

Attachment 5

**THIRD AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT
NO. 1 AND THE CITY OF PFLUGERVILLE, TEXAS**

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This Third Amendment ("Amendment") is made and entered into on the date appearing below by and between Lakeside Water Control and Improvement District No. 1 (the "District") and the City of Pflugerville, a Texas home-rule municipality, ("City"), each acting by and through its undersigned, duly authorized representative.

RECITALS

The District and the City have previously entered into that certain Professional Service Agreement dated June 20, 2000 (the "Agreement"), containing the terms and conditions by which the City shall provide operations, maintenance, and management services for the District's System (as defined in the Agreement).

The District and the City amended the Agreement to specify treatment of security deposits collected by the City on behalf of the District on April 2, 2003.

The District and the City amended the Agreement on November 8, 2005 to allow the City to contract and provide for solid waste disposal services in the District.

The District and the City desire to further amend the Agreement to reflect the requirement that the District increase rates to reimburse the City when Manville Water Supply Corporation increases its rates.

AGREEMENT

1. Amendment. Article VII, is deleted and replaced in its entirety as follows:

**ARTICLE VII.
COLLECTION, PAYMENT AND REMITTANCE**

The City and the District agree that City's compensation for retail water and wastewater operation, maintenance and management services provided by the City, shall be satisfied from, and shall equal, the revenues collected by the City from the District's retail water and wastewater customers for retail water and wastewater service, excluding any amounts collected by the City on behalf of the District. All fees and charges assessed the District's retail water and wastewater customers by the City shall be set by the District to recover the costs of operating the District, operating and maintaining District facilities, obtaining wholesale water and sewer service, and compensating the City for services provided under this Agreement. Specifically, the District shall increase rates within 30 days following an increase in rates by Manville Water Supply Corporation to ensure that the City does not have to subsidize the cost of providing water to District customers under this Agreement. The District shall also reimburse the City as soon as possible, and no later than 60 days following a Manville rate increase, for any additional wholesale water costs incurred by the City as a result of the Manville rate increase prior to the

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District raising rates. No additional charges, fees or the like shall be assessed against Developer or the District for such services. The City shall collect all revenues arising from rates set by the District, pay all expenses arising from the services, provided under this Agreement, including amounts set by the District to compensate the City, and remit any remainder to the District.

2. Severability. The provisions of this Amendment are severable, and if any provision or part of this Amendment 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 Amendment and the application of such provision or part of this Amendment to other persons or circumstances shall not be affected thereby.

3. Defined Terms. All terms delineated with initial capital letters in this Amendment that are defined in the Agreement have the same meanings in this Amendment as in the Agreement. Other terms have the meanings commonly ascribed to them.

4. Effect of Amendment. Except as specifically provided in this Amendment, the terms of the Agreement continue to govern the rights and obligations of the parties, and all terms of the Agreement, as amended by this Amendment, remain in full force and effect. If there is any conflict or inconsistency between this Amendment and the Agreement, this Amendment will control and modify the Agreement.

5. Counterparts. This Amendment may be exercised in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and a facsimile signature will be deemed to be an original signature for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of equal dignity, on the dates shown below, to be effective as of the 8th day of August, 2006.

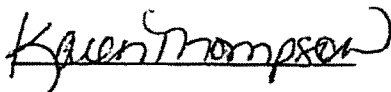
CITY OF HFLUGERVILLE

By: 

Its: MAYOR

Date: AUGUST 8th, 2006

ATTEST:



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LAKESIDE WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

By: Mark E. Rabell

Its: President

Date: 4-11-06

ATTEST:

Denny R. Bitt

