



**OFFICIAL PHOTOGRAPH  
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

**Subject:** Sonterra MUD

**TCEQ ID No:** 2460157

**Location:** Jarrell

**County:** Williamson

**Date/Time:** September 20, 2007 at 10:00 a.m.

**Weather:** Sun ☒ Haze ☐ Cloudy ☐ Rain ☐ Snow ☐

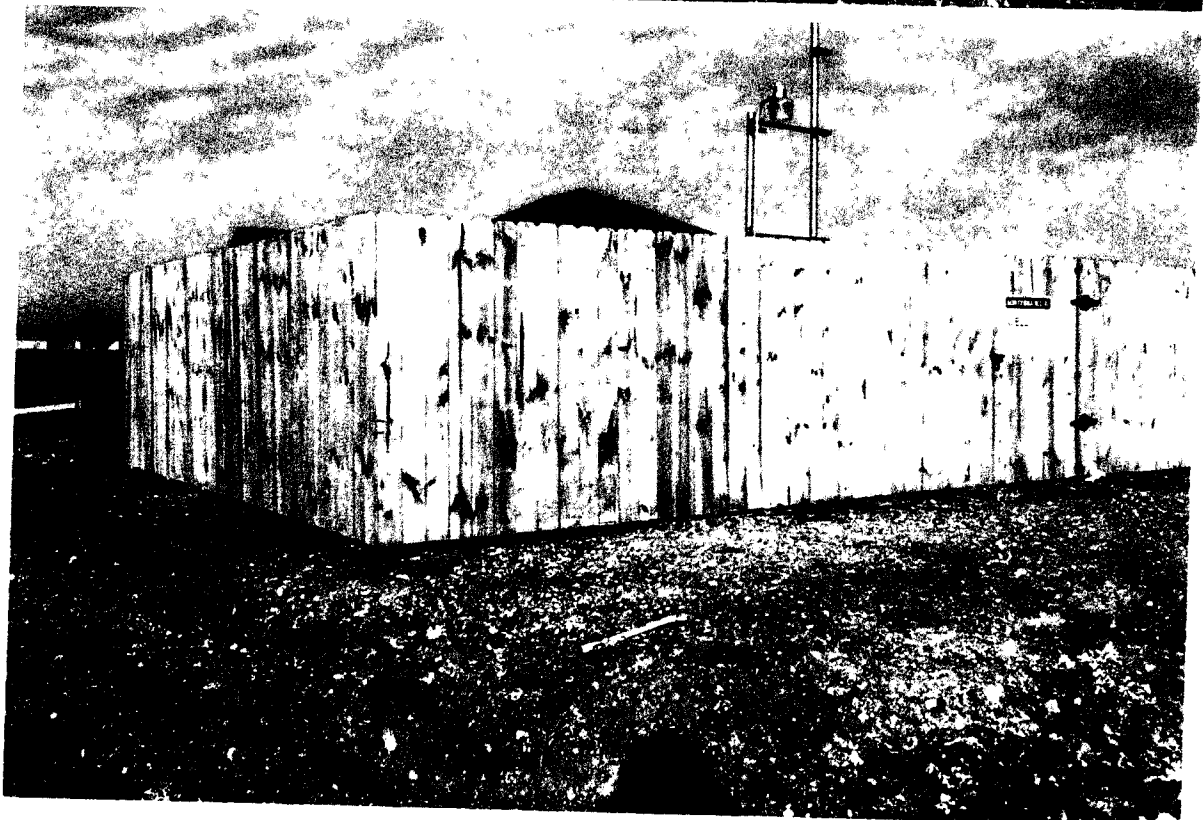
**Photographer:** Abel Garcia

**Witness:**

**Camera:** Canon Power Shot, Digital

**Photo No:** 1

**Comments:** Well #3 failed to provide goose neck on well head



*New Fence around Well #3*



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**Photographer:** Abel Garcia

**Witness:**

**Camera:** Canon Power Shot, Digital

**Photo No:** 1

**Comments:** Well #3 near street, and without a intruder resistant fence



*Screened Vent on Well Casing  
Well #3*

**SAMPLE SITES and DAILY CL2 RESIDUALS**  
**SONTERRA M.U.D.**  
**SYSTEM ID # 2460157**

DAY	SITE #	STREET ADDRESS	CL2	MAIN SIZE	OPERATOR
1	1	220 F Sandstone		8"	
2	2	109 Stonewater Ln.		6"	
3	3	305 Shale Dr.		8"	
4	4	308 Cornhill		8"	
5	5	400 Copper Lane		8"	
6	6	608 Copper Ct.		8"	
7	7	113 Limestone Terrace		8"	
8	8	124 Oakstone		6"	
9	9	204 Amber Lane		8"	
10	10	219 Engineers Pass		8"	
11	1	220-F Sandstone		8"	
12	2	109 Stonewater Ln.		6"	
13	3	305 Shale Dr.		8"	
14	4	308 Cornhill		8"	
15	5	400 Copper Lane		8"	
16	6	608 Copper Ct.		8"	
17	7	113 Limestone Terrace		8"	
18	8	124 Oakstone		6"	
19	9	204 Amber Lane		8"	
20	10	219 Engineers Pass		8"	
21	1	220-F Sandstone		8"	
22	2	109 Stonewater Ln.		6"	
23	3	305 Shale Dr.		8"	
24	4	308 Cornhill		8"	
25	5	400 Copper Lane		8"	
26	6	608 Copper Ct.		8"	
27	7	113 Limestone Terrace		8"	
28	8	124 Oakstone		6"	
29	9	204 Amber Lane		8"	
30	10	219 Engineers Pass		8"	
31	1	220-F Sandstone		8"	

Buddy Garcia, *Chairman*  
Larry R. Soward, *Commissioner*  
Bryan W. Shaw, Ph.D., *Commissioner*  
Mark R. Vickery, P.G., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

April 3, 2009

**CERTIFIED MAIL 91 7108 2133 3935 1950 3692**  
**RETURN RECEIPT REQUESTED**

Ms. Irma Wedge, President  
Sonterra Municipal Utility District  
500 Capitol of Texas Hwy North  
Bldg 1, Ste. 125  
Austin, TX 78746

Re: Notice of Violation for the Compliance Evaluation Investigation at:  
Sonterra Municipal Utility District, Jarrell (Williamson County), Texas  
RN104474465, TCEQ Additional ID WQ0014569001, Investigation No. 725949:



Dear Ms. Wedge:

On February 19, 2009, Claudia A. Chaffin of the Texas Commission on Environmental Quality (TCEQ) Austin Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for wastewater treatment. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by April 30, 2009 (Violation Track Nos. 360547, 360550, 360569, 360578, and 360681) and June 15, 2009 (Violation Track No. 360200) a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of alleged violations, we have cited applicable requirements, including TCEQ rules. If you would like to obtain a copy of the applicable TCEQ rules, you may contact any of the sources listed in the enclosed brochure entitled "Obtaining TCEQ Rules." Copies of applicable federal regulations may be obtained by calling Environmental Protection Agency's Publications at (800) 490-9198.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation(s) documented in this notice. Should you choose to do so, you must notify the Austin Region Office within 10 days from the date of this letter. At that time Ms. Carolyn Runyon will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

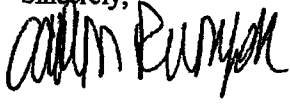
REPLY TO: REGION 11 • 2800 S. INTERSTATE HWY. 35, STE. 100 • AUSTIN, TEXAS 78704-5700 • 512-339-2929 • FAX 512-339-3795

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • Internet address: [www.tceq.state.tx.us](http://www.tceq.state.tx.us)

Ms. Irma Wedge  
April 3, 2009  
Page 2

If you or members of your staff have any questions,  
the Austin Region Office at (512) 339-2929.

Sincerely,



Carolyn Runyon, Water Section Manager  
Austin Region Office

CDR/cac

cc: Hal Lanham, Operations Manger, AWR Ser  
125Austin, TX 78746

Enclosures: Summary of Investigation Findings  
*Obtaining TCEQ Rules*

## Summary of Investigation Findings

SONTERRA DEVELOPMENT OF JARRELL TEXAS

Investigation # 725949

Investigation Date: 02/19/2009

, WILLIAMSON COUNTY,

Additional ID(s): WQ0014569001  
TX0127221  
TX0127221

### OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 360200 Compliance Due Date: 06/15/2009

30 TAC Chapter 305.125(1)

30 TAC Chapter 305.125(5)

**Alleged Violation:**

Investigation: 725949

Comment Date: 03/19/2009

The facility has no means to maintain adequate safeguards to prevent the discharge of untreated or inadequately treated wastes during electrical power failures by means of alternate power sources, standby generators, and/or retention of inadequately treated wastewater.

**Recommended Corrective Action:** Submit written and/or photographic verification that adequate safeguards to prevent the discharge of untreated or inadequately treated wastes during electrical power failures by means of alternate power sources, standby generators, and/or retention has been achieved.

Track No: 360547 Compliance Due Date: 04/30/2009

30 TAC Chapter 305.125(1)

**Alleged Violation:**

Investigation: 725949

Comment Date: 03/23/2009

Region sampled Chlorine residual was 0.62 mg/L.

**Recommended Corrective Action:** Send written verification to the Austin Region Office that the Chlorine residual is being maintained between 1.0 mg/L and 4.0 mg/L at all times.

Track No: 360550 Compliance Due Date: 04/30/2009

30 TAC Chapter 305.125(1)

**Alleged Violation:**

Investigation: 725949

Comment Date: 03/23/2009

No calibration records were available for review during the investigation.

**Recommended Corrective Action:** Submit a copy of the latest calibration record of the secondary flow measuring device to the Austin Regional Office.

Track No: 360569 Compliance Due Date: 04/30/2009

30 TAC Chapter 305.125(1)

**Alleged Violation:**

Investigation: 725949

Comment Date: 03/23/2009

The permittee is not sending noncompliance notification to the Austin Region Office as required in Permit WQ0014569001, Monitoring and Reporting Requirements, Page 6, No. 7c.



**Recommended Corrective Action:** Send written noncompliance notification to the Austin Region Office as well as the Enforcement Division (MC224) required in Permit WQ0014569001, Monitoring and Reporting Requirements, Page 6, No. 7c.

**Track No:** 360578      **Compliance Due Date:** 04/30/2009  
**30 TAC Chapter 305.125(1)**

**Alleged Violation:**

Investigation: 725949

Comment Date: 03/23/2009

Floating materials and sludge deposits were observed in the receiving stream during the investigation.

**Recommended Corrective Action:** Submit written and photographic verification that sludge and floating material has been removed from the receiving stream.

**Track No:** 360681      **Compliance Due Date:** 04/30/2009  
**30 TAC Chapter 319.7(a)**  
**30 TAC Chapter 319.7(c)**

**Alleged Violation:**

Investigation: 725949

Comment Date: 03/24/2009

There were no calibration and maintenance records for field analytical equipment used for pH, DO and chlorine residual.

**Recommended Corrective Action:** Submit written verification to the TCEQ Austin Region Office that calibration and maintenance records for field analytical equipment is being maintained and available for examination by TCEQ staff.

### ADDITIONAL ISSUES

**Description**

**Additional Comments**

Is an RPZ backflow prevention device or an air gap installed on the main potable line to the WWTP and are atmospheric vacuum breakers installed on hose bibs? If there is an RPZ backflow prevention device is the device operated properly and tested annually?

The RPZ backflow device was tested but no records were presented during the investigation.

Clarifier(s)?

There was a solids buildup in the center stilling well of the clarifier.

Is the regulated entity compliant with the self-monitored effluent limitations?

The permittee was sent a proposed agreed order on February 12, 2009 (Docket No. 2008-0036-MWD-E), for violations of self-reported effluent limits of CBOD, TSS, and Ammonia-Nitrogen.

Are monthly effluent reports or discharge monitoring reports completed accurately, submitted and are copies maintained?

The permittee was sent a proposed agreed order on February 12, 2009 (Docket No. 2008-0036-MWD-E). Allegations No. 2 and 3 were pertaining to not submitting the DMRs for the monitoring periods ending 10/31/2007 and 11/30/2007 and for failing to submit monitoring information for daily average flow, daily maximum flow, and total residual chlorine monthly minimum and maximum for the period ending December 31, 2007.

Buddy Garcia, *Chairman*  
Larry R. Soward, *Commissioner*  
Bryan W. Shaw, Ph.D., *Commissioner*  
Mark R. Vickery, P.G., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

July 3, 2009

Ms. Irma Wedge, President  
Sonterra Municipal Utility District  
500 Capitol of Texas Hwy North  
Bldg 1, Ste. 125  
Austin, TX 78746

Re: Notice of Compliance with Notice of Violation (NOV) dated April 3, 2009:  
Sonterra Municipal Utility District, Jarrell (Williamson County), Texas  
RN104474465, TCEQ Additional ID WQ0014569001, Investigation No. 725949

Dear Ms. Wedge:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) TCEQ Austin Region Office has received adequate compliance documentation on May 15, 2009 and July 1, 2009 to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on February 19, 2009. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Claudia A. Chaffin at the Austin Region Office at (512) 339-2929.

Sincerely,

A handwritten signature in black ink, appearing to read "Carolyn Runyon".

Carolyn Runyon  
Water Section Manager  
Austin Region Office

CDR/cac

cc: Hal Lanham, Operations Manger, AWR Services, 500 Capitol of Texas Hwy North, Bldg 1, Ste. 125 Austin, TX 78746

(Rev. 9/20/07)

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info on vendor pay: [www.augustabased.net](http://www.augustabased.net)

Ms Chaffin,

In response to the compliance investigation no. 725949

1) The WWTP has an installation date of September 30, 2009 which is tentative at this time, due to the City of Jarrell's connection and start up process.

The lines should be in place by the end of August or the beginning of September.

2) The Cl<sub>2</sub> residual is being maintained between 1-4 mg/l. It has been averaging around 1.5 to 2.5 mg/l. We were using a submersible pump to control Cl<sub>2</sub> feed but have since gone to using water line pressure with a RPZ for a more balanced pressure plane. This allows us to not have a bunch of drop offs in pressure therefore there is a continuous Cl<sub>2</sub> feed.

3) We have implemented a new policy that if we have any excursions on our DMR's they will be sent to the State office for TCEQ and also to Region 11 of the TCEQ.

4) The pictures of the discharge point are also attached.

Anything else that I need to get you please let me know. I hope that this will get everything taken care of.

Matt Martin

THE STATE OF TEXAS	§	AGREEMENT FOR WHOLESALE
	§	WASTEWATER SERVICE
COUNTY OF WILLIAMSON	§	(SONTERRA MUD)

**THIS AGREEMENT FOR WHOLESALE WASTEWATER SERVICE** is entered into by and between the **CITY OF JARRELL**, a Texas general law municipal corporation ("Jarrell") and the **SONTERRA MUNICIPAL UTILITY DISTRICT**, a Municipal Utility District created by House Bill 3497, 79<sup>th</sup> Regular Session, Texas Legislature and operating under Chapters 49 and 54 of the Texas Water Code ("Sonterra").

**I.  
RECITALS:**

- 1.01.** Jarrell has secured a wastewater Certificate of Convenience and Necessity ("Jarrell's CCN"), No. 20998 from the Texas Commission on Environmental Quality, authorizing Jarrell to provide retail wastewater service within its certificated service area.
- 1.02.** Jarrell has secured a site for the Donahoe Creek Wastewater Treatment Plant (the "Donahoe Creek WWTP") adjacent to Donahoe Creek and discharge permit from the Texas Commission on Environmental Quality, TPDES No. 14594-001 for the Donahoe Creek WWTP. The permit allows a maximum discharge of up to an average daily flow not to exceed 4.0 MGD of treated effluent as set forth in the permit.
- 1.03.** Jarrell has contracted for construction of the first phase of the Donahoe Creek WWTP. The first phase plant capacity is an average daily flow not to exceed 0.5 MGD.
- 1.04.** Jarrell has completed design of a wastewater collection system for its citizens and expects to bid and award a construction contract for that system. The system will include a wastewater line ("Trunk Main "A") connecting the downtown area of Jarrell to the Donahoe Creek WWTP.
- 1.05.** Sonterra currently operates a leased wastewater treatment plant under TPDES Permit No. 14569-001, with a permitted treatment capacity of an average daily flow not to exceed 150,000 gallons per day (the "Sonterra WWTP") on a site within Sonterra's service area in northern Williamson County. The Sonterra WWTP currently serves approximately 500 residents within the Sonterra's service area.
- 1.06.** In accordance with a previous petition from Sonterra Development LLC of Jarrell Texas on behalf of Sonterra and Article III, Section 10 of the

Agreement Concerning Creation and Operation of Sonterra Municipal Utility District and Lands within Sonterra, Jarrell and Sonterra desire to enter into mutually agreeable Wholesale Utility Service Agreement for Jarrell to supply wholesale wastewater treatment service to Sonterra upon completion of the Donahoe Creek WWTP, Trunk Main "A" and the Connecting Facilities.

- 1.07. Jarrell and Sonterra have agreed that, following completion of the Donahoe Creek WWTP, Trunk Main "A" and Connecting Facilities, the Sonterra WWTP will be decommissioned and removed from its site.

**NOW, THEREFORE,** in consideration of the terms, conditions, and covenants contained in this Agreement, Jarrell and Sonterra agree as follows:

## **II. DEFINITIONS:**

**2.01. Definition of Terms.** The terms used in this Agreement shall have the meanings set forth below, unless otherwise defined in the Agreement:

(a) **BOD<sub>5</sub> (Five-Day Biochemical Oxygen Demand):** the quantity of oxygen, expressed in milligrams per liter (mg/l), utilized in the biochemical oxidation of organic matter as determined by standard laboratory procedures for five days at twenty (20) degrees centigrade.

(b) **Calibration:** the utilization of check meters, velocity tests, or verification of secondary instrumentation accuracy using a standard signal at the transmitter or a calibrated primary sensor (manometer).

(c) **CBOD<sub>5</sub> (Five-Day Carbonaceous Biochemical Oxygen Demand):** the measure of the oxygen equivalent of the organic content of a sample that is susceptible to oxidation by a strong chemical oxidant as determined in milligrams per liter (mg/l) by standard laboratory procedures.

(d) **Commission or TCEQ:** the Texas Commission on Environmental Quality or its successor agency.

(e) **Connecting Facilities:** means the 15-inch gravity wastewater line from a point of connection to an existing Sonterra wastewater line at or near Sonterra Lift Station No. \_\_ and the initial Point of Entry (as hereafter defined), said line extending approximately 5,240 linear feet in a northeasterly direction in easements and rights of way to the initial Point of Entry on the proposed Trunk Main "A" along the main channel of the Donahoe Creek; all as more particularly shown on **Exhibit A** attached and made a part hereof as aforesaid.

- (f) **Director:** means Jarrell's designated representative for wastewater related issues.
- (g) **Donahoe Creek WWTP:** Jarrell's Donahoe Creek Wastewater Treatment Plant authorized by wastewater discharge permit TPDES No. 14594-001 issued by the Commission.
- (h) **Environmental Protection Agency or EPA:** the United States Environmental Protection Agency or its successor agency.
- (i) **GPM:** means gallons per minute.
- (j) **Industrial Waste:** All industrial waste as defined by the TCEQ.
- (k) **Infiltration and inflow:** Inflow is stormwater that enters into sanitary sewer systems at points of direct connection to the systems. Infiltration is groundwater that enters sanitary sewer systems through cracks and/or leaks in the sanitary sewer pipes.
- (l) **Interference:** an inhibition or disruption of the treatment process or operation of Jarrell's proposed Donahoe Creek WWTP.
- (m) **Jarrell's CCN:** Jarrell's Wastewater Certificate of Convenience and Necessity No. 20998 issued by the Commission.
- (n) **Jarrell System :** the wastewater transportation facilities (including Trunk Main "A") and wastewater treatment and disposal facilities (including the Donahoe Creek WWTP) owned by Jarrell that will be employed for receipt, transportation, treatment and disposal of wastewater from Sonterra by Jarrell under this Agreement..
- (o) **Point(s) of Entry:** the approved Point(s) of Entry at which wastewater is discharged from the Sonterra System to the Jarrell System, the initial Point of Entry being more particularly shown on **Exhibit A**. All wastewater flows from the Wholesale Service Area will be directed by Sonterra to the Point(s) of Entry.
- (p) **Prohibited Waste:** those substances prohibited from being discharged into the Jarrell System except in accordance with Jarrell City Ordinances.
- (q) **Prohibited Wastewater:** means wastewater with: a pH factor less than 6 or greater than 11.5 standard units, a BOD<sub>5</sub> greater than 200 mg/l, a TSS greater than 200 mg/l, a CBOD<sub>5</sub> greater than 450mg/l.
- (r) **Sewage:** water borne human excreta and gray water.

(s) **Sonterra System:** the wastewater collection and transportation facilities owned by Sonterra that will be employed for collection and transportation of wastewater from Sonterra retail wastewater customers within the Wholesale Service Area to the Jarrell System for transportation, treatment and disposal, including the Connecting Facilities.

(t) **Sonterra WWTP:** Sonterra's wastewater treatment plant as authorized by wastewater discharge permit TPDES Permit No. 14569-001 issued by the Commission.

(u) **Trunk Main A:** the initial wastewater line ("Trunk Main "A") connecting the downtown area of Jarrell to the Donahoe Creek WWTP as identified on **Exhibit A** hereto

(v) **TSS (Total Suspended Solids):** the total amount of solids expressed in milligrams per liter (mg/l) that float on the surface of or in suspension in water, sewage, industrial waste, or other liquid that are removable by laboratory filtering following standard methods.

(w) **Waste or Wastewater:** liquid or water borne waste, including, without limitation, sewage, industrial waste or other wastes, whether separate or commingled.

(x) **Wastewater Treatment Access Fee:** an impact fee imposed on each service unit of new development served by the Donahoe Creek WWTP to generate revenue for funding or recouping the costs of capital improvements or facility expansions of the Donahoe Creek WWTP that serve new development.

(y) **Wholesale Service:** the wholesale wastewater transportation, treatment and disposal service to be provided by Jarrell to Sonterra under this Agreement.

(z) **Wholesale Service Area:** The agreed area comprised of that area served with retail wastewater service by Sonterra as more particularly shown on **Exhibit B** for which Sonterra is to receive wholesale wastewater treatment service under this Agreement.

### III.

#### PROVISION OF WHOLESAL SERVICE:

**3.01. Maximum Level of Wholesale Service.** Subject to the terms and conditions of this Agreement and the requirements of applicable law, Jarrell agrees to provide wholesale wastewater treatment service ("**Wholesale Service**") to Sonterra for the Wholesale Service Area up to a maximum daily volume not to

exceed an average daily volume of **2,000,000 gallons per day** as said average daily flow is defined in the permit for the Donahoe Creek WWTP and an **instantaneous peak wet weather rate of flow not to exceed 4,860 GPM** as said instantaneous volume is defined in the permit for the Donahoe Creek WWTP.

Jarrell shall have no liability or obligation to provide Wholesale Service above the maximum level of Wholesale Service described in this Agreement nor will Jarrell provide direct retail wastewater service to any property within the Wholesale Service Area without Sonterra's prior written request or consent.

Jarrell shall design and construct the Jarrell System at its sole expense. Jarrell shall use commercially reasonable efforts and due diligence to timely construct the initial Trunk Main "A" as described on **Exhibit A** hereto and the initial phase of the Donahoe Creek WWTP in order to commence service to Sonterra under this Agreement. Thereafter, Jarrell shall construct expansions to Trunk Main "A" and the Donahoe Creek WWTP as necessary to provide Wholesale Service to Sonterra at the levels agreed to in this Agreement. Jarrell shall use commercially reasonable efforts and due diligence to timely construct additional phases of the Donahoe Creek WWTP as necessary to meet the full needs of Sonterra under this Agreement and to comply with the terms of TPDES No. 14594-001 for the Donahoe Creek WWTP, and the rules of the TCEQ, including, without limitation, rules requiring commencement of design, and commencement and completion of construction, of appropriate expansions of the Donahoe Creek WWTP at times to meet then current and anticipated flows such as 30 TAC Sec. 305.126. Jarrell shall reserve for use by Sonterra under this Agreement an amount of capacity in the initial Trunk Main "A", the Donahoe Creek WWTP and any expansions thereof capable of transporting from the Point(s) of Entry to the Donahoe Creek WWTP, and treating at the Donahoe WWTP, an amount of wastewater flow from Sonterra Area up to a maximum average daily volume not to exceed **2,000,000 gallons per day** (as said average daily volume is defined in the permit for the Donahoe Creek WWTP) and an **instantaneous peak wet weather rate of flow not to exceed 4,860 GPM** as said instantaneous volume is defined in the permit for the Donahoe Creek WWTP.

**3.02. Increase in Maximum Level of Wholesale Service.** Any permanent increase in the maximum level of Wholesale Service Jarrell provides to Sonterra for the Wholesale Service Area shall require a written amendment of this Agreement duly authorized by the governing bodies of Jarrell and Sonterra and executed by the authorized representatives of Jarrell and Sonterra and shall be subject to the availability of capacity in the Jarrell System to provide such additional service as determined by the Director.

**3.03. Sonterra Responsible for Retail Service Within Wholesale Service Area; Franchise Rights.** Sonterra shall be solely responsible for all aspects of providing retail wastewater service within the Wholesale Service Area. Jarrell to the extent capable under existing law, authorizes use by Sonterra of the public



streets and rights-of-way within Jarrell's corporate limits east of Interstate 35 for construction, operation and maintenance of the Sonterra System and any Sonterra water facilities, so long as such use does not interfere with any lawful use by Jarrell and provided that such use is subject to all of the Jarrell's ordinances, rules and regulations respecting the manner of such use and restoration of lands, pavement or improvements resulting from exercise of the rights provided in this section, including the cost of relocation of any of Jarrell's facilities located within any such areas.

**3.04. Conditions Precedent for Commencement of Wholesale Wastewater Service.** Jarrell and Sonterra specifically agree that the commencement of Wholesale Service to the Wholesale Service Area is subject to the following conditions precedent:

- (a) completion, inspection and final acceptance by Jarrell of the initial phase of the Donahoe Creek WWTP and Trunk Main "A" and by Sonterra of the Connecting Facilities, and the diversion of wastewater flows from the Sonterra System to the Point of Entry, and;
- (b) Sonterra's adoption of a program for industrial waste pretreatment and monitoring no less stringent than that required by TPDES Permit No. 14594-001, and any subsequent amendment thereto, and;
- (c) Sonterra's adoption of a water conservation program containing regulations no less stringent than Jarrell's water conservation program;
- (d) Payment by Sonterra for all costs associated with easement acquisition by Jarrell for the Connecting Facilities.
- (e) Provision by Sonterra of an easement on properties located within the Wholesale Service Area for Trunk Main "A".

**3.05. Cooperation During Maintenance or Emergency.** Sonterra shall cooperate with Jarrell during periods of emergency or required maintenance of the Jarrell System. If necessary, upon prior written notice sufficient to allow Sonterra to notify its customers, Sonterra shall operate its lift stations or other equipment at its expense in a manner reasonably determined by the Director to be necessary to the safe and efficient completion of repairs or the replacement of effected parts of Jarrell System the restoration of service, and the protection of the public health, safety, and welfare.

**3.06. Wholesale Service Commitment Not Transferable.** Jarrell's commitment to provide Wholesale Service is solely with Sonterra and applies only to the Wholesale Service Area described on **Exhibit B**. Sonterra may not sell, assign or transfer, in whole or in part, the commitment for wholesale wastewater treatment service provided herein to any other property or third party.

#### IV.

##### **SERVICE AREA AND LIMITATIONS ON WHOLESALE SERVICE:**

**4.01. Wholesale Service Limited to Wholesale Service Area.** Sonterra acknowledges that, as the provider of wastewater service to other properties in this region, Jarrell must retain the ability to plan, fund, and operate the Jarrell System to serve not only Sonterra but all other customers of the Jarrell System and that the provision of retail wastewater service outside of the described Wholesale Service Area by Sonterra without the consent of Jarrell will detrimentally affect the capability of Jarrell to plan, fund and operate the Jarrell System for the benefit of all customers served by the Jarrell System. Accordingly, the parties agree:

(a) this Agreement is for a specified level of Wholesale Service for the Wholesale Service Area only and Sonterra may not provide retail wastewater service outside the Wholesale Service Area through facilities that will be connected to the Wholesale Service Area without the prior approval of the Jarrell City Council;

(b) The Wholesale Service Area, upon agreement by the City of Jarrell, may be expanded to include additional areas within the Sonterra MUD provided the expansion area is within Jarrell's ETJ. Agreement of City shall not be withheld if within the City's ETJ.

**4.02. Legal Lots Required.** Sonterra will not sell taps or otherwise authorize the connection of wastewater service to property within the Wholesale Service Area unless the property is either in compliance with, or exempt from, the requirements of Chapter 212, Texas Local Government Code, as amended.

#### V.

##### **CONSTRUCTION OF CONNECTING FACILITIES:**

**5.01. Approval of Plans for Connecting Facilities.** Sonterra will design and construct the Connecting Facilities. Plans and specifications for Connecting Facilities must conform to Jarrell's standard specifications and Ordinances as well as Sonterra's standards and specifications and comply with applicable federal, state and local laws, ordinances, and regulations in effect at the time of submission. Construction shall not commence until the plans and specifications have been approved by Jarrell's City Engineer (currently, Jay Engineering Company, Inc.), Sonterra and all other agencies with applicable jurisdiction.

**5.02. Inspection and Acceptance of Connecting Facilities.** The parties agree that both Jarrell and Sonterra have the right to make periodic inspections during the construction phase of the Connecting Facilities. Upon request and to the degree that Sonterra has control over the construction site, Sonterra shall arrange to provide lawful access to Jarrell for such purposes. After completion of the Connecting Facilities, Sonterra shall provide Jarrell with an engineer's certificate of

completion of construction and thereafter, except as set forth in Section 5.03 below, Sonterra shall own and maintain the Connecting Facilities as part of the Sonterra System.

**5.03. Jarrell Review and Approval of Easements for Connecting Facilities to Be Dedicated to Jarrell.** Any part of the Connecting Facilities existing downstream of the initial Point of Entry shall be dedicated to Jarrell by Sonterra after completion of construction of same. The form and content of easements and dedication for any portion of the Connecting Facilities to be dedicated to Jarrell under this Agreement shall be subject to review and approval by Jarrell, Jarrell's attorney or his designee before final acceptance of such facilities, which approval will not be unreasonably withheld or delayed. No easements to be dedicated to Jarrell shall be recorded until reviewed and approved by Jarrell's attorney or his designee.

**5.04. Costs for Connecting Facilities.** Sonterra is responsible for paying the portion of the costs of the design and construction, and for design and construction, of the Connecting Facilities to a point located at the property fence line located at the most upstream end of the "Proposed Jarrell Installed 15" SDR-26 PVC Gravity Line" as shown on **Exhibit A**. Jarrell is responsible for paying the portion of the cost of the design and construction, and for the design and construction, of the Connecting Facilities downstream of the "Proposed Jarrell Installed 15" SDR-26 PVC Gravity Line" as shown on **Exhibit A**. Upon completion of construction by Sonterra of its portion of the Connecting Facilities, Sonterra shall convey to Jarrell the portion of such Connecting Facilities between the Point of Entry as shown on **Exhibit A** and the most upstream point of the "Proposed Jarrell Installed 15" SDR-26 PVC Gravity Line" as shown on **Exhibit A**.

## **VI. BILLING FOR WHOLESALE SERVICE:**

**6.01. Monthly Billings for Wholesale Service.** For each monthly billing period after commencement of Wholesale Service to Sonterra under this Agreement, Jarrell will forward to Sonterra a bill providing a statement of charges for Wholesale Service provided to Sonterra within such monthly billing cycle. Sonterra agrees to make timely payment of the bill. Payments shall be considered past due 30 days from the date of receipt of each such monthly bill.

**6.02. Late Payment Fees for Overdue Amounts.** Jarrell may assess and collect late payment fees for all overdue amounts owed to Jarrell under this Agreement in accordance with Jarrell's Utility Service Regulations, and the annual rate and fee ordinance adopted annually by the Jarrell City Council. Late payment fees will not exceed 10% of invoiced amounts.

**6.03. Payment for Infiltration and Inflow.** Sonterra acknowledges that flows entering the Jarrell System at the Point(s) of Entry from the Sonterra System from any source whatsoever must be given treatment and handling whether or not its source is revenue producing for Sonterra. Therefore, Sonterra agrees to pay for any flows entering the Point(s) of Entry from the Sonterra System, including Infiltration and Inflow. It shall be the responsibility of Sonterra to undertake such measures as are necessary or prudent to minimize Infiltration and Inflow to the Sonterra System. Sonterra shall prohibit the discharge of storm drainage water into the Sonterra System.

**6.05. Monthly Billing Calculations.** Jarrell shall compute the monthly billing for Wholesale Service on the basis of the wastewater volume determined via metered wastewater flow at the metering facilities located at or near the Point of Entry. The wastewater meter(s) will be read once a month to establish each month's wastewater flow. The month's wastewater flow will then be divided by 1,000 and then multiplied by the wholesale rate per 1,000 gallons to calculate the monthly billing total.

Jarrell will monitor wastewater entering the Jarrell System from the Sonterra System by wastewater flow meter(s) of a size, type and design approved by Jarrell and installed by Sonterra, and at Sonterra's expense, at or near the Points of Entry according to construction plans and specifications approved by Jarrell. Meter facilities shall consist of a metering manhole containing a Parshall flume and ultrasonic flow measurement device as specified by the Jarrell City Engineer.

Following installation and final acceptance of the wastewater flow meter(s) by Sonterra, Sonterra shall dedicate same to Jarrell who thereafter will be solely responsible for ownership, operation, and maintenance of the wastewater flow meters. Jarrell agrees to calibrate and routinely service the wastewater flow meters no less than once during each 12-month period, at its expense.

Calibration will be accomplished according to Jarrell's standard methods. Jarrell will provide Sonterra at least 72 hours notice of all proposed calibrations so that Sonterra may observe the calibrations, if it wishes to do so.

If either party becomes aware that a wastewater flow meter is registering inaccurately (more than 5% error) or malfunctioning, that party will notify the other, so that Jarrell can promptly repair the meter. Either party will have the right to test a flow meter at any time. Notification of a proposed test will be provided to the other party at least 72 hours before the conduct of the test, except in the case of an emergency. Each party will have the right to witness any flow meter test performed by the other party. Payment for meter calibration and testing will be the responsibility of the party requesting the meter calibration and testing.

**6.06. Billing Adjustments.** If, for any reason, a wastewater flow meter is out of service or is inoperative, or if, upon any test, any meter is found to be inaccurate

(more than 5% error), Jarrell will correct the registration. Correction of inaccurate billings based on inaccurate meter registration will normally be retroactive to the most recent correct registration, if reasonably ascertainable. Alternatively, Jarrell and Sonterra may agree to use future meter registrations as the basis for correction. If future registrations are to be used as a basis for correction, Jarrell may bill Sonterra based on estimated amounts equal to the average per connection flows from Sonterra retail customers for a period not exceeding the length of time back to the most recent correct registration prior to rendering a corrected billing. If it is later determined that Sonterra has been overbilled, Jarrell agrees to refund or credit any overcharges over a period equivalent to the period for which the meter registered inaccurately. If Sonterra has been underbilled, Sonterra will have a period equivalent to the period for which the meter registered inaccurately to pay the underbilling.

## VII. RATES AND CHARGES:

**7.01. Wholesale Wastewater Treatment Rates.** As used in this Agreement the term "Wholesale Wastewater Treatment Rate" means a rate of \$7.60 per thousand gallons for the first period of this Agreement ending December 31, 2009. For the next two ensuing twelve (12) month periods thereafter beginning January 1 of the next ensuing year, the term "Wholesale Wastewater Treatment Rate" shall mean a rate equal to the product of multiplying \$7.60 times a fraction, the denominator of which shall be the Consumer Price Index- All Urban Consumers, 1982-1984 = 100) published by the Bureau of Labor Statistics of the U. S. Department of Labor, South Region (or if such index shall cease to be published, then a regularly published index derived by using the same or substantially the same data and methodologies) for the initial month of this Agreement and the numerator of which shall be the same index for the month in which the Wholesale Wastewater Rate is recalculated, plus an appropriate pro-rata increase in the Wholesale Wastewater Rate to reflect the increased amounts incurred by Jarrell for: (i) any increase in energy related costs or costs of electricity incurred by Jarrell in excess of Consumer Price Index increase for treatment of wastewater at the Donahoe Creek Wastewater Treatment Plant in excess of the rate per KWH as it exists at the date of execution of this Agreement, and (ii) any costs incurred by Jarrell to treat the wastewater mandated by new regulatory requirements. Beginning three years after December 31, 2009, the term Wholesale Wastewater Treatment Rate shall mean a rate fixed every three years by Jarrell based (i) on a cost-of-service methodology using "cash-basis" accepted ratemaking principles designed to recover Jarrell's cost of providing Wholesale Service to Sonterra under this Agreement; (ii) on a non-discriminatory basis, (ii) on the nature of such service as wholesale, and not retail, service; and on taking into account any capital recovery fees paid by Sonterra under this Agreement. In connection with determining a reasonable cost-of-service rate methodology, Sonterra agrees to provide Jarrell with the names of at least three qualified firms with experience in determining such rates at least six months prior to

the date by which such rate will go into effect and Jarrell shall employ one of such rate consultants to perform an appropriate study to determine the rate methodology and make recommendations to Jarrell with the methodology to be used. Jarrell shall provide Sonterra with access to all such rate studies and with the opportunity to comment on the recommended rate methodology at least thirty (30) days prior to Jarrell's approval of the rate methodology and adoption of any rates to be established pursuant thereto. Jarrell shall use such methodology to establish the Wholesale Wastewater Treatment Rate thereafter.

**7.02. Wastewater Treatment Access Fees.** Sonterra shall pay Wastewater Treatment Access Fees as provided in Section 7.04 below.

**7.03. Surcharge for Non-Compliance.** If Sonterra exceeds the maximum levels of Wholesale Service to be provided by Jarrell under this Agreement, Jarrell may impose a monthly wastewater surcharge on such excess flows equal to 15% of the wholesale rate applicable to Sonterra. Before imposing the surcharge, Jarrell will provide Sonterra with thirty (30) days written notice of such non-compliance specifying in detail the alleged non-compliance during which Sonterra shall have the opportunity to cure such non-compliance. If Sonterra does not cure the non-compliance within the thirty (30) day notice period, Jarrell may proceed to impose the surcharge which may be imposed retroactively on such excess flows for the entire period in which the Sonterra has been non-compliant with respect to the maximum flow requirements.

**7.04. Collection and Remittance of Jarrell 's Wastewater Treatment Access Fee.** Sonterra shall pay to Jarrell, a Wastewater Treatment Access Fee for each service unit of new development connected to Sonterra's System in the Wholesale Service Area from and after the time that Sonterra has connected and is receiving wastewater treatment service from the Donahoe Creek WWTP. Sonterra shall pay Jarrell's Wastewater Treatment Access Fee in accordance with this Agreement for each new service unit added within the Wholesale Service Area after connection to, and that is to be served by, the Donahoe Creek WWTP.

The amount of the Wastewater Treatment Access Fee is currently estimated to be \$1,720 per service unit. The amount of the Wastewater Treatment Access Fee shall be determined by dividing the actual construction cost of the previous phase of the Donahoe Creek WWTP by the design capacity (in LUEs) of that phase and rounding to the nearest tens of dollars place. For example, should a plant phase cost \$3,125,000 for a designed LUE capacity of 1,818 LUEs, the access fee would be \$1,720. The access fee will be recalculated following completion of construction for each plant expansion. Notwithstanding the foregoing, the parties recognize that they are considering into a strategic partnership agreement which will provide for sales tax revenues to be made available to be used by, or on behalf of Sonterra, to pay or defray the costs of the Wastewater Treatment Access Fee, and, accordingly, the parties further agree that, unless such an agreement is entered into prior to the time that Sonterra begins paying Wastewater Treatment Access Fees, such fee

shall be established by Jarrell in accordance with the requirements of Chapter 395, Texas Local Government Code, with capital costs based only on the actual design and construction costs of the Donahoe Creek WWTP.

Sonterra agrees to pay all Wastewater Treatment Access Fees to Jarrell monthly together with a report of all new wastewater connections made within each calendar month and the date, water meter size and service address of same by the 15<sup>th</sup> of the following month. If Sonterra elects to charge its customers the Wastewater Treatment Access Fee, then Sonterra shall remit the entire Wastewater Treatment Access Fee to Jarrell and retain no portion of the Wastewater Treatment Access Fees collected.

**7.05. Extra Strength Wastewater Surcharge Rates.** Using an average of all applicable sample results, a surcharge will be determined for every water quality measurement parameter in excess of allowable strengths based on the procedures and formulas in Section 8.05. Rates for extra strength wastewater will be calculated using the following surcharge rate values for the various parameters of water quality:

Water Quality Measurement	Surcharge Rate
Five-day Biochemical Oxygen Demand (CBOD <sub>5</sub> )	\$0.4867 per pound (in excess of 200 mg/L)
Five-day Carbonaceous Biochemical Oxygen Demand (CBOD <sub>5</sub> )	\$0.2255 per pound (in excess of 450 mg/L)
Total Suspended Solids (TSS)	\$0.1049 per pound (in excess of 200 mg/L)

#### VIII. PROHIBITED WASTEWATER:

**8.01. Prohibited Wastewater.** All such non-conforming wastewater ("Prohibited Wastewater") is prohibited from delivery by Sonterra to the Jarrell System. Sonterra acknowledges that Jarrell has the responsibility and authority under federal and state law to establish:

- (a) types and quantities of discharges that are prohibited for entry into the Jarrell System;
- (b) discharge prohibitions for certain substances, as may be amended from time to time;
- (c) pretreatment, permitting, monitoring, and other requirements for persons who discharge prohibited substances; and

(d) measures to protect the Jarrell System, including, without limitation, any portion of the sanitary sewer, and any receiving stream receiving a discharge of wastewater effluent from harmful discharges.

**8.02. Payment for Damages to Jarrell System.** Sonterra agrees to pay for all damage and the cost of repair to the Jarrell System that Jarrell can demonstrate was caused by Sonterra's delivery of prohibited wastewater to the Jarrell System.

**8.03. Sampling and Testing.** Sonterra agrees that Jarrell shall have the right to sample wastewater discharges within the Sonterra System to determine the source of Prohibited Wastewater.

In cooperation with and after notice to Sonterra, Jarrell shall have the right of entry and access to the portion of the Connecting Facilities owned by Sonterra and to the Sonterra System connected thereto at all times in order to inspect those facilities, to investigate the source of operational or maintenance problems or for preventive purposes intended to detect, minimize, or avert operational or maintenance problems, or for any other purpose reasonably related to the provision of wholesale wastewater service. Sonterra shall make all arrangements reasonably required to provide such access, provided that Jarrell provides at least one working day written notice or, in the event of an emergency, prior notice by telephone or confirmed facsimile, to Sonterra of its need for such access. This Agreement shall not affect Jarrell's access for inspections conducted under the provisions of federal or state law, Jarrell's EPA-required program governing the pretreatment, monitoring and discharge of industrial or prohibited wastes, or the waste discharge permit issued by Jarrell to Sonterra.

**8.04. Surcharge for Excess Strength Wastewater.**

(a) In accordance with the provisions of Jarrell's Ordinances, as amended, an additional charge (surcharge) shall be billed to Sonterra by Jarrell, not as a penalty but as an additional charge for handling and treatment of wastewater of abnormal or extra strength discharged by Sonterra into the Jarrell System. This charge is intended to defray the added cost of sampling, testing, transporting and treating such extra strength wastewater. The surcharge shall be in addition to the usual monthly charge for wholesale wastewater service and shall be equally and uniformly applied to all customers of Jarrell, whether retail or wholesale, or within or without the Jarrell city limits.

(b) A surcharge for each mg/l of BOD<sub>5</sub> in excess of 200 mg/l, for each mg/l of TSS in excess of 200 mg/l, and for each mg/l of CBOD<sub>5</sub> in excess of 450 mg/l shall be assessed and collected. The extra strength determination will be based on a minimum of two (2) days average data.



(c) Sonterra shall pay Jarrell for concentrations of BOD<sub>5</sub> and TSS exceeding 200 mg/l and for CBOD<sub>5</sub> concentrations exceeding 450 mg/l at the rate provided in the prevailing ordinances of Jarrell, subject to increase or decrease without formal amendment of this Agreement, as said ordinance might be amended from time to time. The industrial waste surcharge will be calculated and billed to Sonterra each month in accordance with the formula set forth below.

(d) **Computation of Surcharge.** For extra strength wastewater having a CBOD<sub>5</sub> concentration of 2.25 or more times that of the BOD<sub>5</sub> concentration, the surcharge will be based on the CBOD<sub>5</sub> category in lieu of the BOD<sub>5</sub> category. The computations of the surcharge shall be based on the following formula:

$$S = V \times 8.34 (A [BOD_5 - 200] + B [TSS - 200])$$

or

$$S = V \times 8.34 (C) [CBOD_5 - 450] + B [TSS - 200]$$

S	- Surcharge in dollars that will appear on Sonterra monthly bills.
V	- Wastewater actually billed during the billing period or the wastewater average in millions of gallons.
8.34	- Pounds per gallons of water.
A	- Unit charge in dollars per pound of BOD <sub>5</sub> .
BOD <sub>5</sub>	- Five-day biochemical oxygen demand strength in milligrams per liter (mg/l) by weight.
200	- Normal BOD <sub>5</sub> strength in milligrams per liter (mg/l) by weight.
B	- Unit charge in dollars per pound for Total Suspended Solids (TSS).
SS	- Suspended solids concentration in milligrams per liter (mg/l) by weight.
200	- Normal TSS strength in milligrams per liter (mg/l) by weight.
C	- Unit charge in dollars per pound for CBOD <sub>5</sub> .
CBOD <sub>5</sub>	- Five-day carbonaceous biochemical oxygen demand strength in milligrams per liter (mg/l) by weight.
450	- Normal CBOD <sub>5</sub> strength in milligrams per liter (mg/l) by weight.

If the strength or concentration BOD<sub>5</sub>, TSS, or CBOD<sub>5</sub> is less than normal strength for that parameter, then there shall be no surcharge for that parameter nor shall there be a credit given for the total surcharge if the strength or concentration is less than the normal.

## IX.

**LIABILITY FOR DAMAGES AND RESPONSIBILITY  
FOR TREATMENT AND DISPOSAL OF WASTEWATER**

**9.01. Liability of Sonterra for Wastewater.** Sonterra shall be liable for damage to third parties for injuries resulting from the delivery of Prohibited Wastewater from the Sonterra System into the Jarrell System.

**9.02. Liability of Jarrell for Wastewater.** Sonterra will not be liable for damage to third parties for injuries or for fines, penalties or similar costs incurred by Jarrell resulting from the delivery of prohibited wastewater by Jarrell, improperly treated wastewater from Jarrell or Jarrell's improper or negligent management of Jarrell's System or Jarrell's other wastewater facilities,

**X.**  
**REGULATORY COMPLIANCE**

**10.01. Agreement Subject to Applicable Law.** This Agreement shall be subject to all valid and applicable rules, regulations, and laws of the United States of America, the State of Texas, Jarrell, Sonterra, or any other governmental body or agency having lawful jurisdiction.

**10.02. Sonterra Cooperation to Assure Regulatory Compliance.** Jarrell shall have sole responsibility to obtain, maintain and comply with the terms of TPDES No. 14594-001 for the Donahoe Creek WWTP. Sonterra shall cooperate with Jarrell in good faith at all times to not impair Jarrell's ability to obtain, maintain or comply with such permit where noncompliance or non-cooperation may subject the Jarrell to penalties, loss of grants or other funds, or other adverse regulatory action.

**10.03. Sewer System Overflows.** Sonterra shall notify Jarrell of any overflows inside the Sonterra System. Sonterra is responsible for timely correction of the problem giving rise to the sanitary sewer overflow and for providing any required notice to the United States Environmental Protection Agency (EPA) and the TCEQ regarding any overflows.

**XI.**  
**TERM OF AGREEMENT**

**11.01. Term of Agreement.** Unless earlier terminated under the provisions of this Agreement, the term of this Agreement shall commence as of the effective date of this Agreement and shall remain in effect for a period of thirty (30) years.

**11.02. Material Breach.** Except in the case of emergency, urgent public necessity or similar situations involving threats to the public health, safety and welfare (including the possibility of failure of Jarrell to timely and adequately provide Wholesale Service to Sonterra as required by this Agreement, in the event that one party believes the other party has materially breached one of the provisions of this Agreement, the non-defaulting party will make written demand to cure and give the defaulting party up to 90 days from its receipt of such written demand and notice to cure such material breach or, if the curative action cannot reasonably be completed within 90 days, the defaulting party will commence the curative action within 90 days from the date of its receipt of such written demand and notice and thereafter diligently pursue the curative action to completion. This period must pass before the non-defaulting party may initiate any remedies available to the non-defaulting party due to such breach.

(a) The non-defaulting party shall mitigate direct or consequential damages arising from any breach or default to the extent reasonably possible under the circumstances.

(b) The parties agree that they will use their best efforts to resolve any disputes and may engage in non-binding arbitration or other alternative dispute resolution methods as recommended by the laws of the State of Texas before initiating any lawsuit to enforce their rights under this Agreement. Nothing in this Agreement shall be construed to limit either party's right to recover damages or to seek other appropriate curative remedies if a breach of contract action is filed.

## XII. GENERAL PROVISIONS

**12.01. Authority.** This Agreement is made and entered into pursuant to the provisions of the Interlocal Cooperation Act, V.T.C.A. Government Code, Chapter 791; V.T.C.A. Local Government Code, Chapter 402; and other applicable law.

**12.02. Covenant of Good Faith and Fair Dealing.** Jarrell and Sonterra agree to cooperate and to deal with one another fairly and in good faith at all times to effectuate the purposes and intent of this Agreement. Wherever this Agreement requires a party to grant a consent or approval, such consent or approval shall not be unreasonably withheld, delayed or conditioned.

**12.03. Force Majeure.** If, by reason of force majeure, either party shall be rendered unable, in whole or in part, to carry out its obligations under this Agreement, the party whose performance is so affected shall give notice and the full particulars of such force majeure to the other party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed but for no longer period and such party shall endeavor to remove or overcome such inability with all reasonable dispatch.

The term "force majeure" shall mean Acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas, or of any court or agency of competent jurisdiction or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, vandalism, explosions, breakage or accidents to machinery, pipelines or canals, or inability on the part of a party to perform due to any other causes not reasonably within the control of the party claiming such inability. Sonterra's obligation to pay for wholesale wastewater service previously rendered shall not be subject to suspension by reason of force majeure.

**12.04. Interpretation.** Each party has been represented by legal counsel throughout the formulation, drafting, and approval of this Agreement. Accordingly,

this Agreement shall not be interpreted more favorably in favor of the other.

**12.05. Assignment.** The rights and obligations under this Agreement shall be assignable without prior written agreement of Jarrell and Sonterra.

**12.06. Amendment.** This Agreement may be amended or modified by agreement duly authorized by the respective governing bodies of Jarrell and executed by the duly authorized representative of each.

**12.07. Necessary Documents and Actions.** Each party agrees to deliver all such other and further instruments and undertake such actions as may become necessary or convenient to effectuate the purposes of this Agreement. In addition, each party agrees to make available to the other, upon written request and in accordance with the Texas Open Records Act, all non-privileged documents in such requested party's possession, custody or control in any way to this Agreement or the actions of the parties pertaining to this Agreement.

**12.08. Entire Agreement.** This Agreement constitutes the entire agreement of the parties regarding wholesale wastewater treatment service by Jarrell in the Wholesale Service Area.

**12.09. Applicable Law.** This Agreement shall be construed and governed by the laws of the State of Texas.

**12.10. Venue.** All obligations of the parties created in this Agreement shall be performed in Williamson County, Texas and venue for any action shall lie in Williamson County.

**12.11. No Third Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to confer upon any person or entity, other than the parties, any rights, benefits, or remedies under or by reason of this Agreement.

**12.12. Duplicate Originals.** This Agreement may be executed in two or more originals each of equal dignity.

**12.13. Notices.** Until changed by written notice, any notice required by this Agreement may be given to the respective parties by certified mail, return receipt prepaid, or by hand-delivery to the address of the other party shown on the signature page.

**SONTERRA:**

Sonterra Municipal Utility District

**CITY OF JARRELL**

City of Jarrell  
P.O. Box 828  
Jarrell, TX 76537

Attn:

Attn: Mayor

with copy to:

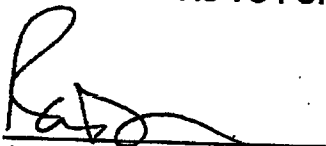
Each party shall forward to the other, within twenty-four (24) hours of filing, a true copy of any petition, application, or other communication to the TCEQ relating to this Agreement, whether directly or indirectly.

**13.15. Effective Date.** This Agreement shall be effective from and after the date of execution by Jarrell and Sonterra.


**IN WITNESS WHEREOF,** the authorized representatives of Jarrell and Sonterra have executed this Agreement.

**APPROVED AS TO FORM:**

**CITY OF JARRELL:**

  
City Attorney


By:

  
Troy Clawson  
Mayor-Pro-Tem

Date:

12-23-08

Attest:

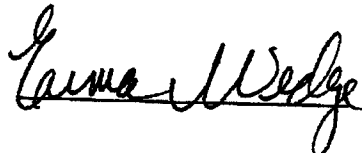
  
Dianne Peace  
City Secretary

**ATTEST:**

**SONTERRA MUNICIPAL UTILITY DISTRICT:**



By:



Date:

12/2/08

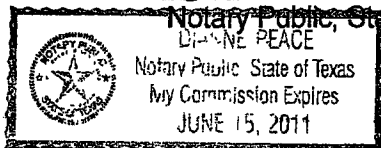
THE STATE OF TEXAS       §  
                                     §  
COUNTY OF WILLIAMSON   §

THIS AGREEMENT was acknowledged before me on this 23rd day of Dec., 2008, by Troy Clawson, Mayor ~~Pro-Tem~~ of Jarrell of Jarrell, Texas, a general law municipal corporation, on behalf of said Municipal Corporation.

(SEAL)

DiAnne Peace

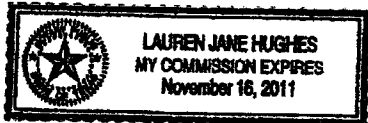
THE STATE OF TEXAS       §  
                                     §  
COUNTY OF WILLIAMSON   §



THIS AGREEMENT was acknowledged before me on this 2nd day of December, 2008, by Erma Wedge of the Sonterra Municipal Utility District, a Texas municipal utility district, on behalf of said Municipal Corporation.

(SEAL)

Lauren Jane Hughes  
Notary Public, State of Texas



**EX  
DEPICTION OF EXISTING SONTÉ  
CONNECTING FACILITIES**



**EXHIBIT B**  
**MAP DEPICTING WHOLESALE SERVICE AREA**

**Sonterra MUD  
Approved Budget  
2009-2010**

**Sonterra MUD  
Approved Budget  
Oct 2009 - Sept 2010**

**Income**

**Revenues - Water**

Water service (Revenue) fees	\$	225,800.00
Water Tap Connection Fees	\$	54,500.00
Reconnect Fees	\$	2,500.00
<b>Total Revenues - Water</b>	\$	<b>282,800.00</b>

Inspections - Income	\$	11,750.00
Property Tax Revenue	\$	381,518.00
Sales Tax Revenue	\$	43,750.00
TCEQ-Service Fees	\$	2,000.00
	\$	<b>439,018.00</b>

**Revenues - Sewer**

Wastewater service fees	\$	185,000.00
Wastewater Tap Connection Fees	\$	54,500.00
<b>Total Revenues - Sewer</b>	\$	<b>239,500.00</b>

**Revenues - Other**

Miscellaneous Income	\$	1,000.00
Account set-up fees	\$	1,000.00
Transaction Fee	\$	1,250.00
Transfer Fee	\$	3,500.00
Trash	\$	102,000.00
Penalties & int on service acct	\$	25,000.00
Miscellaneous		
<b>Total Revenues - Other</b>	\$	<b>133,750.00</b>

<b>Total Income</b>	\$	<b>1,095,068.00</b>
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**Expense**

Contingency - Expense	\$	87,618.00
<b>Management and Operations</b>		
Operations	\$	48,000.00
Utility Billing	\$	19,500.00
Construction Management	\$	82,500.00
<b>Total Management and Operations</b>	\$	<b>237,618.00</b>

**Professional Fees**

Accounting Fees	\$	6,600.00
Attorney Fees	\$	110,000.00
Audit Fees	\$	15,000.00
Engineering	\$	50,000.00
Professional Fees - Other	\$	-
<b>Total Professional Fees</b>	\$	<b>181,600.00</b>

**Water Service Expenses**

Bulk Water Purchases	\$	48,000.00
Contractors	\$	8,000.00
Maintenance and repairs	\$	40,000.00
Rents & leases—equipment	\$	1,500.00
Water Service Expenses - Other		omit

<b>Total Water Service Expenses</b>	\$	<b>97,500.00</b>
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**Sonterra MUD  
Approved Budget  
2009-2010**

<b>Wastewater Service Expenses</b>		
Contractors	\$	25,000.00
Maintenance and repairs	\$	15,000.00
Repair & maintenance—Materials		omit
Rents and leases—Equipment	\$	26,700.00
Wastewater Treatment Expense - Jarrell	\$	216,600.00
Wastewater Access Fee - Jarrell	\$	63,640.00
<b>Total Wastewater Service Expenses</b>	<b>\$</b>	<b>346,940.00</b>
<b>Other Operating Expenses</b>		
Bank Service Charges	\$	250.00
Car/Truck Expense	\$	2,000.00
Chemicals	\$	4,500.00
Clawson Disposal Trash	\$	97,200.00
Directors Fees	\$	15,600.00
Inspection Fees Expense	\$	15,000.00
Insurance	\$	5,600.00
Laboratory expenses	\$	12,600.00
Legal notices and other publica	\$	-
Payroll Expenses	\$	1,500.00
Postage and Delivery	\$	9,300.00
Printing and Office Supplies	\$	4,000.00
Tax Assessor - Collector	\$	4,500.00
Telephone	\$	360.00
Utilities - Bartlett Electric	\$	54,000.00
Miscellaneous Expenses	\$	5,000.00
<b>Total Other Operating Expenses</b>	<b>\$</b>	<b>231,410.00</b>
<b>Total Expense</b>	<b>\$</b>	<b>1,095,068.00</b>
<b>Net</b>		<b>\$0</b>

1. Tax revenue calculated at 97% of Certified Appraised Value of \$68,605,953.00; m/o Tax Rate \$.5733
2. New home projection is 50
3. AUC Lease is for 3 mos. (Oct - Dec)
4. Jarrell Wholesale Treatment Expense is \$7.60 per 1,000.
5. Wastewater access fee per service unit of \$1,720.00 has not been determined.
6. Assumption the Wastewater Plant will be taken offline and sent to City of Jarrell by December 2009.

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE  
AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY  
SERVICE IN Williamson COUNTY, TEXAS

Name of Applicant Sonterra Municipal Utility District has filed an application for a CCN to obtain a CCN with the Texas Commission on Environmental Quality to provide water & sewer (specify 1) water or 2) sewer or 3) water & sewer) utility service in Williamson County.

The proposed utility service area is located approximately 1/2 mile southeast [direction] of downtown Jarrell [City or Town] Texas, and is generally bounded on the north by Farm to Market Road No. 487; on the east by A line approximately 2,250 feet east of County Road 314; on the south by County Road 315; and on the west by Interstate Highway 35.

The total area being requested includes approximately 1,458 acres and 556 current customers. The proposed amendment affects customers and/or areas located in the following zip code(s):

76537									

(List All Affected Zip Codes)

A copy of the proposed service area map is available at (Utility Address and Phone Number):  
8500 Bluffstone Cove, Suite B-104, Austin, Texas 78759

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:  
Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087  
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or Aopt out@) by providing written notice to the Commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087  
Austin, TX 78711-3087

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

**Si desea informacion en Espanol, puede llamar al 1-512-239-0200.**

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE  
AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY  
SERVICE IN Williamson COUNTY, TEXAS

To: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_, 20 \_\_\_\_  
(Neighboring System, Landowner or City)

\_\_\_\_\_  
(Address)  
\_\_\_\_\_  
City State Zip

Name of Applicant Sonterra Municipal Utility District has filed an application  
for a CCN to obtain a CCN with the Texas Commission on Environmental Quality to provide  
water & sewer (specify 1) water or 2) sewer or 3) water & sewer) utility service in  
Williamson County.

The proposed utility service area is located approximately 1/2 mile southeast [direction] of  
downtown Jarrell [City or Town] Texas, and is generally bounded on the north by  
Farm to Market Road No. 487; on the east by A line approximately 2,250 feet east of County Road 314;  
on the south by County Road 315; and on the west by Interstate Highway 35.  
The total area being requested includes approximately 1,458 acres and 556 current customers.  
The proposed amendment affects customers and/or areas located in the following zip code(s):

76537									

See enclosed map of the proposed service area.  
The total area being requested includes approximately \_\_\_\_\_ acres and \_\_\_\_\_ current customers.  
The proposed amendment affects customers and/or areas located in the following zip code(s):


A request for a public hearing must be in writing. You must state (1) your name, mailing address, and  
daytime telephone number; (2) the applicant's name, application number or another recognizable reference to  
this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the  
persons you represent, would be adversely affected by the granting of the application for a CCN; and (5)  
your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to  
withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087  
Austin, TX 78711-3087

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if a legally sufficient hearing request is received or if the Commission on its own motion requests a  
hearing. Only those individuals who submit a written hearing request or a written request to be  
notified if a hearing is set will receive notice if a hearing is scheduled.

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Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087  
Austin, TX 78711-3087

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

**Si desea informacion en Espanol, puede llamar al 1-512-239-0200.**

## **Notice To Neighboring Utilities**

### **List of neighboring retail public utilities and cities providing same utility services within Five miles:**

- a) City of Jarrell
- b) Jarrell Schwertner WSC (CCN #10002)
- c) Chisholm Trail SUD (CCN #11590)
- d) Jonah Water SUD (CCN #10970)
- e) Williamson County MUD No. 14
- f) Foster Consolidated Investment (CCN #11977)



OWNER NAME AND ADDRESS      PROPERTY DESCRIPTION      EXEMPTIONS      VALUES

PID: R011329 (O391573)      AW0054 BUNKER, I. SUR.,      LANDHS \$      0  
ACRES 112.45      LANDNHS \$      0  
FASKE ODELL & ELMER      IMPHS \$      0  
FASKE & M HOWARD FASKE      IMPNHS \$      400  
221 WIND RIDGE CV      HSCAPADJ \$      0  
GEORGETOWN TX 78628-9596      AGUSE \$      8,996  
AGMKT \$ 1,799,200  
TIMUSE \$      0  
TIMMKT \$      0  
ASSESSED \$ 9,396 M34 - SONTERRA MUD  
TAXABLE \$ 9,396

PID: R449866 (O379274)      AW0054 AW0054 - BUNKER, I. SUR.,      LANDHS \$      0  
ACRES 129.75      LANDNHS \$      0  
FASKE, M HOWARD & MARTHA      IMPHS \$      0  
WIND RIDGE CV      IMPNHS \$      0  
GEORGETOWN TX 78628-9596      HSCAPADJ \$      0  
AGUSE \$ 16,219  
AGMKT \$ 1,621,875  
TIMUSE \$      0  
TIMMKT \$      0  
ASSESSED \$ 16,219 M34 - SONTERRA MUD  
TAXABLE \$ 16,219

PID: R468540 (O436915)      AW0054 AW0054 - BUNKER, I. SUR.,      LANDHS \$      0  
ACRES 41.481      LANDNHS \$ 829,620  
VAUGHAN, THERON D & ELLIE B      IMPHS \$      0  
PO BOX 371      IMPNHS \$      0  
GEORGETOWN TX 78627      HSCAPADJ \$      0  
AGUSE \$      0  
AGMKT \$      0  
TIMUSE \$      0  
TIMMKT \$      0  
ASSESSED \$ 829,620 M34 - SONTERRA MUD  
TAXABLE \$ 829,620

PID: R011857 (O436915)      AW0384 LEWIS, A.A. SUR.,      LANDHS \$      0  
ACRES 172.89      LANDNHS \$      0  
VAUGHAN, THERON D & ELLIE B      IMPHS \$      0  
PO BOX 371      IMPNHS \$ 2,000  
GEORGETOWN TX 78627      HSCAPADJ \$      0  
AGUSE \$ 35,623  
AGMKT \$ 842,493

TIMUSE \$ 0  
TIMMKT \$ 0  
ASSESSED \$ 37,623 M34 - SONTERRA MUD  
TAXABLE \$ 37,623

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PID: R011297 (O401210) AW0054 AW0054 - BUNKER, I. SUR., LANDHS \$ 0  
ACRES 113.26 LANDNHS \$ 0  
VAUGHAN, THERON D & ELLIE B IMPHS \$ 0  
P.O. BOX 371 IMPNHS \$ 0  
GEORGETOWN TX 78627 HSCAPADJ \$ 0  
AGUSE \$ 14,158  
AGMKT \$ 2,265,200  
TIMUSE \$ 0  
TIMMKT \$ 0  
ASSESSED \$ 14,158 M34 - SONTERRA MUD  
TAXABLE \$ 14,158

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PID: R011293 (O0356010) AW0054 AW0054 - BUNKER, I. SUR., LANDHS \$ 0  
ACRES 29.117 LANDNHS \$ 582,340  
SONTERRA DEVELOPMENT LLC IMPHS \$ 0  
PO BOX 371 IMPNHS \$ 0  
GEORGETOWN TX 78627 HSCAPADJ \$ 0  
AGUSE \$ 0  
AGMKT \$ 0  
TIMUSE \$ 0  
TIMMKT \$ 0  
ASSESSED \$ 582,340 M34 - SONTERRA MUD  
TAXABLE \$ 582,340

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PID: R011824 (O0356010) AW0054 AW0054 - BUNKER, I. SUR., LANDHS \$ 0  
ACRES 27.378 LANDNHS \$ 0  
SONTERRA DEVELOPMENT LLC IMPHS \$ 0  
PO BOX 371 IMPNHS \$ 16,330  
GEORGETOWN TX 78627 HSCAPADJ \$ 0  
AGUSE \$ 3,422  
AGMKT \$ 547,560  
TIMUSE \$ 0  
TIMMKT \$ 0  
ASSESSED \$ 19,752 M34 - SONTERRA MUD  
TAXABLE \$ 19,752