its receipt of written notice, LCRA, in its sole discretion, shall have the right to: (a) use Debt Service Reserves to make any necessary debt service payments and, if necessary, issue more debt to make payments on LCRA Debt Obligations and replenish Debt Service Reserves, which additional debt will be incorporated into Schedules A and B accordingly; (b) institute an expedited binding arbitration the Arbitration Procedures specified in Exhibit H and, if necessary, enforce any arbitration order or award through legal action in a court of appropriate jurisdiction; (c) institute legal action in a court of appropriate jurisdiction to seek mandamus relief, specific performance and/or equitable relief to obtain timely increases in rates such that the Obligor has sufficient revenues to provide for the Debt Service Payments and Equity Payments; and/or, (d) institute legal action in a court of appropriate jurisdiction to enforce this Agreement as a contract for goods and services in accordance with Chapter 271, Texas Local Government Code. **OBLIGOR AND LCRA AGREE THAT THIS AGREEMENT CONSTITUTES AN AGREEMENT FOR PROVIDING GOODS AND SERVICES (including, but not limited to: goods such as inventory, equipment, vehicles and other goods; and, services such as raw water supply services for the Assets) BETWEEN OBLIGOR AND LCRA AND IS SUBJECT TO THE PROVISIONS OF THE SUBCHAPTER I OF CHAPTER 271, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, AND ANY SUCCESSOR STATUTE(S). IN ACCORDANCE WITH SECTIONS 271.152 AND 271.153 THEREOF, OBLIGOR HEREBY WAIVES ANY CONSTITUTIONAL, STATUTORY OR COMMON LAW RIGHT TO GOVERNMENTAL IMMUNITY FROM LIABILITY OR SUIT AND EXPRESSLY CONSENTS TO BE SUED AND LIABLE AS DESCRIBED HEREIN, BUT ONLY AS TO LCRA AND THIS AGREEMENT AND ONLY TO THE EXTENT AUTHORIZED BY PROVISIONS OF SUBCHAPTER I OF CHAPTER 271, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, AND ANY SUCCESSOR STATUTE(S). OBLIGOR AND LCRA, BY EXECUTION OF THIS AGREEMENT, EVIDENCE THEIR INTENT AND PURPOSE THAT THIS AGREEMENT BE BINDING AND ENFORCEABLE IN ALL RESPECTS.**

Section 9.3 LCRA Remedy for Default by Obligor on Date of First Equity Payment; Limitations on Same. In the event of default by Obligor in failing to pay the 2012 Equity Payment, due not later than November 1, 2012, or in the event the Operations Transfer Date has not occurred by November 1, 2012, and after completion of expedited arbitration or state court proceeding confirming existence of either of the two defaults specified in this sentence, LCRA in its sole discretion may reclaim possession of, and dominion and control over, the Assets (and possession and control of, but not title to, any improvements, extensions, repairs or replacements thereof owned by Obligor) and remove Obligor from same and assume rate-making authority for the Utilities. Obligor agrees that, in this event, this Agreement shall

constitute an agreement regarding service areas between two retail public utilities consistent with Section 13.248, Texas Water Code ("13.248 Agreement"), and that LCRA may file this Agreement along with the arbitration award or court order confirming the default with TCEQ and seek approval of same for transfer of the WTC CCN to LCRA, to which transfer Obligor shall not object after arbitration award or court order confirming the default. Upon TCEQ's approval of the transfer of the WTC CCN to LCRA, this Agreement shall terminate automatically, without notice by or to any other party, for all purposes other than to serve as the 13.248 Agreement. LCRA agrees that the remedy provided in this Section shall be waived by LCRA, will no longer be available to LCRA, and will otherwise automatically terminate upon timely payment of the 2012 Equity Payment and completion of the Operations Transfer Date by or on November 1, 2012.

Section 9.4 LCRA Remedy to Assume Wholesale Operations; Limitations on Same. In the event of default by Obligor in failing to pay the 2013/2014 Equity Payment, due not later than May 1, 2014, and after completion of expedited arbitration or state court proceeding confirming existence of such default, LCRA in its sole discretion may reclaim possession of, and dominion and control over, the Central Facilities (and possession and control of, but not title to, any improvements, extensions, repairs or replacements thereof owned by Obligor) for the purpose of operating same, in which event, LCRA shall provide wholesale service to Obligor through master meters approximately at Plant boundaries. In the event that such a default occurs and is confirmed, as herein provided, wholesale services will be provided by LCRA on terms substantially similar to the wholesale potable water services agreement between LCRA, City of Leander and Brazos River Authority dated March 2, 1998, provided that: (1) LCRA shall give appropriate credit in future ratemaking or budget-setting proceedings for any Debt Service or Equity Payments previously made by Obligor and for any equitable or legal interests of Obligor in the Central Facilities; (2) LCRA may contract with a third party for operations of the Central Facilities; and, (3) Obligor agrees not to appeal or otherwise contest wholesale rates set by LCRA in such event of default that generate operating revenues comparable to the Step 3 rates proposed to be effective October 1, 2009, for the Utilities by LCRA Board action approved in August 2007. LCRA agrees that the remedy provided in this Section shall be waived by LCRA, will no longer be available to LCRA, and will otherwise automatically terminate upon timely payment of the 2013/2014 Equity Payment by or on May 1, 2014.

Section 9.5 LCRA Remedies Cumulative. The remedies provided to LCRA in Sections 9.2 – 9.4 of this Agreement are SEPARATE FROM, AND CUMULATIVE OF, ANY OTHER REMEDIES, AT LAW OR IN EQUITY, TO WHICH LCRA MAY BE ENTITLED IN THE EVENT OF DEFAULT BY BUYER OF ITS OBLIGATIONS PROVIDED IN THIS AGREEMENT, and Buyer hereby specifically affirms all of such remedies and the rights related thereto.

Section 9.6 Buyer's Remedies. In the event of default by LCRA under this Agreement, Buyer, in its sole discretion, shall have the right to: (a) institute an expedited binding arbitration under procedures provided in the Agreement and, if necessary, enforce any arbitration order or award through legal action in a court of appropriate jurisdiction; (b) institute legal action in a court of appropriate jurisdiction to seek mandamus relief, specific performance and/or equitable relief to enforce the provisions of this Agreement; and/or, (c) institute legal action in a court of appropriate jurisdiction to enforce this Agreement as a contract for goods and

services in accordance with Chapter 271, Texas Local Government Code. **OBLIGOR AND LCRA AGREE THAT THIS AGREEMENT CONSTITUTES AN AGREEMENT FOR PROVIDING GOODS AND SERVICES** (including, but not limited to: goods such as inventory, equipment, vehicles and other goods; and, services such as raw water supply services for the Assets) **BETWEEN OBLIGOR AND LCRA AND IS SUBJECT TO THE PROVISIONS OF SUBCHAPTER I OF CHAPTER 271, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, AND ANY SUCCESSOR STATUTE(S). IN ACCORDANCE WITH SECTIONS 271.152 AND 271.153 THEREOF, LCRA HEREBY WAIVES ANY CONSTITUTIONAL, STATUTORY OR COMMON LAW RIGHT TO GOVERNMENTAL IMMUNITY FROM LIABILITY OR SUIT AND EXPRESSLY CONSENTS TO BE SUED AND LIABLE AS DESCRIBED HEREIN, BUT ONLY AS TO OBLIGOR AND THIS AGREEMENT AND ONLY TO THE EXTENT AUTHORIZED BY PROVISIONS OF SUBCHAPTER I OF CHAPTER 271, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, AND ANY SUCCESSOR STATUTE(S). OBLIGOR AND LCRA, BY EXECUTION OF THIS AGREEMENT, EVIDENCE THEIR INTENT AND PURPOSE THAT THIS AGREEMENT BE BINDING AND ENFORCEABLE IN ALL RESPECTS.**

Section 9.7 Termination Not a Remedy After 2012 Equity Payment. After timely payment of the 2012 Equity Payment on or by November 1, 2012, neither party may terminate this Agreement as a remedy for default.

Section 9.8 Notice of Default and Opportunity to Cure. If either Buyer or LCRA at any time alleges that the other is in default under this Agreement, before exercising any remedy as a result of such default, the party alleging the default shall first provide written notice to the party alleged to be in default specifying the nature of the default and provide the allegedly defaulting party thirty (30) days opportunity to cure the default, unless a shorter period is provided elsewhere in this Agreement for a specific default. Any such cured default shall no longer be a default.

Article X.

HOLD HARMLESS AND RELEASE; CLAIMS

Section 10.1 Claims. In this Article X, the term "Claims" means any causes of action; judgments; civil, administrative or investigative actions or proceedings whether based on contract law, tort law or federal, state, or local environmental laws that result in regulatory fines, regulatory assessments, regulatory penalties, judgments, damages or expenses. Claims include, but are not limited to, claims for contribution or cost recovery under federal, state, or local environmental laws or fines or penalties assessed by administrative agencies with jurisdiction over operations and maintenance of the Assets. Claims also include, but are not limited to, administrative fines, penalties, or monetary judgments related to service rates set for the Assets (including orders for refund of Impact Fees issued by a court of competent jurisdiction in accordance with Chapter 395 of the Texas Local Government Code). Claims also include, but are not limited to any Claims directly or indirectly arising out of or in any way relating to any one or more of the following:

(a) any presence of any Hazardous Substances in, on, above, or under the Property in violation of or required to be remediated under any applicable environmental laws;

(b) any release of Hazardous Substances in, on, above, under or from the Property in violation of or required to be remediated under any applicable environmental laws;

(c) any activity by Buyer, any Person affiliated with Buyer, and any tenant or other user of the Property in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other release, generation, production, manufacturing, processing, control, management, abatement, removal, handling, transfer or transportation to, from or on the Property of any Hazardous Substances at any time located in, under, on or above the Property in violation of or required to be remediated under any applicable environmental laws;

(d) any activity by Buyer, any Person affiliated with Buyer, and any tenant or other user of the Property in connection with any actual or proposed remediation of any Hazardous Substances required or necessitated by applicable environmental laws at any time located in, under, on or above the Property, including but not limited to any removal, remedial or corrective action;

(e) any past, present, future or threatened non-compliance with or violations of any environmental laws (or permits issued pursuant to any environmental law) in connection with the Property or operations thereon, including but not limited to any failure by Buyer, any Person affiliated with Buyer and any tenant or other user of the Property to comply with any order of any governmental authority in connection with any environmental laws;

(f) the imposition, recording or filing or the threatened imposition, recording or filing of any environmental lien under applicable environmental laws or regulations encumbering the Property;

(g) any administrative processes or proceedings or judicial proceedings in any way connected with any environmental regulatory matter relating to the Property addressed in this Agreement;

(h) any acts of Buyer, any Person affiliated with Buyer, and any tenant or other user of the Property in arranging for disposal, storage or treatment, or arranging with a transporter for transport for disposal, storage or treatment, of Hazardous Substances at any facility in violation of any environmental law or regulation;

(i) any acts of Buyer, any Person affiliated with Buyer, and any tenant or other user of the Property in accepting any Hazardous Substances for transport to disposal or treatment facilities from which there is a release, or a threatened release of any Hazardous Substance in violation of any applicable environmental law or regulation which causes the incurrence of costs for remediation or other response action or damages; and,

(k) any personal injury, wrongful death, or property or other damage, including damage to natural resources, arising under any statutory or common law or tort law theory with respect to any Hazardous Substances or environmental conditions, including but not limited to damages assessed for private or public nuisance or for the conducting of an abnormally dangerous activity on or near the Property.

Section 10.2 INDEMNIFICATION AND RELEASE.

LCRA HEREBY COVENANTS AND AGREES, TO THE FULLEST EXTENT ALLOWED BY TEXAS LAW, AT ITS SOLE COST AND EXPENSE, TO INDEMNIFY

AND HOLD BUYER HARMLESS FROM AND AGAINST, AND TO RELEASE ANY "CLAIMS" ASSERTED AGAINST BUYER ARISING FROM LCRA'S OWNERSHIP OR OPERATION OF THE ASSETS PRIOR TO THE OPERATIONS TRANSFER DATE AND ALSO ASSERTED AGAINST LCRA PRIOR TO THE OPERATIONS TRANSFER DATE, BUT NOT TO THE EXTENT SUCH CLAIMS ARISE FROM THE NEGLIGENCE OR WILLFUL MISCONDUCT OF BUYER (ITS CONTRACTORS, AGENTS, SERVANTS, EMPLOYEES, OR OTHER PERSONS FOR WHOSE CONDUCT IT MAY BE RESPONSIBLE) THAT ACCRUED AFTER THE OPERATIONS TRANSFER DATE.

BUYER HEREBY COVENANTS AND AGREES, TO THE FULLEST EXTENT ALLOWED BY TEXAS LAW, AT ITS SOLE COST AND EXPENSE, TO INDEMNIFY AND HOLD LCRA HARMLESS FROM AND AGAINST, AND TO RELEASE ANY "CLAIMS" ASSERTED AGAINST LCRA ARISING FROM BUYER'S OWNERSHIP OR OPERATION OF THE ASSETS FOLLOWING THE OPERATIONS TRANSFER DATE, BUT NOT TO THE EXTENT SUCH CLAIMS ARISE FROM THE NEGLIGENCE OR WILLFUL MISCONDUCT OF LCRA (ITS PARTNERS, CONTRACTORS, AGENTS, SERVANTS, EMPLOYEES, OR OTHER PERSONS FOR WHOSE CONDUCT IT MAY BE RESPONSIBLE) THAT ACCRUED PRIOR TO THE OPERATIONS TRANSFER DATE.

BUYER'S INDEMNIFICATION, HOLD HARMLESS AND RELEASE SHALL APPLY TO CLAIMS AGAINST LCRA ALLEGEDLY ARISING AFTER THE OPERATIONS TRANSFER DATE BUT BEFORE CLOSING DATES REGARDLESS OF WHETHER RESULTING FROM, OR RELATING TO, LCRA'S CONTINUED OWNERSHIP OF INTERESTS IN THE ASSETS UNTIL THE 2019 CLOSING DATE.

THE PROVISIONS OF THIS SECTION 10.2 SHALL SURVIVE ALL CLOSINGS. FOR PURPOSES OF THIS SECTION 10.2, THE TERM "LCRA" WILL INCLUDE ALL DIRECTORS, OFFICERS AND EMPLOYEES OF LCRA.

Any party receiving notice of Claims to which this Section relates shall promptly notify the other party of such claim in writing. Notice shall be considered prompt if received by the other party within three (3) business days of the receipt by the notifying party.

Section 10.3 Obligations for Claims. Each indemnifying party agrees to look first to proceeds of insurance coverage available to it prior to requiring the indemnified party to bear any liability for costs or expenses assessed against the indemnified party associated with and required to address any Claims. Each indemnifying party's liability to the indemnified party pursuant to this Article X is solely limited to payment to the indemnified party for (i) any monetary damages, fines or penalties awarded by a court of competent jurisdiction against the indemnified party; (ii) monetary fines or penalties assessed against the indemnified party by a regulatory authority with jurisdiction; or (iii) amounts paid by the indemnified party as provided in a settlement agreement as approved by the indemnifying party. Notwithstanding any other provisions herein to the contrary, neither indemnifying party shall be liable for costs and expenses for the indemnified party's or any third party's attorneys fees or consultant fees in the event such costs and expenses are not covered by insurance. Each party agrees to be obligated

to and assert, reasonably pursue, and maintain reasonable defenses against any Claims for which it is indemnified and held harmless by the provisions of this Section; failure to so defend against an indemnified Claim shall constitute a waiver of a party's right to indemnity. For any amounts due and owing from Buyer under this Article X, and unless Buyer elects to make cash payments to LCRA, LCRA shall have the right to use Debt Service Reserves and Coverage to cover costs or expenses assessed against LCRA for said Claims, subject to providing to Buyer an accounting related to such costs. In that event, Coverage or Debt Service Reserves so applied will not be subtracted from (or credited against) the Purchase Price, and Buyer shall be subject to and agrees to pay surcharges from LCRA to restore Coverage and Debt Service Reserves as provided in this Agreement.

Article XI.

GENERAL PROVISIONS

Section 11.1 Notices. All notices and other communications hereunder shall be in writing and shall be delivered by one of the following means unless otherwise expressly provided: hand delivery; overnight 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. All notices and communications hereunder shall be addressed as follows, and shall be effective upon actual delivery if delivered by hand or by expedited courier delivery or, if mailed, three business days after deposit in the United States mail:

A. If to LCRA, to:

Rebecca S. Motal
General Manager
LCRA
P. O. Box 220 – Mail Stop H107
Austin, Texas 78767-0220
Phone: (512) 473-3283
Email: becky.motal@lcra.org

With a copy to:

Madison Jechow
Associate General Counsel
LCRA
P. O. Box 220 – Mail Stop H429
Austin, Texas 78767-0220
Phone: (512) 473-4067
Email: madison.jechow@lcra.org

B. If to the Buyer, to:

Larry Fox
Chair, Board of Directors
West Travis County Public Utility Agency
c/o Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Avenue Suite 1900 Austin, Texas 78701

With a copy to:

Lauren Kalisek
General Counsel
West Travis County Public Utility Agency
Lloyd Gosselink Rochelle & Townsend, P.C.
816 Congress Avenue Suite 1900
Austin, Texas 78701
Email: lkalisek@lglawfirm.com

Any party may change its address for receiving notice by giving notice of a new address in the manner herein provided; however, if mailed, notice of such new address will be effective only upon actual receipt by the other parties.

Section 11.2 Headings and Defined Terms. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

Section 11.3 Assignment. Assignment of this Agreement by either party is prohibited without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, that: (1) LCRA hereby consents to Buyer assigning this Agreement, and all Buyers' rights and obligations hereunder, to a conservation and reclamation district authorized by Article XVI, Section 59, of the Texas Constitution that is legally created for the purpose of owning and operating the Assets; and (2) Buyer hereby consents to LCRA assigning this Agreement, and all LCRA's rights and obligations hereunder, to an affiliate of LCRA authorized by state law provided that (i) such assignment does not impair the ability of Buyer to issue tax-exempt obligations; and (ii) such affiliate has the right to assume and the capacity to perform LCRA's rights and obligations hereunder." The assigning party shall be released from the obligations of this Agreement only upon delivery to the other party of written instruments confirming that the assignee assumes all rights and obligations of assignor under this Agreement. Thereafter, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

Section 11.4 Governing Law and Forum. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas and the obligations of the parties hereto are and shall be performable in Travis County. By executing this Agreement, each party hereto expressly (a) consents and submits to personal jurisdiction and venue consistent with the previous sentence, (b) waives, to the fullest extent permitted by law, all claims and defenses that

such jurisdiction and venue are not proper or convenient, and (c) consents to the service of process in any manner authorized by Texas Law.

Section 11.5 No Oral Modification. This Agreement may not be modified or amended, except by an agreement in writing signed by both the LCRA and Buyer.

Section 11.6 No Oral Waiver. The parties may waive any of the conditions contained herein or any of the obligations of the other party hereunder, but any such waiver shall be effective only if in writing and signed by the party waiving such conditions or obligations. No waiver or waivers of any breach or default (or any breaches or defaults) of any term, covenant, condition or liability under this contract, or of performance by the other parties of any duty or obligation under this contract, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

Section 11.7 Time of Essence. Time is of the essence of this Agreement.

Section 11.8 Total Agreement. This Agreement, including the Exhibits hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No representation, warranty, covenant, agreement, or condition not expressed in this Agreement shall be binding upon the parties hereto or shall affect or be effective to interpret, change, or restrict the provisions of this Agreement except by an amended agreement in writing signed by both the LCRA and Buyer.

Section 11.9 Partial Invalidity. If any clause or provision of this Agreement is or should ever be held to be illegal, invalid, or unenforceable under any present or future law applicable to the terms hereof, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and that in lieu of each such clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as part of this Agreement a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable such that the intention of the parties is effected as closely as is possible.

Section 11.10 Counterpart Execution. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of all persons required to bind any party appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto.

Section 11.11 Holidays. In the event that the date upon which any duties or obligations hereunder to be performed shall occur upon a Saturday, Sunday or legal holiday, then, in such event, the due date for performance of any duty or obligation shall thereupon be automatically extended to the next succeeding business day.

Section 11.12 Consents and Approvals. Whenever this Agreement requires Buyer or LCRA to give an approval or consent or to take or not take an action, Buyer and LCRA agree

that such consent, approval, or action or inaction will not be unreasonably withheld, delayed, or conditioned.

Section 11.13 Definitions. Terms as used in this Agreement will have the following meanings:

"Accounts Payable" means those accounts payable from revenues of the Assets as described in Section 8.6 of the Agreement.

"Accounts Receivable" means those accounts receivable as revenues of the Assets as described in Section 8.6 of the Agreement.

"Agreement" means this Utilities Installment Purchase Agreement.

"Arbitration Procedures" means the procedures provided in Exhibit H attached hereto and incorporated herein.

"Asset Review Period" means the period of time defined in Section 2.3 of the Agreement.

"Assets" or "System Assets" shall be those items described in Section 1.1 of the Agreement.

"Buyer" means West Travis County Public Utility Agency or any successor entity that is a conservation and reclamation district authorized by Article XVI, Section 59, of the Texas Constitution and is legally created for the purpose of owning and operating the Assets to which the West Travis County Public Utility Agency assigns its rights and obligations under this Agreement.

"Buyer's Closing Certificate" means a document provided to LCRA by Buyer containing the items listed in Section 8.4 of the Agreement.

"Central Facilities" means those portions of the Assets, including associated Properties, consisting of the raw water intake, pump station and transmission line to the water treatment plant located generally in the Lake Pointe Subdivision in Travis County Texas, the water treatment plant located at the Uplands Subdivision in Travis County, Texas, and as identified with TCEQ PWS No. 2270235, and the wastewater treatment plant and disposal facilities located generally in the Lake Pointe, Falconhead and Spanish Oaks subdivisions in Travis County, Texas, and permitted under TCEQ TLAP Permit No. WQ0013594001.

"Coverage" means the funds to be paid by Obligor to LCRA as a part of the Debt Service Payments as defined in Section 1.4.D(3)(a) of the Agreement

"Closing" means LCRA's transfer and conveyance to Buyer of interests in the System Assets upon LCRA's receipt of each Equity Payment as described in Section 1.6 of the Agreement.

"Closing Dates" means the dates upon which a Closing occurs as defined in Section 1.6 of the Agreement.

"Debt Service Payments" means Obligor's payments to LCRA as described in Section 1.4.D(3) of the Agreement.

"Debt Service Reserves" means those monetary funds reserved by LCRA to cover future debt service payments to be made on LCRA Debt Obligations in accordance with applicable bond covenants and is calculated annually on the basis of six months of average annual debt service requirements on LCRA Debt Obligations.

"Developer Deposits" means the monetary funds held by LCRA pursuant to Intangible Assets posted by a developer or owner of property served or proposed to be served by the Assets for the purposes of securing payments to be made to LCRA for such service.

"Effective Date" means the date set forth on the first page hereof.

"Emergency Improvements" mean those improvements to the Assets as determined by LCRA to be necessary to prevent imminent harm to public health or safety, or to the environment, or to the Assets.

"Environmental Laws" means all applicable federal, state and local laws and regulations, including common law, relating to the protection of the public health, welfare, and the environment, threatened or endangered species, protected wildlife or natural resources, including, without limitation, those laws and regulations relating to the use, presence, handling, generation, processing, treatment, storage, transportation, disposal, or other management of Hazardous Substances, and the requirements of permits issued under such laws or regulations.

"Equity Payments" shall be those payments made to LCRA by Obligor as described in Section 1.4.D(2).

"ESA" means a phase one environmental assessment performed on all of the Property

"Excluded Assets" shall be those items described in Section 1.3 of the Agreement.

"Facilities" mean those items described in Section 1.2.A. of the Agreement.

"Final Reading" means the customer meter reading as defined in Section 8.6 of the Agreement.

"First Equity Payment" means the first Equity Payment made by Obligor to LCRA as described in Section 1.4.D(2)(a) of the Agreement.

"Fixtures" means those portions of the Facilities as referenced in Section 1.2.A.i. of the Agreement and listed on Schedule 1-B of Exhibit A.

- "Hazardous Substances" means pollutants, contaminants, hazardous, toxic or radioactive substances, materials or wastes, and oil or petroleum products.
- "Impact Fee Funds" means those monetary funds collected by LCRA in accordance with Chapter 395 of the Texas Local Government Code to fund the capital improvements identified in its most recent and effective impact fee studies for water and wastewater service.
- "Initial Schedule B" means the first Schedule B prepared after Obligor makes its first Equity Payment as described in Section 1.4.D(1)(c) of the Agreement.
- "Installment Payments" means Debt Service Payments and Equity Payments.
- "Insurance Proceeds" mean funds described in Section 6.4 of the Agreement.
- "Intangible Assets" mean those items described in Section 1.2.B. of the Agreement.
- "LCRA" means the Lower Colorado River Authority or its assignee as authorized by this Agreement.
- "LCRA Closing Certificate" means a document provided to Buyer by LCRA containing the items listed in Section 8.3.C. of the Agreement.
- "LCRA Debt Obligations" means LCRA's current and future debt obligations attributable to the Assets as described in Section 1.4 of the Agreement.
- "Material Facilities" means the Central Facilities, lifts stations, pump stations, storage facilities, and pipelines twelve (12) inches in diameter or larger.
- "New Raw Water Contract" means the contract for raw water to be entered into by LCRA and Buyer as described in Section 7.5 of the Agreement.
- "Obligor" means West Travis County Public Utility Agency or any successor entity that is a conservation and reclamation district authorized by Article XVI, Section 59, of the Texas Constitution and is legally created for the purpose of owning and operating the Assets to which the West Travis County Public Utility Agency assigns its rights and obligations under this Agreement.
- "Operating Cash Deficiency" means the amount of monetary funds that is needed to pay the shortage, if any, between revenue LCRA collects from the Assets from the Effective Date until the Operations Transfer Date as compared to: (i) operating expenses incurred by LCRA related to the Assets from the Effective Date until the Operations Transfer Date; and, (ii) the amounts required to pay LCRA's May 15, 2012 debt service payment including coverage thereon; which Operating Cash Deficiency is further defined in Section 1.4 of the Agreement. Capital costs for Planned Improvements, Required Improvements and Emergency Improvements are separate from, and not included in, the Operating Cash Deficiency.

"Operational Reserve Funds" means the monetary funds reserved by LCRA to cover three (3) months of operating expenses associated with the Assets.

"Operations Transfer Date" has the meaning provided in Section 1.4.C. of the Agreement.

"Personalty" means those portions of the Facilities as described in Section 1.2.A.ii. of the Agreement and as listed on Schedule 1-A of Exhibit A.

"Planned Improvements" mean: (1) utility facility reimbursement obligations paid by LCRA pursuant to existing Intangible Assets not to exceed \$150,000.00 prior to March 19, 2012; and, (2) those capital improvements previously identified in LCRA's Business Plan or LCRA's Capital Plan and added to LCRA's Asset management system or construction work in progress list or approved by the LCRA Board (with written notice thereof to Buyer) prior to the Effective Date provided, however, that the Planned Improvements shall be limited to the following specific projects if the Operations Transfer Date occurs prior to or on March 19, 2012:

1. WTC Regional WTC Disinfection Tank Hydraulic Improvements;
2. County Line PS 1308 Elevated Storage (bid only; contract award only with approval of Buyer);
3. SW Parkway PS Upgrade 3,667 to 5,900;
4. SW Parkway 20" Main from WTP to SWPPS (design and clearing only);
5. Highway 71 1280 Elevated Storage (design only; site acquisition with approval of Buyer);
6. Bohl's WWTP and System Expansion (clearing and fencing only);
7. Bee Cave Regional Lift Station Expansion to 1,650 gpm (design only); and,
8. general additions within the limits allowed in Section 5.2 E(v) or otherwise approved by the Buyer.

"Property" means the property described in Section 1.2.C. of the Agreement.

"Purchase Price" means the amount specified in Section 1.4 of the Agreement.

"Redemption Payment" means the payment described in Section 8.9 of the Agreement

"Required Approvals" mean those items described in Section 3.2 of the Agreement.

"Required Consents" mean those items described in Section 3.1 of the Agreement.

"Required Improvements" means those improvements required by applicable local, state or federal regulations. The Required Improvements will include repair or replacement of an effluent pipeline located near the Shops at the Galleria.

"Review Documents" mean those documents described in Section 2.2 of the Agreement.

"Schedule A Update" means the update to Schedule A prepared by LCRA and subject to review in accordance with this Agreement (including but not limited to Section 1.4.D(1)(a) hereof) after the Operations Transfer Date.

"Schedule B Supplement" means the revised, supplemental Schedule B to be prepared following each Equity Payment after the First Equity Payment as described in Section 1.4.D(1)(d).

"TCEQ" means the Texas Commission on Environmental Quality or its successor agency.

"WTC CCN" has the meaning as defined in Section 3.2 of the Agreement.

In addition, Installment Payments and Closings may be referred to by the year in which this Agreement contemplates that such Installment Payment or Closing will occur (e.g., "2015 Equity Payment").

Section 11.15 Schedule and Exhibits. The following Schedule and Exhibits are attached hereto:

Schedule A

Exhibit A Assets

Schedule 1-A Facilities—Fixtures

Schedule 1-B Facilities—Personalty

Schedule 2 Intangible Assets

Schedule 3 Property

Schedule 4 Required Consents

Schedule 5 Required Approvals

Exhibit B Excluded Assets

Exhibit C Operations to be Transferred on Operations Transfer Date

Exhibit D Claims Against LCRA Affecting Assets

Exhibit E Disclosure Regarding Location of LCRA Assets

Exhibit F Opinion Letter of LCRA Counsel

Exhibit G Opinion Letter of Buyer Counsel

Exhibit H Arbitration Procedures

Section 11.16 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any benefits, rights or remedies under or by reason of this Agreement.

IN WITNESS WHEREOF, each party hereto has signed this Agreement or caused this Agreement to be signed in its corporate name by its officer thereunto duly authorized, all as of the date first above written.

Signatures on the Following Pages

LCRA:

LOWER COLORADO RIVER AUTHORITY

By: Rebecca S. Motal
Rebecca S. Motal
General Manager



BUYER:

By: Larry Fox
Larry Fox
Chair, Board of Directors
West Travis County Public Utility Agency

SCHEDULE A

1714661.1

McFar: Incentive amounts shown for Taxable and Tax-emptible CF are forecasted.

McFar: Incentive amounts shown for Taxable and Tax-emptible CF are forecasted.

294

EXHIBIT A

ASSETS

SCHEDULE 1-A - FIXTURES

Schillerstr. 4 - Schönefeld 1-8 - Page 1 - Winter - Flutwasser

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Table 4 - Schedule 3-A - Page 4 - Water - Fluvium