

B. Underground utilities may be required by the City Council.

C. All development construction by the district or the developers must be done in accordance with the City of Austin standards for similar facilities and copies of plans and specifications must be approved by the City before construction begins.

D. All planning, designs, and construction of drainage facilities and other facilities and/or features pertinent to drainage shall be done in accordance with the "Drainage Criterial Manual" of the City of Austin. Drainage plans must be approved by the Director of Engineering prior to land development.

E. The City shall have the right to inspect all facilities of the district at any time during construction, and final approval is required.

F. Bonds shall be issued only for those purposes specifically authorized by the consent agreement, and bonds authorized for one purpose shall not be used for another.

G. Before the MUD issues bid invitations for its bonds, the City Council shall have the right of approval of all bond issues and sales, including bond prices, interest rates, and redemption premiums, and copies of all documents submitted to State agencies shall be concurrently submitted to the City.

H. All records, files, books, information, etc., of the district shall be a matter of public record, and available for City inspection at all times.

I. The district shall prepare annual reports for the City on the status of construction and bond sales.

J. All bonds issued by the district shall have a call provision which allows the option to redeem the bonds at par on or after a specified date, such date not being sooner than 15 years after the date of issue.

K. The district shall not furnish water or wastewater service to any tract of land unless the Planning Commission of the City of Austin has approved a subdivision plat covering such tract of land and such plat has been recorded in the deed records.

- L. The district shall not provide service outside its boundaries unless approval is obtained from the City Council. If such permission is granted, no bond funds shall be expended or indebtedness incurred to provide such service without approval of the City Council.
- M. The City shall review and approve the adequacy, type, and construction of all roadways in the MUD.
- N. The City may require the construction of facilities or improvements for the purpose of mitigating the impacts of storm water runoff.
- O. No land within the Municipal Utility District shall be allowed, at any time in the future, to incorporate, join in an incorporation, or be annexed into any incorporated city other than the City of Austin.
- P. No land may be annexed to a district without the approval of the City Council.
- Q. Rights-of-way, public park land, utility and drainage easements and all other appropriate lands and easements shall be properly dedicated to the public, the district and its ultimate successor.
- R. The net effective interest rate will not exceed 2% above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period preceding the date notice of sale is given.
- S. Any wastewater treatment plant constructed in whole or in part with bond proceeds under this policy, shall not discharge over the Edwards' Aquifer recharge zone or in the Barton Creek Watershed but must instead irrigate. Any wastewater treatment plant constructed in whole or in part with bond proceeds under this policy must be reviewed and approved by the City Council prior to the issuance of the State permit or any amendment thereto if it is to discharge instead of irrigate.

PART 2. The rule requiring that ordinances shall be read on three separate days is hereby suspended, and this ordinance shall become effective ten (10) days following the date of its passage.

PASSED AND APPROVED

March 20, 1980

X Caesli Keith McElhin
Mayor

APPROVED: Albert De La Rosa
City Attorney

ATTEST: Grace Monroe
City Clerk

ADLR:cf

1 Growth Management	2 Extra- Territorial Jurisdiction Area	3 Internal Water Lines	4 Internal Wastewater Lines	5 Storm Sewer Drainage	6 Regional Drainage	7 Water Approach Mains	8 Wastewater Approach Mains	9 Water Facilities	10 Wastewater Facilities	11 Irrigation Land
III	0-2 mi.	100%	100%	75%	100%	100%	100%	100%	100%	100%
III	2-5 mi.	75%	75%	65%	100%	90%	90%	90%	90%	100%
IV	0-2 mi.	40%	40%	0	100%	60%	60%	60%	60%	100%
IV	2-5 mi.	30%	30%	0	100%	40%	40%	40%	40%	100%

474-1704- 60-665- 416 - 482-5522

Northwood- C8-77-46 70x120

C8-79-82

— Walnut Crossing - C8F-79-70 60x115 west
79-125 65x110

- Milwood- C8-77-110.1 70x120
78-123

Lamplight- C8F-79-102 70x110

Gracy Woods-

UTILITY CONSTRUCTION CONTRACT
BETWEEN
CITY OF AUSTIN, TEXAS
NORTH AUSTIN GROWTH CORRIDOR
MUNICIPAL UTILITY DISTRICT NO. 1

This Contract is entered into as of the 13th day of April, 1981, by and between the CITY OF AUSTIN, TEXAS (the "City"), a Home Rule City located in Travis County, Texas, and NORTH AUSTIN GROWTH CORRIDOR MUNICIPAL UTILITY DISTRICT NO. 1 (the "District"), a conservation and reclamation district created pursuant to Article XVI, Section 59 of the Texas Constitution and operating under the provisions of Chapter 54, Texas Water Code.

RECITALS

The City operates a water supply system and a sanitary sewer collection and treatment system serving areas within and adjacent to the City and has decided to extend its water supply and sanitary sewer collection facilities into a designated preferred growth corridor north of the present City limits in order to provide water and sanitary sewer service within said area to protect the health and welfare of present and future residents of the area and of portions of the City in proximity thereto.

The District is located within said north preferred growth corridor and desires to obtain access to the City's water supply in order to provide a dependable supply of potable water for the District and access to the City's sanitary sewer system in order to provide for the transportation, treatment,

and disposal of sewage from within the District. The District is authorized by Chapter 54, Texas Water Code to purchase, construct and acquire, inside or outside its boundaries, works, improvements, and facilities helpful or necessary to supply water for municipal uses, domestic uses, and commercial purposes and to collect, transport, and dispose of waste, and the Board of Directors of the District has determined that it is in the best interest of the District to cooperate with the City in the acquisition and construction of extensions to the City's water supply and sanitary sewer collection facilities.

The City and the District are authorized to make and enter into this Contract by Article 1109j, Texas Civil Statutes, as amended.

WHEREFORE, in consideration of the premises and the mutual obligations and benefits herein contained, the City and the District contract and agree as follows:

AGREEMENT

Section 1. DEFINITIONS. The terms and expressions used in this Contract, unless the context shows clearly otherwise, shall have meanings as follows:

- (a) "Project" means the water main and sanitary sewer main extension described in Exhibit "A" to this Contract.
- (b) "Board" and "Board of Directors" means the Board of Directors of the District.
- (c) "Bonds" means the bonds issued by the District for acquiring, by purchase and/or construction, the Project, whether in one of more series or issues.
- (d) "Bond Resolution" means any resolution of the Board of Directors authorizing the issuance of Bonds and

providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted.

Section 2. OBLIGATION OF DISTRICT TO ACQUIRE. Subject to the limitations set forth herein, the District will acquire, by purchase and/or construction, the Project and agrees to pay, and will pay, all of the actual costs of acquiring the Project through the issuance of Bonds to provide the money for such payment, all in the manner hereinafter described. The District agrees to proceed promptly to obtain the necessary approvals to issue the Bonds and acquire the Project. Upon obtaining said approvals, the District will proceed promptly to issue and sell the Bonds and thereafter to purchase and/or construct the Project. The District hereby covenants that it will make a diligent effort to complete the Project as soon as practicable, but shall not be liable for any damages occasioned by delays in completion of the Project.

The City may, at its option, amend the Project to include the construction of the Walnut Creek sewer line extension ("Walnut Creek Extension") more fully described on Exhibit B. In such event, the City agrees as follows:

(1) Construction of the Walnut Creek Extension will not commence until the District has sold the bonds for this purpose;

(2) The City will supervise and administer the actual construction;
and

(3) The City agrees that the Walnut Creek Extension will be completed at or prior to the date the Project described on Exhibit A is completed.

Section 3. DISTRICT'S BOND RESOLUTION. The proceeds from the sale of the Bonds will be used to pay all of the District's expenses and costs in connection with the Project and the Bonds, including, without limitation, all financing, legal, printing, and other expenses incurred in connection with the issuance, sale, and delivery of the Bonds. Such Bonds will be issued in an amount sufficient to cover the costs of the Project and all the aforesaid expenses and to provide for the payment of interest on the Bonds for a period not to exceed two (2) years. A substantial draft of each Bond Resolution of the District, showing the principal amount, maturities, the funds created, and other pertinent features with respect to the Bonds authorized thereby, must be delivered to and approved by the City prior to the delivery to the purchaser of any Bonds authorized by such Bond Resolution; and the approval of such draft by the City will constitute agreement by the City that the amount of the Bonds and all provisions of the Bond Resolution are in compliance with this Contract in all respects.

Section 4. CONSULTING ENGINEERS. The District and the City shall agree on the "Consulting Engineers" for the Project and the Project will be constructed in accordance with plans and specifications which have been prepared by the Consulting Engineers and approved by the City. It is further agreed that the Consulting Engineers may be changed, but only with the agreement of both the District and the City.

Section 5. ACQUISITION CONTRACTS; BOND PROCEEDS. The District may enter into such contracts as are necessary to provide for acquiring,

by purchase and construction, the entire Project, and said contracts shall be approved and executed as required by the laws and regulations applicable to municipal utility districts and shall be awarded by competitive bidding as directed by the City. In addition, each such contract must be submitted to and approved by the City prior to execution by the District. The City shall have the right to supervise bid lettings and shall also have the right to approve, reject or award such bids. The District shall deposit all proceeds from the sale of Bonds (after deducting therefrom any amounts required to be deposited into any fund created by a Bond Resolution and the amount of all expenses of issuing the Bonds) into a Project Acquisition Fund, at a depository of the District. The District shall draw on and use said Project Acquisition Fund to pay the costs of acquiring the Project, provided that expenditures from the Project Acquisition Fund must be for project costs recommended for payment by the Consulting Engineers. Any Bond proceeds remaining in the Project Acquisition Fund after completion of the Project shall be deposited into the debt service fund created by the Bond Resolution and thereby reduce to such extent the amounts which otherwise would be required to be deposited therein from payments required to be made by the City under this Contract.

Section 6. OWNERSHIP AND OPERATION. Upon completion of the purchase and construction of the Project by the District, the City shall become the owner of the Project after final acceptance by the City and will thereafter operate and maintain the Project at its expense.

Section 7. PAYMENTS BY CITY.

(a) In consideration of the District's acquiring the Project for the benefit of the City and its inhabitants, the City agrees to make the payments hereinafter specified. It is further agreed that the City's obligation to make such payments will terminate when all of the District's Bonds issued in connection with the Project have been paid in full and are no longer outstanding. It is further understood and agreed that the District's only source of funds to pay the principal of and interest on the Bonds, and to pay expenses relating to the Bonds, is from the payments to be made by the City to the District under this Contract.

(b) The City agrees to make the following payments to the District for so long as any of the District's Bonds issued in connection with the Project are outstanding:

1. Such amounts, payable semiannually on or before the 10th day preceding each interest payment date on the District's Bonds, as are necessary to pay (a) the principal and/or interest coming due on the District's Bonds on the next succeeding interest payment date, plus the fees and charges of the Paying Agent for paying or redeeming the Bonds and/or interest coupons appertaining thereto coming due on such date.
2. Such amounts, payable upon the receipt of a statement therefor, as are necessary to pay, or reimburse the District for, the actual cost of any routine annual accounting audits, any extraordinary or unexpected expenses or costs reasonable and necessarily incurred by the District in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation, or as may be agreed between the City and the District.
3. Such amounts as are necessary to make all payments into any special or reserve fund required to be

established and/or maintained by the provisions of any Bond Resolution.

4. Such amounts as are necessary to pay any deficiency in any funds or account required to be accumulated and maintained by the provisions of any Bond Resolution.

(c) All payments required to be made by the City under this Contract shall be made from connection fees charged by the City for water or sewer customers connecting to either of the lines comprising the Project or from surplus revenues for the City's water and/or sewer system remaining after paying all expenses of operation and maintenance of said systems and after paying all debt service, reserve, and other requirements in connection with the City's water and/or sewer system revenue bonds now or hereafter outstanding; and said connection fees and surplus revenues are hereby pledged to making such payments required under this Contract; but if said connection fees and surplus revenues should not be available or sufficient at any time for making such payments, or any necessary part thereof, required under this Contract, then, to the extent required, such payments shall be made from the City's General Fund and the City's ad valorem taxes, all as hereinafter provided. The City shall make provision in each annual City Budget for the payment of all amounts required to be paid by the City under this Contract. In preparing the budget the City may take into consideration the estimated connection fees and surplus revenues of the City's water and sewer systems to be remaining after paying all expenses of operation and maintenance of said systems and after paying all debt service, reserve, and other requirements in connection with the City's water and/or sewer system revenue bonds now or hereafter outstanding; and the City hereby covenants and

agrees that it will fix, charge, and collect rates and fees for water and sewer services in such amounts as will produce fees and revenues as aforesaid sufficient to provide for making all payments required to be made by the City under this Contract. However, to the extent that such fees and revenues are not available at any time to make such payments, then the City's ad valorem taxes in the City's General Fund shall be used to make such payments, and the proceeds of an annual ad valorem tax are hereby pledged for such payments to the extent so required, in accordance with Article 1109j, Texas Civil Statutes. During the current year, and during each year hereafter, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money necessary to make all or any necessary part of the payments required to be made by the City under this Contract, and in every year said tax shall be sufficient to create a sinking fund of at least 2% as required by Article XI, Section 5 of the Texas Constitution. Said rate and amount of ad valorem tax is hereby pledged to such payments, to the extent required, and it shall be assessed, levied, and collected against all taxable property in the City for each such year.

(d) Recognizing that the District will use the payments received from the City hereunder to pay, secure, and finance the issuance of the Bonds, it is hereby agreed that if and when any Bonds are delivered, the City shall be unconditionally obligated to make the payments required by this Contract, and the holders of the Bonds shall be entitled to rely on the foregoing agreement and representation, regardless of any other agreement between the District and the City.

Section 8. CONDITIONS PRECEDENT. The obligation of the District to acquire the Project shall be conditioned upon the following:

- (a) Approval of the Project by the Texas Department of Water Resources, Texas Department of Health, and any and all other local, state, or federal agencies having jurisdiction; and
- (b) sale of Bonds in an amount sufficient to pay the costs of the acquisition of the Project and the expenses of issuing the Bonds; and
- (c) the District's ability, or the ability of its contractors, to obtain all material, labor, and equipment necessary for the Project.

Section 9. USE OF CITY'S PROPERTY. By these presents, the City authorizes use by the District of any and all real property, streets, alleys, public ways and places, and general utility or water easements of the City for acquisition and construction of the Project, so long as such use by the District does not interfere with any lawful use by the City. The City further agrees that it will provide right-of-way for the Project and will proceed immediately to acquire any necessary right-of-way by purchase, contract, or condemnation. The City's costs of acquiring such right-of-way shall be considered Project costs and will be reimbursed by the District out of Bond proceeds.

Section 10. FORCE MAJEURE. If, by reason of Force Majeure, any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract then such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such

Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term Force Majeure as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, act of public enemy, orders of any kind of the Government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals, or other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable in the judgment of the party having the difficulty. It is specifically excepted and provided, however, that in no event shall any Force Majeure relieve the City of its obligation to make payments to the District as required by Section 7 of this Contract.

Section 11. REGULATORY BODIES. This Contract, and the acquisition of the Project, shall be subject to all valid rules, regulations, and laws applicable thereto passed or promulgated by the United States of America, the State of Texas, or any governmental body or agency having lawful jurisdiction or any authorized representative thereof.

Section 12. PARTIES IN INTEREST. This Contract shall be for the sole and exclusive benefit of the City, the District and the owners or holders of the Bonds from time to time and shall not be construed to confer any benefit or right upon any other parties.

Section 13. SEVERABILITY. The provisions of this Contract are severable, and if any word, phrase, clause, sentence, paragraph, section or other part of this Contract or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Contract to other persons or circumstances shall not be affected thereby.

Section 14. TERM OF CONTRACT. This Contract shall be force and effect for so long as the Bonds, or any of them, remain outstanding and unpaid, provided that in no event shall the term of this Contract exceed forty (40) years.

Section 15. EXECUTION OF CONTRACT. This Contract may be executed by the City prior to the creation of the District and shall be binding upon the City for a period of one year pending creation and confirmation of the District and approval and execution of this Contract by the Board of Directors thereof and shall thereafter be binding upon the City and District in accordance with its terms.

IN WITNESS WHEREOF, the District and the City, acting under authority of their respective governing bodies, have caused multiple copies of

this Contract to be duly executed, each of such copies to be of equal dignity, all as of the date and year first herein written.

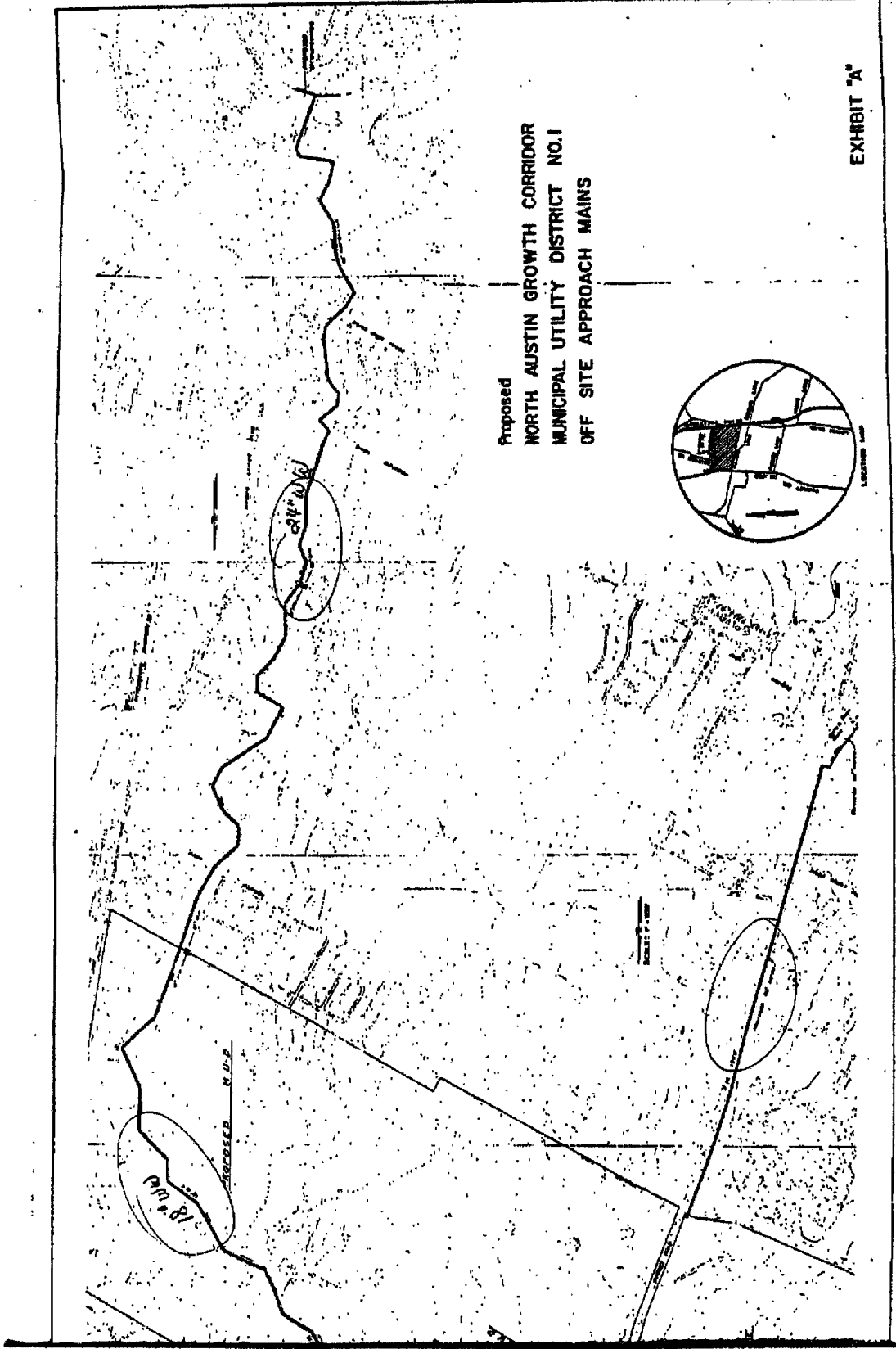
CITY OF AUSTIN, TEXAS

By *Thomas H. McElhinney*
City Manager

NORTH AUSTIN GROWTH CORRIDOR
MUNICIPAL UTILITY DISTRICT NO. 1

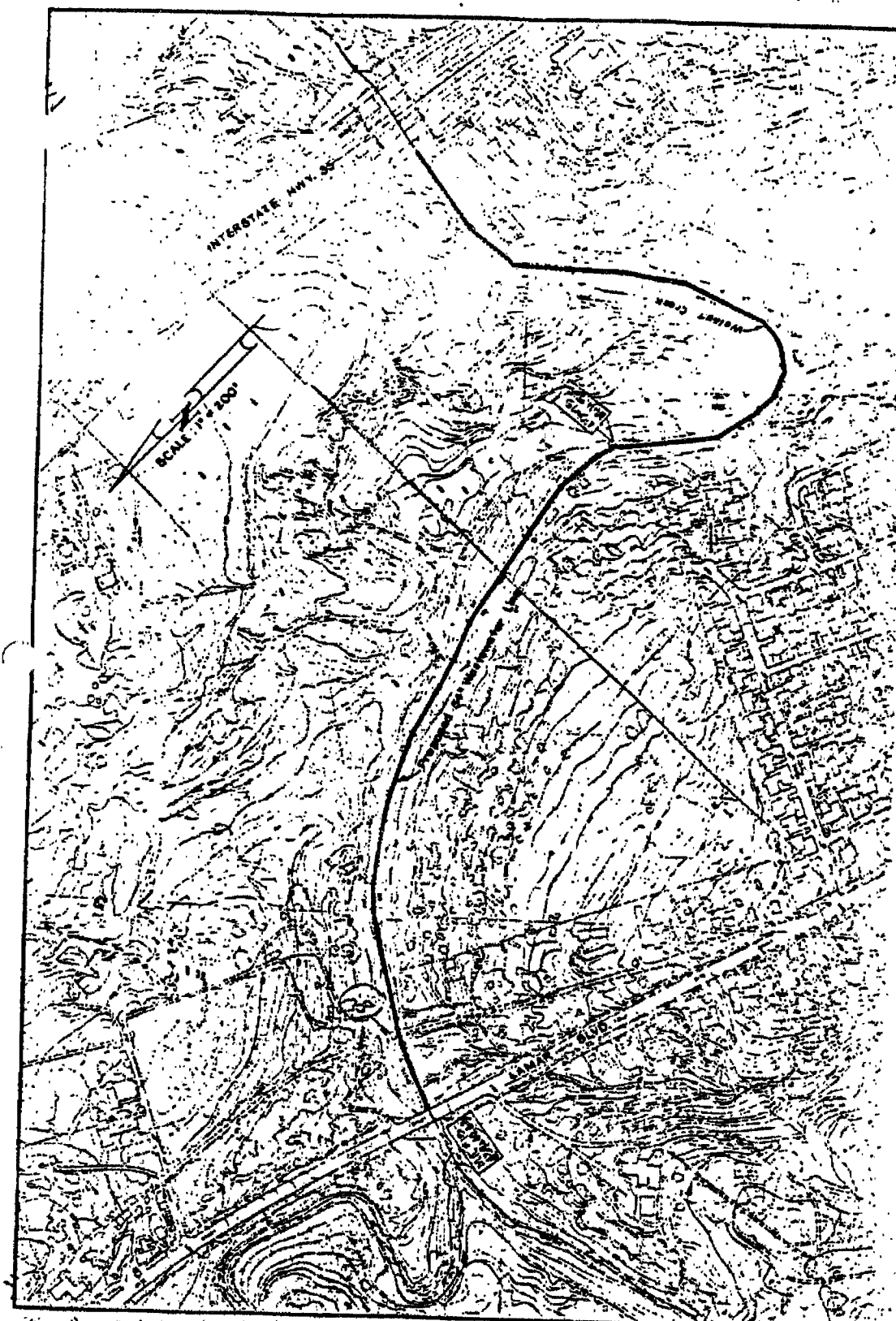
By *Charles A. Webb*
President, Board of Directors

DBA25/H



Proposed
NORTH AUSTIN GROWTH CORRIDOR
MUNICIPAL UTILITY DISTRICT NO. 1
OFF SITE APPROACH MAINS

EXHIBIT "A"



Proposed 54" WASTEWATER LINE
FROM INTERSTATE HWY. 35 TO LAMAR BLVD.

AMENDMENT TO
UTILITY CONSTRUCTION CONTRACT
AND CREATION AGREEMENT
BETWEEN
CITY OF AUSTIN, TEXAS
AND
NORTH AUSTIN GROWTH CORRIDOR
MUNICIPAL UTILITY DISTRICT NO. 1

This agreement is entered into as of the 17th day of August, 1988, by and between the CITY OF AUSTIN, TEXAS (the "City"), and NORTH AUSTIN GROWTH CORRIDOR MUNICIPAL UTILITY DISTRICT NO. 1 (the "District") for the purpose of amending the Utility Construction Contract (the "Contract"), dated April 13, 1981, between said parties and the herein-mentioned Creation Agreement.

RECITALS

Pursuant to the Contract, the District issued \$5,960,000 City of Austin Contract Bonds, Series 1981 (the "Bonds"), and used the proceeds of the Bonds to acquire and construct certain extensions to the City's water supply and sanitary sewer collection facilities (the "Project"). The Project has subsequently been completed and accepted by the City. In consideration of the acquisition and construction of the Project by the District, the Contract requires the City to make semiannual payments to the District in such amounts as are necessary to pay, among other things, the principal and/or interest due on the Bonds, plus the fees and charges of the paying agent for paying or redeeming the Bonds.

The City and the District are also parties to an Agreement Concerning Creation and Operation of North Austin Growth Corridor Municipal Utility District No. 1 (the "Creation Agreement"), executed by the City on January 16, 1981, and by the District on April 13, 1981, pursuant to which the District agreed, among other matters, to make semiannual payments to the City, equal to a percentage of the principal and/or interest due on the Bonds.

Because interest rates prevailing in the bond markets have declined since the issuance of the Bonds, the City and the District have determined that another series of bonds should be issued by the District on a parity with the Bonds for the purpose of refunding a portion of the Bonds and thereby reducing proportionately the semiannual payments of both parties described above.

AGREEMENT

For and in consideration then of the mutual obligations and benefits to be derived thereby, the City and the District hereby amend the Contract by adding subsection (e) to Section 7 thereof as follows:

(e) With the consent and approval of the City, the District may from time to time issue refunding bonds for the purpose of refunding all or part of the Bonds and paying expenses incurred in connection therewith, and such refunding bonds shall be issued on a parity with the Bonds. The City agrees that such refunding bonds shall be considered to be "Bonds" for purposes of Section 7 and Section 14 of this Contract, and when such refunding bonds are issued and delivered by the District, the City shall be unconditionally obligated to make payments as provided in this Section 7 in support of said refunding bonds. The proceeds of all such refunding bonds shall be deposited with an escrow agent or trustee and shall be used as provided in the resolution or trust indenture adopted by the District and approved by the City in connection with such refunding.

The City and the District further hereby amend the Creation Agreement by adding a new Paragraph D to Article II thereof as follows:

D. Following the issuance of refunding bonds by the District, the District's obligation to make payments to the City pursuant to Article II.B. of this Contract shall be based on the principal and interest payments due on such refunding bonds and on any bonds which have not been refunded.

Except as provided above, the Contract and the Creation Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the District and the City, each acting under authority of their respective governing bodies, have caused multiple originals of this agreement to be duly

ATTEST:

Betty L. Brown
DEPUTY Betty L. Brown
City Clerk

APPROVED AS TO FORM:

Diana L. Granger
Diana L. Granger
Attorney for the City

Date: 6/13/94

WELLS BRANCH MUNICIPAL
DISTRICT

By: Charles R. Walters
Charles R. Walters, Pre
Board of Directors

ATTEST:

Joseph E. Bowker
Joseph E. Bowker, Secretary
Board of Directors

MILBURN INVESTMENTS, INC.

By: TERRE E. Mice
Printed Name: TERRE E. M
Title: Vice President

SECOND AMENDMENT AGREEMENT TO THE AGREEMENT
CONCERNING CREATION AND OPERATION OF
WELLS BRANCH MUNICIPAL UTILITY DISTRICT
(FORMERLY NORTH AUSTIN GROWTH CORRIDOR
MUNICIPAL UTILITY DISTRICT NO. 1)

THE STATE OF TEXAS \$
 \$ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRAVIS \$

THAT this Amendment Agreement is made and entered into as of the 11th day of March, 1992, by and between the City of Austin, Texas (the "City"), a home rule city located in Travis County, Texas, acting herein by and through its undersigned duly authorized City Manager or her designee, as authorized by specific action of its City Council, and Wells Branch Municipal Utility District formerly named North Austin Growth Corridor Municipal Utility District No. 1 (the "District"), a political subdivision of the State of Texas created and operated pursuant to Chapter 50 and 54 of the Texas Water Code.

RECITALS

WHEREAS, the District and the City entered into that certain "Agreement Concerning Creation and Operation of North Austin Growth Corridor Municipal Utility District No. 1 (the "Consent Agreement") on April 13, 1981, which provides for, among other things, the provision of water and wastewater utility services and financing of system improvements for same; and

WHEREAS, the District now desires to delete that certain requirement that the District collect from each customer of the District a special water and sewer rate before annexation ("pre-annexation surcharge") in addition to normal water and wastewater rates; and

NOW, THEREFORE, the City and the District agree as follows:

I.

- A. Article II B of the Consent Agreement is amended to add the following:

The District may make such payments to the City through the assessment and collection of a district property tax or any other revenues lawfully available to the District.

The parties hereby stipulate that, following the deletion of the requirement for a preannexation surcharge originally set forth in Article VIII B of this Agreement, funds from the preannexation surcharge remaining in the escrow held by the City on the District's behalf for payment of the District's pro rata share of the Series 1981 and Series 1990 contract

revenue bonds will be applied to the March 1, 1992 debt service payment. At the District's option, amounts remaining in the escrow following the March 1, 1992 debt service payment will be refunded to the District or applied in partial satisfaction of the District's pro rata share of the September 1, 1992 debt service payment.

- B. Article VIII B of the Consent Agreement is deleted in its entirety.
- C. Article VIII C of the Consent Agreement is renumbered as Article VIII B and is revised to read as follows:
 - B. After the annexation of the District by the City, the City may collect a special water and sewer service surcharge in the amount of \$8.89 per month for each single family residential customer or living unit equivalent (LUE) of the District's water or sewer system as determined by the City's policies and ordinances. The parties agree that the amount of said surcharge has been calculated pursuant to Paragraph IV of Part 1 of the City's municipal utility district policy. Collection of the surcharge shall be continued by the City as authorized by Section 54.016 (h), Texas Water Code, until the bonded indebtedness of the District has been retired. The surcharge may be charged in addition to the City's normal water and sewer rates.
- D. Article VIII D of the Consent Agreement is renumbered as Article VIII C.

II.

Except as otherwise expressly provided herein, all other provisions of the Consent Agreement shall be and remain in full force and effect as therein written and heretofore amended.

EXECUTED in multiple counterparts, each of which shall constitute an original to be effective on the latest date this Amendment is executed by a party hereto, being the 11th day of March, 1992.

APPROVED AS TO FORM:

By: John M. Branichy
Assistant City Attorney

CITY OF AUSTIN

By: By C. P. Farrell
Title: First Assistant City Manager
Date: February 27, 1992

ATTEST: James E. Aldridge
James E. Aldridge
City Clerk

ATTEST:

WELLS BRANCH MUNICIPAL UTILITY
DISTRICT

By: Brenda Oliver
Secretary,
Board of Directors

By: William L. Glass
President,
Board of Directors

Executed on: 3-11-92

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 27th day of
February, 1992, by Byron C. Marshall, First Assistant
City Manager of the CITY OF AUSTIN, TEXAS, on behalf of said
City.

(Seal)

James E. Aldridge
Notary Public in and for the
State of Texas

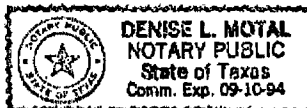
James E. Aldridge
(Name - Typed or Printed)

My Commission Expires: 7-14-92

STATE OF TEXAS §
 §
COUNTRY OF TRAVIS §

This instrument was acknowledged before me on the 13th day of
March, 1992, by William L. Glass,
President of WELLS BRANCH MUNICIPAL UTILITY, a
municipal utility district, on behalf of said District.

(Seal)



Denise L. Motal
Notary Public in and for the
State of Texas

(Name - Typed or Printed)

My Commission Expires: _____

JMT:scy/12035

(Rev. 02/14/92)

-3-

ATTEST:

Betty J. Brown
Betty J. Brown
DEPUTY City Clerk

APPROVED AS TO FORM:

Diana L. Granger
Diana L. Granger
Attorney for the City

Date: 6/13/94

WELLS BRANCH MUNICIPAL UTILITY
DISTRICT

By: Charles R. Walters
Charles R. Walters, President
Board of Directors

ATTEST:

Joseph E. Bowker
Joseph E. Bowker
Joseph E. Bowker, Secretary
Board of Directors

MILBURN INVESTMENTS, INC.

By: Terry E. Mitchell
Printed Name: TERRY E. MITCHELL
Title: Vice President

THIRD AMENDMENT TO THE AGREEMENT CONCERNING
CREATION AND OPERATION OF WELLS BRANCH MUNICIPAL UTILITY DISTRICT
(FORMERLY NORTH AUSTIN GROWTH CORRIDOR
MUNICIPAL UTILITY DISTRICT NO. 1)

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

WHEREAS, Wells Branch Municipal Utility District, formerly known as North Austin Growth Corridor Municipal Utility District No. 1 (the "District") is a political subdivision of the State of Texas, created and operating pursuant to Chapter 50 and 54 of the Texas Water Code; and

WHEREAS, the City of Austin, Texas (the "City"), is a home rule city, and the District is located wholly within the extraterritorial jurisdiction of the City; and

WHEREAS, the City and the District have previously entered into that certain "Agreement Concerning Creation and Operation of North Austin Growth Corridor Municipal Utility District No. 1 dated April 13, 1981, and such agreement has previously been amended, by mutual agreement of the City and the District, by amendments dated August 17, 1988 and March 11, 1992 (the original agreement, together with all amendments thereto being herein collectively referred to as the "Consent Agreement"); and

WHEREAS, the City and the District now desire to further amend the Consent Agreement, and to set forth such amendments in writing;

NOW, THEREFORE, the City, acting herein by and through its undersigned, duly authorized acting City Manager, as authorized by specific action of its City Council, and the District, acting herein by and through its undersigned duly authorized officers, hereby agree as follows:

1. The District. The City and the District acknowledge and agree that, on February 14, 1983, the District, with the consent of the City, annexed a tract of land containing 141.476 acres of land situated in Travis County, Texas, and on June 24, 1993, the District, pursuant to House Bill 1962, annexed three tracts of land containing 218.91 acres of land situated in Travis and Williamson Counties, Texas. The City hereby consents to the June 24, 1993 annexation by the District. After such annexations, the District consists of 1,279.0463 acres of land, and all references in the Consent Agreement to the District shall be amended to mean the District as presently constituted, and all land within the District, including the land added to the District pursuant to the annexations described herein. The City ratifies and confirms its agreement to provide water and wastewater service to all users within the boundaries of the District, as such boundaries currently exist, in accordance with the terms of the Consent Agreement,

including without limitation the provisions set forth in Articles III and IV of the Consent Agreement, which require (i) that the City provide all water reasonably required by users within the boundaries of the District for domestic and commercial uses; and (ii) that the City receive, treat and dispose of all sewage collected by the District and delivered to the City. Without limiting the generality of the foregoing, it is stipulated and agreed that the City shall provide the District with water pressure, at the District's master meters, which is sufficient, under normal operating conditions, to provide 35 p.s.i. or greater pressure at the District's retail customer meters for all District customers.

2. Amendment to Article III. Article III, Section C, of the Consent Agreement is hereby deleted in its entirety. Article III, Section D is hereby renumbered as Article III, Section C.

3. Amendment to Article IV. Article IV, Section B, of the Consent Agreement is hereby deleted in its entirety. Article IV, Section C is hereby renumbered as Article IV, Section B.

4. Amendment to Article VIII. Article VIII, Section A of the Consent Agreement is hereby deleted in its entirety, and the following inserted in lieu thereof:

A. In accordance with Section 54.016(h) of the Texas Water Code, annexation of the District shall not occur prior to September 1, 1999. The District stipulates and agrees that on June 23, 1993, ninety percent of the facilities for which District bonds were originally authorized had been installed. The District further stipulates and agrees that on or before September 1, 1999, ninety percent of the facilities for which District bonds have now been authorized will be installed within the District as expanded by the June 24, 1993, annexation. If for any reason it is determined or alleged, notwithstanding the District's stipulation and agreement, that ninety percent of the facilities have not been installed by September 1, 1999, then the City may revoke its authorization for or approval of the installation of any further facilities or amenities and also may revoke its authorization for the issuance of the balance of the District's unissued bonds; provided, however, that any such revocation shall not prejudice the rights provided to Milburn Investments, Inc. in paragraph 9a of the Settlement Agreement and Mutual Release executed to settle and resolve the litigation styled Milburn Investments, Inc. v. City of

Austin, et al., No. 93-08464, in the District court of Travis County, Texas, or as otherwise provided by law.

5. Post-Annexation Surcharge. The parties agree that the time and conditions of annexation of the District by the City shall be as set out in paragraph 4 of this third Amendment to the Agreement Concerning Creation and Operation of Wells Branch Municipal Utility District, formerly North Austin Growth Corridor Municipal Utility District No. 1 (hereafter "Third Amendment"). The parties further recognize and agree that the surcharge in the amount of \$8.89 has been calculated in the amount and manner set out in paragraph VIII of the Consent Agreement and agree that, upon annexation of the District to the City, the surcharge may be charged in all the land now constituting the District, including the property annexed to the District as set out and described in paragraph 1 of this Third Amendment. The parties agree that Milburn Investments, Inc. ("MII") is bound by and is a party only to this paragraph 5 of this Third Amendment, and is not a party to nor is it bound by any other paragraph of this Third Amendment; further, the parties agree that MII, by signing this third Amendment, is not bound by and is not a party to the original Consent Agreement or any of its subsequent amendments except as provided herein. The parties agree that MII, by signing this Third Amendment, does not assume any obligations or liabilities of Wells Branch, a joint venture (one of the parties to the original Consent Agreement in 1981), or any other party to the Consent Agreement.

6. Controlling Agreement. Except as otherwise provided herein and in the previous amendments to the original Consent Agreement, all terms and provisions of the Consent Agreement shall remain in full force and effect. In the event of any conflict between the provisions of the original Consent Agreement and/or any previous amendment thereto and this Third Amendment, the provisions of this Third Amendment shall control.

EXECUTED in multiple counterparts, each of which shall constitute an original, to be effective on the 10th day of June, 1994.

Date: 6/10/94

CITY OF AUSTIN, TEXAS

By: Jesus Garcia
Its: Acting City Manager

EXHIBIT D

COUNCIL BUDGET ADOPTION READING

MONDAY, SEPTEMBER 10, 2012



AUSTIN CITY COUNCIL MINUTES

REGULAR MEETING
MONDAY, SEPTEMBER 10, 2012

The following represents the actions taken by the Austin City Council in the order they occurred during the meeting. While the minutes are not in sequential order, all agenda items were discussed. The City Council of Austin, Texas, convened in a regular meeting on Monday, September 10, 2012 in the Council Chambers of City Hall, 301 West Second Street, Austin, Texas.

Mayor Leffingwell called the Council Budget Adoption Reading Meeting to order at 9:06 a.m.

Mayor Leffingwell recessed the meeting to go into Executive Session at 9:07 a.m. Council Member Spelman was off the dais.

EXECUTIVE SESSION

The City Council went into Executive Session, pursuant to Chapter 551 of the Texas Government Code, to receive advice from Legal Counsel, to discuss matters of land acquisition, litigation, and personnel matters as specifically listed on this agenda and to receive advice from Legal Counsel regarding any other item on this agenda.

11. Discuss legal issues related to Open Government matters (Private consultation with legal counsel pursuant to Section 551.071 of the Government Code).
12. Discuss legal issues related to prevailing wage matters on City construction contracts (Private consultation with legal counsel pursuant to Section 551.071 of the Government Code)

The Mayor announced Council would also consider items 1 and 3 on the agenda.

Executive Session ended and Mayor Leffingwell called the Council Meeting back to order at 10:50 a.m.

1. Approve an ordinance adopting the Operating Budget for Fiscal Year 2012-2013, beginning on October 1, 2012, and ending on September 30, 2013.
The motion to formally close the public hearing was approved on Mayor Pro Tem Cole's motion, Council Member Martinez' second on a 6-0 vote. Council Member Spelman was off the dais.

There was a motion to adopt Ordinance No. 20120910-001 with the following amendments from staff that was made by Council Member Morrison and seconded by Mayor Pro Tem Cole. Staff's recommended budget changes were:

- Amend the proposed budget of the Austin Fire Department to add three (3) full time equivalents (FTE) to create the Wildfire Mitigation Division.
- Amend the proposed budget for the Parks and Recreation Department to add one (1) FTE to provide for increased maintenance for Umlauf Garden
- Amend the proposed Budget Stabilization Reserve Fund to increase the transfer out to the General Fund Critical One Time Fund by \$87,033 for the purchase of equipment for the Austin Fire Department to create the Wildfire Mitigation Division.
- Amend the proposed budget of the General Fund Critical One Time Fund to increase transfer in from the Budget Stabilization Reserve Fund by \$87,033 for the purchase of equipment for the Austin Fire Department to create the Wildfire Mitigation Division.

Other Operating Funds

- Amend the proposed budget of the Parking Management Fund by decreasing the transfer to the Great Streets CIP program in the amount of \$783,019.
- Amend the proposed budget of the Austin Resource Recovery Fund by increasing transfers to the Environmental Remediation Fund in the amount of \$287,000.
- Amend the proposed budget for the Drainage Utility Fund by increasing transfer to the Environmental Remediation Fund in the amount of \$287,000.
- Amend the proposed budget for the Austin Water Utility by increasing transfers to the Environmental Remediation Fund in the amount of \$287,000.
- Amend the proposed budget for the Austin Water Utility Fund by decreasing Water Service Revenue in the Customer Assistance Program by \$900,000 to provide for water volumetric rate discounts.
- Amend the proposed budget of the Environmental Remediation Fund by increasing transfers in by \$861,000 and increasing transfers out to the Austin Resource Recovery CIP by the same amount.
- Amend the proposed budget of the Code Compliance Department Fund by increasing revenue in the amount of \$352,392 and by increasing expenditures in the same amount as well as adding three (3) new FTEs for the Short Term Rental Program.

Special Revenue Funds (Grants)

- Amend the proposed budget of the Austin Fire Department Special Revenue Fund by increasing appropriations in the amount of \$5,010,000 and by adding thirty six (36) FTEs for the Staffing for Adequate Fire and Emergency Response (SAFER) Grant from the U.S. Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA).
- Amend the proposed budget of the Health and Human Services Department Special Revenue Fund by increasing appropriations in the amount of \$186,000 for the Emergency Solutions Grant from the Department of Housing and Urban Development.
- Amend the proposed budget of the Municipal Court Department Special Revenue Fund by adding two (2) FTEs for the Emergency Solutions Grant from the Department of Housing and Urban Development.

Mayor Leffingwell's motion to amend the General Fund budget by reducing appropriations in the amount of \$4,468,224 for the following departments failed on 1-6 vote. Mayor Leffingwell voted aye.

Municipal Court -- \$285,201

Planning and Development Review -- \$500,216
 Health and Human Services -- \$436,286
 Animal Services -- \$163,409
 Social Services -- \$349,863
 Parks and Recreation -- \$1,022,892
 Library -- \$604,910
 Transfers Out to Support Services -- \$736,180
 Transfers Out to CTM -- \$369,268
 Amend the General Funds budget by reducing property tax revenues \$4,468,224.

The following proposals were offered by Council Members to be voted on later:

Mayor Pro Tem Cole proposed the following reductions:

Eliminate vacant positions from Building Services	(\$212,371)
Eliminate vacant position from Financial Services	(60,152)
Eliminate vacant positions from CTM	(196,666)
Partial reductions in contracts from Management Services	(62,190)
Total	(\$531,379)

Mayor Pro Tem Cole's proposed additions:

Austin Free Net gap funding and expansion	\$143,958
Auditor's Budget for an Assistant City Auditor and Continuing education	156,628
Landscape Architect for community initiated projects	76,634
Urban Forestry -- two (2) FTS	154,159
Total	\$531,379

Council Member Martinez' proposal was to add \$248,356 to the Wildfire Mitigation Fund from the Budget Stabilization Reserve Fund -- Critical One Time Fund for four (4) FTEs for half year funding.

Council Member Martinez' proposal was to reduce Police overtime by \$200,000 and reallocate those funds for the Council for At Risk Youth.

Mayor Leffingwell recessed the Council Meeting at 12:58 p.m. for lunch. The meeting was called back to order at 1:52 p.m.

Council Member Morrison's proposal was to amend the proposed budget of the Critical One Time Fund to increase the transfers in from the Budget Stabilization Reserve Fund in a total amount of \$580,000, including the \$248,356 proposed by Council Member Martinez.

Council Member Morrison's proposal was to use \$250,000 from the Critical One Time Fund to provide seed money to apply for matching funds from the 11-15 Waiver Funds for the Healthy Families Travis County program, specifically targeted for African American families.

Council Member Morrison's proposal was to amend the proposed budget of the Austin Police Department to increase appropriations by \$84,057 and add one (1) FTE for the Human Trafficking program to be funded from the Budget Stabilization Reserve -- Critical One Time Fund for one year.

Council Member Morrison's proposal was to direct staff to reallocate \$73,000 from the Critical One Time Fund to the Health and Human Services Department to fund River City Youth Foundation and find an additional \$73,000 to fully fund the program. The money would come from the unallocated funds in the Social Services Contracts line item.

Council Member Morrison's proposal was to amend the proposed budget of the Communications and Technology Department to add two (2) FTEs to form an Innovation Office and direct the City Manager to reallocate \$250,000 with the Communications and Technology Department by reducing the budget for the Citywide IT Strategy Assessment from \$1 million to \$750,000.

Council Member Morrison's proposal was to add a special line in the Transportation Fund in the amount of \$570,845 to support more equitable programs related to the transportation system that support the Imagine Austin Plan. The amount would come from the ending balance of this fund.

Council Member Morrison's proposal was to amend the proposed budget of Austin Energy to increase appropriations in the amount of \$3,500,000 for the Solar Program to be funded by lowering the fund balance.

Council Member Riley's proposal was to amend the proposed budget of the General Fund to increase revenues from Parks fees by \$21,731 based upon the amended fees for Plaza Saltillo and amend the proposed budget of the Parks and Recreation Department to increase appropriations by \$21,731 and add a part time (.5) FTE for maintenance of Plaza Saltillo.

Council Member Tovo's amendment included the following: to amend the proposed budget of the Austin Water Utility by increasing transfers out to the Sustainability Fund in the amount of \$659,203; to amend the proposed budget of the Sustainability Fund to increase transfers in from the Austin Water Utility in the amount of \$659,203; to amend the proposed budget of the Sustainability Fund to increase transfers out to the Neighborhood Housing and Community Development Department in the amount of \$557,518; to amend the proposed budget of the Neighborhood Housing and Community Development Department to increase the transfers in from the Sustainability Fund by \$557,518 and increase appropriations in the amount of \$557,518; and to amend the proposed budget of the Housing Trust Fund to reduce appropriations in the amount \$557,518.

Council Member Tovo's proposal was to amend the proposed budget of the Watershed Department to utilize 1% of the drainage fee (\$648,293) for tree maintenance and watering at public park facilities. Direction was given to staff to (1) prioritize up to 1% of the Drainage Utility Fund for maintenance and watering of vegetation and trees where doing so furthers the mission of the Drainage Utility as provided in state law; (2) direct the City Manager to (a) conduct a study regarding the relationship between drainage utility functions prescribed by state law and the maintenance and watering of vegetation and trees on public land and facilities and the necessary fiscal requirements; and (b) report the results of the study to Council within 90 days. (3) After review of the report, if Council finds that savings exist in the PARD budget, Council shall direct budget amendments as

needed to reallocate the funds to youth and senior programs and the Urban Forestry programs.

Council Member Tovo's proposal was amend the General Fund by increasing transfers from the Sustainability Fund for the PARD Roving Leader Program in the amount of \$95,535 to add one (1) FTE and increase transfers to the Critical One Time Fund in the amount of \$124,300 to fund one time costs for the Roving Leader Program.

Mayor Leffingwell's proposal was to amend the proposed budget of Austin Resource Recovery by decreasing the appropriation for public education campaigns by \$1,000,000 and to amend the proposed budget of Austin Resource Recovery by decreasing revenue by \$1,000,000 to reflect a reduction in the Clean Community Fee

Without objection, the Mayor recessed the meeting at 4:00 p.m. to reconvene at 9:00 a.m. tomorrow.

The meeting was reconvened at 9:11 a.m. on Tuesday, September 11, 2012.

Staff summarized the proposals made on September 10, 2012 and impact they would have on revenue and expenditures for the General Fund and Other Funds.

1. Approve an ordinance adopting the Operating Budget for Fiscal Year 2012-2013, beginning on October 1, 2012, and ending on September 30, 2013.

There was a motion to adopt Ordinance No. 20120910-001 that was made by Council Member Morrison and seconded by Mayor Pro Tem Cole. The motion includes the staff amendments that were presented yesterday and the approved Council Member amendments shown below.

Council Member Martinez' proposal to add \$248,356 to the Wildfire Mitigation Fund from the Budget Stabilization Reserve Fund -- Critical One Time Fund for four (4) FTEs for a half year funding was withdrawn.

Council Member Riley's proposal to amend the proposed budget of the General Fund to increase revenues from Parks fees by \$21,731 to be funded by the amended fees for rental of Plaza Saltillo and to amend the proposed budget of the Parks and Recreation Department to increase appropriations by \$21,731 and add a part time (.5) FTE for maintenance of Plaza Saltillo was approved on a 7-0 vote.

Council Member Morrison withdrew her previous proposal to amend the proposed budget of the Austin Police Department to increase transfers in from the Budget Stabilization Reserve Fund by \$84,057 and add one (1) FTE for the Human Trafficking program to be funded from the Budget Stabilization Reserve -- Critical One Time Fund for one year.

The following combined proposal failed on 3-4 vote. Those voting aye were: Council Members Morrison, Riley and Tovo. Those voting nay were: Mayor Leffingwell, Mayor Pro Tem Cole, and Council Members Martinez and Spelman.

- Council Member Tovo's proposal to fully fund the Roving Leader program to implement the program in one quadrant at a cost of \$95,535 with funds coming from the Sustainability Fund.
- Council Member Tovo's proposal to amend the Stabilization Reserve Fund by \$124,300 to increase transfers to the Critical One Time Fund for the Roving Leader Program.
- Council Member Tovo's proposal to amend the proposed budget of the Austin Water Utility by increasing transfers out to the Sustainability Fund in the amount of \$659,203; to amend the proposed budget of the Sustainability Fund to increase transfers in from the Austin Water Utility in the amount of \$659,203; to amend the proposed budget of the Sustainability Fund to increase transfers out to the Neighborhood Housing and Community Development Department in the amount of \$557,518; to amend the proposed budget of the Neighborhood Housing and Community Development Department to increase the transfers in from the Sustainability Fund by \$557,518 and increase appropriations in the amount of \$557,518; and to amend the proposed budget of the Housing Trust Fund to reduce appropriations in the amount \$557,518.

Mayor Pro Tem Cole withdrew her proposal to add one (1) FTE landscape architect to the Parks and Recreation budget in the amount of \$76,634 and to add two (2) FTEs for the Urban Forestry program in the amount of \$154,159.

The following were taken as a combined motion that passed on a 6-1 vote with Mayor Leffingwell voted nay.

- Council Member Morrison's proposal to increase appropriations in the amount of \$76,634 for Social Service Contracts for permanent Supportive Housing Services.
- Mayor Pro Tem Cole's proposals for the following:
 - amend the Telecommunications and Regulatory Affairs Office of the Management Services Department to increase appropriations by \$143,958 for gap funding and expansion of the Austin Free Net.
 - amend the proposed budget of the Building Services Department to reduce appropriations in the amount of \$212,371 by eliminating vacant positions.
 - amend the proposed budget of the Financial Services Department to reduce appropriation in the amount of \$60,152 by eliminating a vacant position.
 - amend the proposed budget of CTM to reduce appropriations in the amount of \$196,666 by eliminating vacant positions and reduce the transfer to CTM from the Support Service Fund in a like amount.
 - amend the proposed budget of Management Services by reducing appropriations in the amount of \$62,190 for contract services.
 - amend the proposed budget of the Office of the City Auditor by adding one (1) FTE in the amount of \$126,628 and adding \$30,000 for training.
 - Amend the proposed budget by reducing transfers into the Support Service Fund from the General Fund in the amount of \$230,793.

Council Member Martinez' proposal to reduce Police overtime by \$200,000 and reallocate those funds for the Council for At Risk Youth was approved on a 6-1 vote. Mayor Leffingwell voted nay.

Council Member Morrison's proposal to direct staff to reallocate \$73,000 from existing Social Services Contracts in the Health and Human Services Department to fund River City Youth

Foundation and directing the City Manager to find an additional \$73,000 to fully fund the program was approved on a 6-1 vote. Mayor Leffingwell voted nay.

Council Member Morrison's proposal to use \$250,000 from the Critical One Time Fund to provide seed money to apply for matching funds from the 11-15 Waiver Funds for the Healthy Families Travis County program, specifically targeted for African American families, was approved on a 6-1 vote. Mayor Leffingwell voted nay.

Council Member Morrison's offered a proposal to eliminate the funding for the landscape architect and instead fund a position in Health and Human Services in the amount of \$84,057 with the funds coming from the Budget Stabilization Reserve Fund – Critical One Time Fund. Mayor Pro Tem Cole withdrew her proposal for funding for the landscape architect.

Council Member Riley's proposal to transfer \$248,385 from the Budget Stabilization Reserve Fund to the Critical One Time Fund for implementation costs for the Community Wildfire Protection Plan (CWPP) was approved on a 7-0 vote.

Council Member Morrison's proposal to amend the proposed budget of the Communications and Technology Department to add two (2) FTEs to form an Innovation Office and direct the City Manager to reallocate \$250,000 within the Communications and Technology Department by reducing the budget for the Citywide IT Strategy Assessment from \$1 million to \$750,000 was approved on a 7-0 vote.

Council Member Morrison's proposal to add a special line in the Transportation Fund in the amount of \$570,845 to support more equitable programs related to the transportation system that support the Imagine Austin Plan was approved on a 7-0 vote. The amount would come from the ending balance of this fund.

Council Member Tovo's proposal to amend the proposed budget of the Watershed Department to utilize 1% of the drainage fee (\$648,293) for tree maintenance and watering at public park facilities was approved on a 7-0 vote. Direction was given to staff to (1) prioritize up to 1% of the Drainage Utility Fund for maintenance and watering of vegetation and trees where doing so furthers the mission of the Drainage Utility as provided in state law; (2) direct the City Manager to (a) conduct a study regarding the relationship between drainage utility functions prescribed by state law and the maintenance and watering of vegetation and trees on public land and facilities and the necessary fiscal requirements; and (b) report the results of the study to Council within 90 days. (3) After review of the report, if Council finds that savings exist in the PARD budget, Council shall direct budget amendments as needed to reallocate the funds to youth and senior programs and the Urban Forestry programs.

Mayor Leffingwell's proposal to amend the proposed budget of Austin Resource Recovery by re-appropriation of \$1,000,000 for public education campaigns to fund street cleaning, code compliance and graffiti abatement services failed on a 3 to 4 vote. Those voting aye were: Mayor Leffingwell, Mayor Pro Tem Cole and Council Member Martinez. Those voting nay were: Council Members Morrison, Riley, Tovo, and Spelman.

The following combined proposal from Council Member Spelman's was approved on a 6-1 vote. Mayor Leffingwell voted nay.

- to amend the proposed budget of the Austin Water Utility by increasing transfer out to the Sustainability Fund in the amount of \$383,465
- to amend the proposed budget of the Sustainability Fund to increase transfers in from the Austin Water Utility in the amount of \$383,465.
- to amend the proposed budget of the Sustainability Fund to increase transfers out to the Neighborhood Housing and Community Development Department in the amount of \$287,930.
- To amend the proposed budget of the Neighborhood Housing and Community Development Department to increase the transfers in from the Sustainability Fund by \$287,930 and increase appropriations in the amount of \$287,930.
- To amend the proposed budget by adding a transfer into the General Fund from the Sustainability Fund in the amount of \$95,535 for the Roving Leader Program.

On a 7-0 vote, Council approved a change to the General Fund Financial Policy #3 to read, "To improve financial planning, non-emergency amendments to the Adopted Budget shall be accomplished in one mid-year Council Meeting except in cases where the amendments are fully offset by new revenue resulting from the initiative and there is no discretion on how the revenue is spent."

Council Member Tovo's proposal to amend the proposed budget by adding back the existing language of the Austin Water Utility Financial Policy related to voter approval of revenue debt was approved on a 6-1 vote. Mayor Leffingwell voted nay.

Mayor Pro Tem Cole's proposal to amend the Health and Human Services budget by increasing appropriations in the amount of \$154,159 for early childhood development was approved on a 6-1 vote. Mayor Leffingwell voted nay. Funding would come from the Budget Stabilization Fund – Critical One Time Fund.

Without objection, the Mayor recessed the Council Meeting at 1:14 p.m.

The meeting was called to order at 2:09 p.m.

Mayor Pro Tem Cole proposal to amend the Budget Stabilization Reserve Fund by transferring \$100,000 to the Critical One Time Fund for parks equipment for Urban Forestry was approved on a 6-1 vote. Mayor Leffingwell voted no.

Council Member Morrison's proposal to amend the proposed budget of Austin Energy to increase appropriations in the \$3,500,000 for the Solar Program was approved on a 7-0 vote. The funding would come from drawing down the ending balance of the fund.

Council Member Morrison withdrew the following proposals:

- To amend the proposed budget of the Parks and Recreation Department to add one (1) Roving Leader FTE and supplies and equipment in the amount of \$76,634;
- To amend the proposed budget of the Budget Stabilization Reserve Fund by transferring \$15,155 to the Critical One Time Fund for supplies and equipment related to the Roving Leader Program.
- To amend the Budget Stabilization Reserve Fund by transferring \$15,155 to the Critical One Time Fund for supplies and equipment related to the Roving Leader Program.

Ordinance No. 20120910-001 was approved with staff and Council Member amendments on Council Member Morrison's motion, Mayor Pro Tem Cole's second on a 6-1 vote. Mayor Leffingwell voted nay.

2. Approve an ordinance adopting the Capital Budget for Fiscal Year 2012-2013, beginning on October 1, 2012, and ending on September 30, 2013.

Ordinance No. 20120910-002 was approved with the staff amendments on Council Member Morrison's motion, Council Member Riley's second on a 7-0 vote. Staff recommended budget changes were:

- Amend the transfers to the Austin Resource Recovery Capital Improvements Program from the Environmental Remediation Fund in the amount of \$861,000 and increase appropriations by the same amount for the Rosewood CIP Project.
- Amend the proposed budget by increasing appropriations for the Parks and Recreation Barton Springs Pool CIP Project in the amount of \$71,689.
- Amend the proposed budget by decreasing appropriations for the Planning and Development Review Great Streets CIP Program in the amount of \$783,019.

3. Approve an ordinance authorizing fees, fines, and other charges to be set or charged by the City for Fiscal Year 2012-2013, beginning on October 1, 2012, and ending on September 30, 2013.

Ordinance No. 20120910-003, including staff and Council amendments, was approved on Mayor Pro Tem Cole's motion, Council Member Spelman's second on a 7-0 vote. Staff's recommended budget changes were:

Fees

Amend the proposed fee schedule of the Austin Water Utility to include a separate fee section under the Water Service Rates for the Customer Assistance Program to provide for water volumetric rate discounts, adding the following fees:

Customer Assistance Program (CAP)	FY 2011-12 Approved Fee	FY 2012-13 Proposed Fee
0 - 2,000 Gallons	\$0.00	\$1.00
2,001 - 6,000 Gallons	\$0.00	\$2.25
6,001 - 11,000 Gallons	\$0.00	\$3.90
11,001 - 20,000 Gallons	\$0.00	\$7.50
20,001 - Over Gallons	\$0.00	\$12.25

Amend the proposed fee schedule of the Code Compliance Department to include the following fees for the Short Term Rental Program:

Short Term Rental	FY2011-12 Approved Fee	FY2012-13 Proposed
License	\$0	\$235/year

Amend the proposed fee schedule of Austin Energy that was approved by Council on June 7, 2012 to change:

- the secondary voltage <10 kW from demand rate to non-demand time-of-use;

- secondary voltage rates clarified for public school (ISD) discount and house of worship ceiling;
 - power factor examples corrected;
 - primary voltage 20>MW rate schedule modified to show correct rate;
 - GreenChoice rate schedule and option language modified to ensure consistency;
 - State of Texas charges removed from standby capacity rate schedule;
 - Typing errors corrected for Large Primary Service Special Contract Industrial Rider; Fuel Adjustment Clause rate schedule; and Transmission Service Adjustment Rate (TSAR) schedule;
 - Customer Owner Non-Metered Lighting estimated monthly kWh used by each fixture added to schedule;
 - Rider Time of Use (TOU) – Thermal Energy Storage to allow customers served under long-term contract rates to continue benefitting from their thermal energy system and preserves the option of long-term contract customers adding thermal energy storage systems in the future;
 - Power Supply Adjustment (PSA) to clarify wording to reflect the concept that GreenChoice expenses and revenue will be netted in PSA; and
 - Regulatory Charge including Electric Reliability Council of Texas ERCOT credits as applicable
 - Staff recommended AE rate tariffs called “Proposed New Rates from Austin Energy.”
- Council Member Riley’s proposal was to amend the proposed fees for the Parks and Recreation Department pertaining to Plaza Saltillo in the following manner:

Plaza Saltillo	FY 2011-12	FY 2012-13
Minimum Fee (7 hours)	\$200	\$0
Rental Fee (4 hours)	\$0	\$150
Maintenance Fee	\$0	\$150/day
Electricity Fee	\$150/day	\$50/day

Items 4 and 5 were taken as a combined motion.

4. Approve an ordinance establishing classifications and positions in the classified service of the Fire Department; creating positions in certain ranks; establishing pay rates; and repealing Ordinance No. 20110912-009 relating to the Fire Department classifications and positions.
Ordinance No. 20120910-004 was approved on Council Member Tovo’s motion, Council Member Martinez’ second on a 7-0 vote.
5. Approve an ordinance establishing classifications and positions in the classified service of the Austin Police Department, creating certain positions, establishing pay rates and repealing Ordinance No. 20120308-014 relating to police department classifications and positions.
Ordinance No. 20120910-005 was approved on Council Member Tovo’s motion, Council Member Martinez’ second on a 7-0 vote.

Items 6, 7 and 8 were taken as a combined motion.

6. Approve a resolution declaring the City of Austin's official intent to reimburse itself from: November 2006 Proposition 1 General Obligation bonds in the amount of \$1,100,000 related to sidewalk reconstruction and improvements and traffic signals; November 2006 Proposition 2

General Obligation bonds in the amount of \$3,700,000 related to watershed protection master plan projects; November 2006 Proposition 3 General Obligation bonds in the amount of \$2,400,000 related to parks facilities improvements and renovations, parkland acquisition, playscapes, pool improvements and renovations, and trails; November 2006 Proposition 4 General Obligation bonds in the amount of \$2,000,000 related to community and cultural facilities; November 2006 Proposition 6 General Obligation bonds in the amount of \$5,000,000 related to a new central library; Certificates of Obligation in the amount of \$7,125,000 for the Waller Creek Tunnel and Building Renovations and Improvements; and Contractual Obligations in the amount of \$46,615,000 for City of Austin Telecommunications Network Upgrade; the Greater Austin-Travis County Regional Radio System, and Austin Fire Department Vehicles.

Resolution No. 20120910-006 was approved on Council Member Martinez' motion, Mayor Pro Tem Cole's second on a 7-0 vote.

7. Approve a resolution declaring the City of Austin's official intent to reimburse itself from the proceeds of tax-exempt obligations in an aggregate maximum principle amount of \$131,000,000 for expenditures related to the acquisition and construction of electric utility capital improvement projects.

Resolution No. 20120910-007 was approved on Council Member Martinez' motion, Mayor Pro Tem Cole's second on a 7-0 vote.

8. Approve a resolution declaring the City of Austin's official intent to reimburse itself from the proceeds of tax-exempt obligations to be issued through October 2013 for acquisition and construction costs in an aggregate maximum principal amount of \$244,372,000 related to Fiscal Year 2012-2013 Austin Water Utility Capital Improvement Projects.

Resolution No. 20120910-008 was approved on Council Member Martinez' motion, Mayor Pro Tem Cole's second on a 7-0 vote.

9. Ratify the property tax increase reflected in the Budget for Fiscal Year 2012-2013.
The motion to ratify the property tax increase reflected in the budget for fiscal year 2012-2013 was approved on Mayor Pro Tem Cole motion, Council Member Spelman's second on a 7-0 vote.

10. Approve an ordinance adopting and levying a property (ad valorem) tax rate for the City of Austin for Fiscal Year 2012-2013.

Ordinance No. 20120910-010 to adopt and levy a Property (Ad Valorem) Tax Rate for the City of Austin for Fiscal Year 2012-2013 at a tax rate of 50.29 cents per hundred dollar valuation, which is effectively a 4.1 percent increase, was approved on Council Member Spelman's motion, Mayor Pro Tem Cole's second on a 6-1 vote. Mayor Leffingwell voted nay.

Mayor Leffingwell recessed the Council Meeting and called the Board of Directors' Meeting of the Austin Housing Finance Corporation to order at 3:37 p.m. See separate minutes.

Mayor Leffingwell recessed the Austin Housing Finance Corporation meeting and called the Board of Directors' Meeting of the Mueller Local Government Corporation to order at 3:39 p.m. See separate minutes.

Mayor Leffingwell called the Council Meeting back to order at 3:40 p.m.

COUNCIL BUDGET ADOPTION READING

MONDAY, SEPTEMBER 10, 2012

Mayor Leffingwell adjourned the meeting at 3:48 p.m. without objection.

The minutes were approved on this the 27th day of September, 2012 on Council Member Morrison's motion, Mayor Pro Tem Cole's second on a 7-0 vote.

EXHIBIT E



Austin Water Utility Large Volume & Wholesale Customer Briefing



Proposed Budget & Service Rates
FY 2012-13

July 10, 2012

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Proposed Budget Update FY 2012-13

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Budget Summary

(In Millions)



	FY 2011 Actual	FY 2012 Amended	FY 2012 CYE	FY 2013 Proposed
Revenue	\$444.9	\$463.4	\$464.4	\$514.8
Expenditures	\$432.4	\$466.9	\$463.5	\$517.8
FTEs	1,070.1	1,069.1	1,069.1	1,094.1

- Over \$3.3 billion in assets
- 538 square mile service territory
 - City of Austin and parts of Travis, Williamson, and Hays Counties
- Water, Wastewater, and Reclaimed provider for 210,000+ customers
- About 3,645 miles of transmission and distribution mains
- Maintain 32,977 public and private fire hydrants
- Proposed increase from 1,069.1 to 1,094.1 full-time employees (FTEs)

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Fund Summary



(In Millions)	Amended 2012	Forecast 2013	Proposed 2013
Revenue	458.8	492.2	507.8
Transfers In	4.6	7.0	7.0
Operating Requirements	189.2	202.9	207.5
Debt Service	189.1	205.7	204.3
Transfers Out	87.6	105.0	106.0
Excess (Deficiency)	(2.5)	(14.4)	(3.0)

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FY 2013 Cost Drivers



Category	Proposed Increase (Millions)	Justification
O&M Support Costs	\$8.1	<ul style="list-style-type: none"> Austin Energy Billing & Customer Care Administrative Support-City Public Works Street Cut & Repair CTM Support
Personnel Costs	\$8.8	<ul style="list-style-type: none"> 3.0% compensation adjustment 2.0% additional retirement contribution Health Insurance Increase Additional FTEs & Temporary FTEs
Contractual Costs	\$1.6	<ul style="list-style-type: none"> Security at plants, sludge hauling, generator maintenance, AE electrical, etc.
Debt Service	\$15.2	<ul style="list-style-type: none"> Existing debt service \$5.9 M New debt service \$9.3 M
Transfers Out	\$18.4	<ul style="list-style-type: none"> Capital Improvement Program \$6.6 M Revenue Stability Reserve Fund \$5.5 M General Fund Transfer \$2.6 M Reclaimed Utility Fund \$1.9 M Sustainability Fund -\$0.2 M

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Proposed Systemwide Rate Increases - FY 2013



	<u>Proposed</u>
Water	5.0%
Wastewater	6.0%
Reclaimed Water	10.8%
Combined	5.5%

Water Reserve Fund Surcharge \$0.12 Per 1,000 gallons
 (In addition, reserve fund revenue includes a \$1.7 million use of operating fund ending balance to partially fund reserve in 2013)

Customer class rate increases vary due to application of cost of service methodologies

Capital Spending Plan



> \$1.02 Billion 5-Year Capital Spending Plan

\$ in millions

	2013	2014	2015	2016	2017	Total
Water	\$191.7	\$167.9	\$92.5	\$92.4	\$69.5	\$614.0
Wastewater	60.4	69.4	81.4	70.0	61.7	362.7
Reclaimed	7.3	6.1	8.9	8.9	8.3	40.5
Combined	\$259.4	\$243.4	\$182.8	\$173.1	\$139.5	\$1,018.2

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Budget Questions?

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Joint Committee Update & Recommendations

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Joint Committee Update

- 15 meetings completed
- Recommendations approved on May 30th
- Council presentation on June 28th. This was a joint presentation by AWU and Joint Committee chairperson
- Recommendations will be proposed for implementation in 2013 budget

Joint Committee Website:
<http://www.austintexas.gov/department/joint-subcommittee>

June 28, 2012 Council Presentation Video (select Item 96, Parts 1 & 2):
<http://austintx.svaqit.com/play/06282012-999>

Joint Committee Recommendations



- Eliminate the current Revenue Stability Fee
- Create new residential tiered minimum charge
 - Based on monthly water usage with tiers based on volume rate blocks, not per 1,000 gallons
 - Lower charge for low water users and higher charge for higher water users
- New non-residential minimum charges
 - Multifamily & Commercial – meter based charge
 - Large Volume & Wholesale – individual monthly charge

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Joint Committee Recommendations



- Fixed revenue goal at 20% of total revenue
 - Each class goal set by cost of service allocation
 - Residential at 23.3%, Multifamily at 17.8%, Commercial at 16.3%, Large Volume at 11.5%, and Wholesale at 11.0%
- Adjust residential volumetric rate blocks

B1: 0 – 2k	Bottom 10% of water customers according to volumes purchased
B2: 2k – 6k	Capped at approximately average winter water use per month
B3: 6k – 11k	Capped at approximately average summer water use per month
B4: 11k – 20K	Remainder of customers not in the other blocks
B5: 20k & over	Top 10% of water customers according to volumes purchased

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Joint Committee Recommendations



- Volume rates set at approximately \$1.25 for block 1 and \$12.25 for block 5
- Future rate increases should maintain or minimize the increase in the dollar variance between blocks 1 and 5
- Create a Revenue Stability Reserve Fund
 - Target at 120 days of O&M (2013 \$38M)

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Joint Committee Recommendations



- Restrictions on Reserve Fund
 - Goal to reach target of 120 days is 5 years
 - Council must approve use of Reserve Fund
 - Used only for current year water revenue shortfalls that are 10% or more below budget levels
 - Only 50% of the fund balance can be used in a year
 - Goal to replenish to target levels after use is 5 years
 - If reserve used before target reached in 5 years, any surcharge would remain at then current levels until goal reached

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Joint Committee Recommendations



- **Reserve Fund Surcharge**
 - A water volumetric reserve fund surcharge per 1,000 gallons of water used shall be charged to all customers to build or replenish the fund
 - When targets reached, any surcharge will be reduced to levels to only maintain the 120 days of O&M
 - Surcharge revenue shall not be included in GF transfer calculation
- **Financial Metrics**
 - Operating cash reserve goal of 60 days of O&M

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Positive Outcomes



- Reductions to revenue volatility
- More prepared for revenue volatility
- Strengthens AWU's financial stability
- Continues City goals of affordability and water conservation
- Strengthens relationships with our commissions and community
- Education of AWU rate issues and finances

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Joint Committee Questions?

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Cost of Service & Rate Design FY 2012-13

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