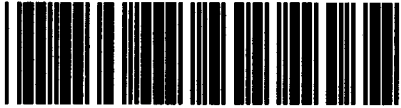




Control Number: 44200



Item Number: 15

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014

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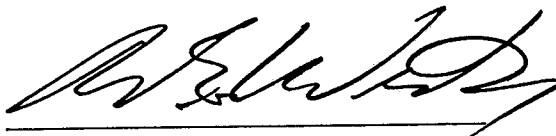
STATE OF TEXAS §

COUNTY OF GUADALUPE §

BEFORE ME, the undersigned authority on this day personally appeared *W. E. West, Jr.*, General Manager of the Guadalupe-Blanco River Authority, who after being by me, duly sworn upon his oath, deposed and said:

My name is *W. E. West, Jr.* I am the General Manager of the Guadalupe-Blanco River Authority, and the custodian of the records of the Guadalupe-Blanco River Authority. Attached hereto is the Operating Agreement between Village of Wimberley, Texas and Guadalupe-Blanco River Authority dated April 2, 2002. The records attached hereto are exact duplicates of the original.

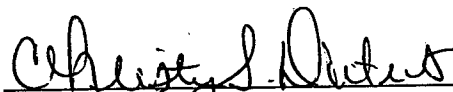
DATED this 18th day of April 2002.



W. E. West, Jr.
General Manager
Guadalupe-Blanco River Authority

(SEAL)

SUBSCRIBED AND SWORN TO before me on this 18th day of April 2002, by Christy S. Dietert, Notary.



Christy S. Dietert
Notary Public, State of Texas

Exhibit 27

**OPERATING AGREEMENT BETWEEN
VILLAGE OF WIMBERLEY, TEXAS
AND
GUADALUPE-BLANCO RIVER AUTHORITY**

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**OPERATING AGREEMENT BETWEEN
VILLAGE OF WIMBERLEY, TEXAS
AND
GUADALUPE-BLANCO RIVER AUTHORITY**

This Operating Agreement Between Village of Wimberley, Texas and Guadalupe-Blanco River Authority (this "Operating Agreement") is made and entered into as of the 2nd day of April, 2002, (the "Effective Date") by and between the Village of Wimberley, Texas ("Wimberley"), and the GUADALUPE-BLANCO RIVER AUTHORITY ("GBRA"), a conservation and reclamation district and political subdivision of the State of Texas created pursuant to Article XVI, Section 59 of the Texas Constitution by special act of the Legislature, formerly compiled at Article 8280-106, Vernon's Annotated Civil Statutes.

RECITALS

Wimberley has applied for a Sewer Certificate of Convenience and Necessity which will authorize Wimberley to provide retail sewer service within the territory shown by the map attached as Exhibit 1 (the "Wimberley Service Area").

This Operating Agreement provides for the development, permitting, design, construction operation and maintenance of a Wastewater Project by GBRA for Wimberley for retail sewer service to Users within the Wimberley Service Area.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Operating Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, GBRA and Wimberley agree as follows:

ARTICLE I

DEFINITIONS

"Annual Debt Service Requirement" means the total principal and interest scheduled to come due on all Bonds during each twelve month period ending on August 31 of each year, plus a debt service coverage factor as determined by GBRA and provided by the Bond Resolution but not to exceed 10% of such principal and interest unless GBRA and Wimberley mutually agree upon a greater percentage, less interest to be paid out of Bond proceeds as permitted by the applicable Bond Resolution, if any.

"Annual Operation and Maintenance Requirement" for a project means the total amount budgeted by GBRA for each twelve month period ending on August 31 of each year to pay all estimated Operation and Maintenance Expenses for that project.

"Annual Miscellaneous Bond Requirement" means the total amount determined by GBRA for each twelve month period ending on August 31 of each year to be required to pay the following:

- (1) the amount of any debt service reserve and contingency funds required to be established and maintained by the provisions of the Bond Resolution which are not otherwise provided from proceeds of Bonds;
- (2) an amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of the Bond Resolution;
- (3) any amounts due under a reimbursement agreement between GBRA and any credit facility provider providing a credit facility issued to cause the balance on deposit in any debt service reserve funds to satisfy the requirements of the Bond Resolution; and
- (4) any charges of the bank or banks where the Bonds are payable.

"Bonds" means all bonds and other obligations issued and outstanding from time to time by GBRA to finance or refinance the costs of construction, acquisition, repair, improvements and upgrading related to a project and any extension, expansion, maintenance, repair, improvement, upgrade or other modification of that project including, without limitation of the generality of the foregoing, any costs necessary or desirable to maintain or increase the capacity of the project and comply with applicable laws, rules and regulations.

"Bond Resolution" means the resolution or resolutions approved by the Board of Directors of GBRA which authorize the issuance of each series of Bonds, including all amendments related thereto.

"Operation and Maintenance Expenses" for a project means all costs and expenses of operation and maintenance of that project, including (for greater certainty but without limiting the generality of the foregoing) repairs and replacements which are not paid from a special fund created in the Bond Resolutions or other project debt instruments, employee salaries, benefits and other expenses, the cost of utilities, the costs of supervision, engineering, accounting, auditing, legal services, other services, supplies, charges by GBRA for administrative and general expenses, and equipment necessary for proper operation and maintenance of the project.

"Other Customers" means any customer of GBRA's for wastewater service from the Wastewater Project other than Users, as identified in Section 2.9 of this Operating Agreement, regardless of when GBRA and the customers enter into the contract for such wastewater service.

"Project" at any time means the Wastewater Project, together with any and all extensions, expansions or other modifications, as it or they exist at that time.

"Termination Date" means the expiration date of the term of this Operating Agreement, as defined in Section 6.1 of this Operating Agreement.

"TNRCC" means the Texas Natural Resource Conservation Commission.

"User" means any person within the Wimberley Service Area to which GBRA provides retail sewer service on behalf of Wimberley. Wimberley may be a User.

"Wastewater Service" means retail sewer service.

"Wimberley Service Area" means that area included within Wimberley's CCN as approved by the Texas Natural Resource Conservation Commission and shown on the map attached as Exhibit 1.

ARTICLE II

WASTEWATER PROJECT

Section 2.1 Description of the Wastewater Project.

The wastewater system (the "Wastewater System") will consist of a wastewater treatment plant, collection and holding facilities, facilities to convey the treated effluent to the point of discharge or place of use or other disposal, meters, valves, telemetry equipment and ancillary facilities necessary or desirable to collect domestic wastewater generated by Users within the Wimberley Service Area, to store and treat that wastewater, and to store, convey and discharge or use or otherwise dispose of such treated effluent. The "Wastewater Project" consists of the Wastewater System and all lands and interests in lands necessary or desirable for the construction, operation and maintenance of the Wastewater System. The Wastewater Project will be further described by one or more maps and facility plans to be developed by GBRA showing the general locations and the routings of major facilities comprising the Wastewater System.

Section 2.2 GBRA's Responsibilities.

(a) GBRA shall be responsible for the development, design, permitting, financing, acquisition, construction, operation and maintenance of the Wastewater Project. GBRA will comply with all Wimberley ordinances in the construction and maintenance of the Wastewater Project. GBRA may assign or subcontract all or any part of such responsibilities.

(b) GBRA will develop a master plan, including capital improvements necessary for construction of the Wastewater Project, connection fees and criteria, and a rate plan including debt service requirements for wastewater operations within Wimberley's CCN, and will submit the plan to Wimberley for approval prior to commencement of construction, which approval shall not be

unreasonably withheld, and which rate plan shall be sufficient to recover all costs of the construction, operation and maintenance of the Wastewater Project. Thereafter GBRA will offer retail sewer service to Users and Other Customers based on their meeting these conditions.

(c) Notwithstanding anything in this Operating Agreement to the contrary, GBRA shall be under no obligation to proceed with the development, design, permitting, financing, acquisition, construction, operation or maintenance of the Wastewater Project unless and until GBRA determines, after consultation with Wimberley, that it is economically and otherwise feasible for it to do so.

(d) GBRA will select and retain all legal, financial, engineering and other consultants that GBRA determines are necessary or desirable for GBRA to satisfy its obligations under this Operating Agreement. GBRA will consult with Wimberley regarding the employment of all consultants.

(e) GBRA, on behalf of Wimberley, will provide all management and operations functions for the Wastewater Project, including accounting, billing, collections, and customer service for the Wastewater Project.

Section 2.3 Ownership of Wastewater Project.

(a) Except as provided otherwise in subsection (b) and (c), below, GBRA shall own the Wastewater System and all lands and interests in land comprising the Wastewater Project, and may transfer title to the Wastewater System and/or any lands and interests in land comprising a portion of the Wastewater Project to any person.

(b) Wimberley shall have the exclusive right to purchase that portion of the Wastewater Project located within the Wimberley Service Area subject to the following terms and conditions:

- (i) any conditions of a Bond issue or bondholder rights;
- (ii) full payment of all debt instruments issued to finance the Wastewater Project, if any such debt remains unpaid at the time Wimberley decides to purchase that portion of the Wastewater Project located within the Wimberley Service Area;
- (iii) the purchase price of that portion of the Wastewater System located within the Wimberley Service Area shall be the depreciated value of said Wastewater System at the time that Wimberley exercises its exclusive right to purchase;
- (iv) the purchase price for land and interests in land shall be the fair market value at the time that Wimberley exercises its exclusive right and option to purchase; and

- (v) the purchase price of wastewater systems donated to GBRA shall have a value of \$1.00 for the purposes of establishing the value for resale; provided, however, any improvements to said wastewater system made by GBRA shall be based on the depreciated value and any land and interest in land shall be valued for resale at the fair market value.
- (vi) if Wimberley purchases that portion of the Wastewater Project located within the Wimberley Service Area within the first fifteen (15) years after the Effective Date of this Operating Agreement, the parties agree that GBRA will continue and shall have the exclusive right to operate the Wastewater System until the expiration of said fifteen (15) year period or five (5) years after the date of the purchase, whichever is greater. If Wimberley purchases the Wastewater Project after said fifteen (15) year period, then the parties agree that GBRA will continue and shall have the exclusive right to operate the Wastewater System for a period of five (5) years after the closing of Wimberley's purchase, it being the intent and agreement of the parties hereto that GBRA shall have the exclusive right to operate the Wastewater System for a period not less than fifteen (15) years and no less than five (5) years beyond the date of closing, whichever is greater.
- (vii) if Wimberley has not purchased that portion of the Wastewater Project located within the Wimberley Service Area prior to the termination of this Operating Agreement, Wimberley shall promptly, thereafter transfer Wimberley's CCN to GBRA at no cost to GBRA.

Section 2.4 Project Management Committee.

GBRA will create a Project Management Committee, comprised of two members appointed by GBRA and two members appointed by Wimberley, to provide recommendations to GBRA regarding preliminary design and cost estimates, plant site locations, issues related to methods of treatment and discharge alternatives, preparation of plans and specifications, process design, financing and service fees and rates, and other matters related to operation of the Wastewater System.

Section 2.5 Preliminary Design and Cost Estimate.

GBRA will prepare and provide to Wimberley copies of a preliminary design and cost estimate of the Wastewater Project and criteria and proposed service agreements for review and approval. Such approval shall be provided in writing and shall not be unreasonably withheld or delayed. GBRA will then proceed with final design, acquisition, and construction of the Wastewater Project as Users and Other Customers request service and meet criteria.

If Wimberley notifies GBRA that Wimberley does not provide approval and the parties cannot reach an agreement within 30 days after such notice, GBRA, at its sole discretion shall have the right to terminate this Operating Agreement.

Section 2.6 Preparation of Plans and Specifications: Competitive Bids.

GBRA will cause to be prepared plans, specifications, cost estimates and contract documents for construction of all facilities comprising the Wastewater System. GBRA will prepare and provide to Wimberley copies of such plans, specifications, cost estimates and contract documents for review and approval. Such approval shall be provided in writing and shall not be unreasonably withheld or delayed. GBRA will then proceed with final design, acquisition, financing and construction of the Wastewater Project as Users and Other Customers request service and meet criteria.

If Wimberley notifies GBRA that Wimberley does not provide approval and the parties cannot reach an agreement within 30 days after such notice, GBRA, at its sole discretion shall have the right to terminate this Operating Agreement.

Plans and specifications for any portion of the Wastewater System shall be subject to approval by the GBRA General Manager, after which GBRA will advertise for competitive bids for construction of that portion and GBRA shall determine which construction bid or bids to accept. GBRA will prepare and provide to Wimberley copies of such construction bids for review and approval. Such approval shall be provided in writing and shall not be unreasonably withheld or delayed. If Wimberley notifies GBRA that Wimberley does not provide approval and the parties cannot reach agreement within 30 days after such notice, GBRA, at its sole discretion shall have the right to terminate this Operating Agreement. However, if Bonds are outstanding on the Wastewater Project, GBRA may approve construction bids without Wimberley's approval.

Section 2.7 Financing of Wastewater Project.

(a) GBRA may finalize the terms and conditions (including maturity) of GBRA's Bonds necessary to finance the design, acquisition, construction and testing of all facilities, lands and interests in lands comprising the portion of the Wastewater Project being constructed. GBRA will prepare such data, materials and documents as may be necessary to facilitate the sale and delivery of the Bonds, and Wimberley agrees to furnish GBRA with such data, projections and related information as may reasonably be required by GBRA in the sale of the Bonds in compliance with all applicable laws, rules and regulations. In addition to the amounts paid under the construction contract or contracts, the proceeds of the Bonds will also be used to pay additional costs such as Wastewater Project development costs (including, without limitation, preliminary engineering costs, employee salaries, benefits and other expenses, legal, and other advisory fees, charges by GBRA for administrative and general expenses, insurance premiums, if any, and any other costs incurred in developing and pursuing information, contracts and permit applications related directly to the Wastewater Project), land acquisition costs, interest during construction, employee salaries, benefits and other expenses, printing costs, engineering, legal, financial and other advisory fees, charges by GBRA for administrative and general expenses, insurance premiums, if any, and any other costs

incurred in the issuance of the Bonds and in the design, acquisition, construction and testing of the facilities, lands, and interests in lands comprising the Wastewater Project.

(b) GBRA shall be authorized from time to time to issue Bonds to refund outstanding Bonds or to meet regulatory or compliance requirements. GBRA shall consult with Wimberley prior to issuance of any such debt. Such refunding Bonds may be issued without approval from Wimberley.

Section 2.8 Extensions or Other Modifications of Wastewater Project.

GBRA may extend, expand, maintain, repair, improve, upgrade or otherwise modify the Wastewater Project from time to time, as it determines to be necessary or desirable. GBRA shall be authorized from time to time to issue Bonds for any such expansion, maintenance, repair, improvement, upgrade or other modification of the Project. GBRA shall consult with Wimberley regarding any such Bond sale. Such Bonds may be issued without approval from Wimberley provided such debt is used to finance facilities necessary for service to Users within the Wimberley Service Area

Section 2.9 Other Customers.

GBRA may utilize all or any portion of the Wastewater Project to provide wastewater service to Other Customers located outside the Wimberley Service Area, provided such wastewater service is approved in advance by Wimberley, and provided further that Wimberley has the first right to amend its CCN to expand its service area and to provide wastewater service to any Other Customer outside the Wimberley Service Area.

ARTICLE III

WASTEWATER SERVICE

Section 3.1 Commencement of Service.

After completion of construction of the Wastewater Project, GBRA shall provide retail sewer service to Users within the Wimberley Service Area, subject to the limitations provided in this Operating Agreement.

Section 3.2 Acceptable Wastes.

GBRA shall not be required to accept into the Wastewater System any kind or character of wastes other than domestic wastes as such term is defined by TNRCC. No other kind or character of wastes may be generated or disposed of within the Wimberley Service Area. Wimberley agrees to impose by ordinance or other lawful means, to the extent Wimberley has the authority, requirements by which those who own or occupy lands within the Wimberley Service Area are required to comply with the restriction set forth above in this Section 3.2.

Section 3.3 Preferred Service.

Wimberley agrees that, unless GBRA agrees otherwise in writing, the preferred means of disposing of wastewater generated by Users within the Wimberley Service Area shall be pursuant to wastewater service provided by GBRA utilizing the Wastewater Project developed under this Operating Agreement.

Nothing in this Operating Agreement shall require a user of an onsite wastewater treatment system which is in existence prior to the date that wastewater service is available or an onsite wastewater treatment system that complies with ordinances and regulations of Wimberley and which is approved by Wimberley to connect to the Wastewater Project.

Wimberley agrees to impose by ordinance or other lawful means, to the extent Wimberley has the authority, requirements by which those who own or occupy lands within the Wimberley Service Area are required to comply with the restriction set forth above.

Section 3.4 User Service.

Wimberley may prepare and provide to GBRA reports raising User service issues with GBRA on behalf of Wimberley and its ratepayers. GBRA agrees to make reasonable efforts to address the issues raised in the reports and to reasonably respond to Wimberley and its' ratepayers.

ARTICLE IV

PERMITTING AND OTHER REGULATORY REQUIREMENTS

Section 4.1 Applicable Laws and Regulations.

This Operating Agreement is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having jurisdiction. This Operating Agreement is specifically subject to all applicable sections of the Texas Water Code and the rules of the TNRCC, or any successor agency, and to all applicable requirements of Hays County.

Section 4.2 Cooperation.

(a) Wimberley agrees to cooperate with and support GBRA in pursuing all permits and approvals that GBRA determines to be necessary or desirable for the Wastewater Project to complete and file all required reports, and to comply with all applicable laws, rules and regulations.

(b) Without limiting the generality of and in addition to the requirements set forth in subsection (a), above, Wimberley expressly agrees to support the following:

- (1) an application filed for a certificate of convenience and necessity, in the name of Wimberley, providing for the retail sewer service by GBRA within the Wimberley Service Area pursuant to the terms of this Operating Agreement; and
- (2) an application or applications by GBRA for authorization under state and federal law to discharge and/or reuse or otherwise dispose of treated effluent derived from wastewater generated from Users located within the Wimberley Service Area, provided any application requesting authorization to discharge into a private or public body of water shall, prior to filing such application, be presented, considered and approved by Wimberley.

(c) Wimberley agrees to cooperate with and support GBRA in promoting ordinances and regulations that provide for alternative development methods which protect natural resources, including the reuse of wastewater within the Wimberley Service Area.

Section 4.3 Operating Agreement Conditioned upon Permitting.

(a) GBRA's obligations under this Operating Agreement are expressly conditioned upon GBRA and Wimberley obtaining the necessary permits, amendments to permits, licenses and other governmental authorizations to allow the construction, operation and maintenance of the Wastewater Project, and to provide retail sewer service to Users within the Wimberley Service Area as provided herein.

(b) Without limiting the generality of the condition set forth in subsection (a), above, and in addition to that condition, GBRA's obligations under this Operating Agreement are expressly conditioned upon:

- (1) the granting of Wimberley's application for a certificate of convenience and necessity providing for retail sewer service by GBRA on behalf of Wimberley within the Wimberley Service Area pursuant to the terms of this Operating Agreement; and
- (2) Wimberley remaining legally incorporated.

(c) If for any reason, construction on the Wastewater Project has not started before January 1, 2005, either party may terminate this Operating Agreement by giving written notice of termination to other party so long as no Bonds have been issued for the Wastewater Project.

Section 4.4 Development Within the Wimberley Service Area.

(a) Wimberley agrees that the provision of retail sewer service to Users within the Wimberley Service Area under this Operating Agreement shall be conditioned on compliance, in the design, construction and operation of any building, facility, development or other improvement on

such lands or other use of or activities on such lands, with all federal, state and local laws, rules and regulations relating to land use or protection of the environment or natural resources including, without limitation: (i) protection of the quality of groundwaters or surface waters; (ii) regulation of the use of groundwaters or surface waters; (iii) recharge of aquifers; and (iv) drainage and flood control. Wimberley further agrees that GBRA shall have the right not to provide retail sewer service under this Operating Agreement for any lands if and for so long as there is any material non-compliance, in the design, construction or operation of any building, facility, development or other improvement on such lands or other use of or activities on such lands, with any such laws, rules or regulations. At GBRA's request from time to time, Wimberley shall demonstrate to GBRA compliance with the requirements of this Section 4.4. If Wimberley fails to demonstrate such compliance on any lands within the Wimberley Service Area and Wimberley has the authority to require compliance on such lands, then GBRA shall have available all remedies allowed by law including, without limitation, suspension or termination of this Operating Agreement, until Wimberley demonstrates that compliance has been achieved on such lands.

(b) Without limiting the generality of the requirements set forth in subsection (a), above, Wimberley shall insure, to the extent it has the authority to do so, that there is compliance with all requirements of Hays County relating in any way to development and use of lands within the Wimberley Service Area including, without limitation, compliance with all requirements to submit plats and obtain approvals thereof.

Section 4.5 Use of Wimberley's Public Rights of Way.

Wimberley grants GBRA the non-exclusive right and privilege to have, acquire, construct, expand, reconstruct, maintain, use and operate in, along, across, on, over, through, above and under the public rights of way of Wimberley, a Wastewater System to provide retail sewer service to Users within the Wimberley Service Area. GBRA will comply with uniform codes and ordinances adopted by Wimberley for use of Wimberley public rights of way. As used herein, the term "public rights of way" means the surface, the air space above the surface, and the area below the surface of any public street, highway, lane, path, alley, sidewalk, boulevard, drive, bridge, tunnel, easement or similar property in which Wimberley holds any property interest or exercises any rights of management or control and which, consistent with the purposes for which it was acquired or dedicated, may be used for the installation and maintenance of the Wastewater System. A reference in this Operating Agreement to a "public rights of way" shall not be a representation or guarantee by Wimberley that its interests or other rights in the property are sufficient to permit its use for the installation and maintenance of the Wastewater System and GBRA shall receive only those rights which Wimberley has the right and power to give.

Wimberley and GBRA agree to enter into a separate agreement governing the specific terms of GBRA's use of, occupancy of, and construction upon the Village's public right of way.

ARTICLE V

CHARGES AND FEES

Section 5.1 Connection Fees Charged to Users.

GBRA will develop fees to be charged to individual Users within the Wimberley Service Area for connecting to the Wastewater System, and shall present such fees to Wimberley for review and approval, which approval shall not be unreasonably withheld or delayed. Wimberley agrees to approve fees necessary to provide funds to support the Annual Debt Service Requirement and Annual Operation and Maintenance Requirement associated with the provision of wastewater to Users within the Wimberley Service Area. Such fees may be changed by the GBRA Board of Directors at any time and from time to time; provided, however, GBRA shall first provide Wimberley at least 30 days notice of any such proposed change. Wimberley shall have the right to assert rate or fee issues before GBRA on behalf of Users within the Wimberley Service Area.

Section 5.2 Charges to Users for Retail Sewer Service.

(a) The amount to be paid to GBRA by each User for retail sewer service each month will be charges for GBRA costs and services associated with the provision of retail sewer service to each User.

(b) GBRA will establish rates and other charges to be charged each User of the Wastewater System based on a cost-of-service methodology. These rates and other charges shall be adequate to permit the prompt payment of all costs of operation of the Wastewater System including the Annual Debt Service Requirement. These rates and charges may be changed by the GBRA Board of Directors at any time and from time to time.

(c) Wimberley agrees that GBRA shall be entitled to recover from all Users for the twelve month period ending on August 31 of each year not less than the product of 1.0 times the Total Annual Requirement (hereinafter defined) for that twelve month period. The "Total Annual Requirement" for each twelve month period ending on August 31 of each year shall be the sum of the following for that twelve month period: (1) the Annual Operation and Maintenance Requirement for the Wastewater Project; (2) the Annual Debt Service Requirement, if any, for the Wastewater Project; and (3) the Annual Miscellaneous Bond Requirements, if any, for the Wastewater Project.

(d) Not later than August 1 of each year, GBRA shall prepare and submit to Wimberley an estimated budget showing the estimated Total Annual Requirement for the twelve month period beginning September 1 of that year, and the estimated total revenues from Users during that twelve month period from the amounts charged such Users for the Wastewater Project.

(e) GBRA shall have the right to use all funds received by GBRA from Users under this Operating Agreement for any purpose related to providing wastewater service to Users within the Wimberley Service Area and any other lawful purpose approved by the GBRA Board of Directors.

Section 5.3 Fees Charged to GBRA.

Any fees that GBRA is required to pay in connection with the provision of retail sewer service shall be included as part of the Annual Operation and Maintenance Requirement for the Wastewater Project.

ARTICLE VI

TERM OF AGREEMENT, EXTENSION, AND RIGHTS AFTER TERMINATION

Section 6.1 Term and Extension of Term.

(a) This Operating Agreement shall be effective as of the Effective Date and, unless it is terminated earlier pursuant to its terms, shall continue in effect until the Termination Date (as such date is defined initially under subsection (c), below, or as it may be extended pursuant to subsection (d) below), on which date this Operating Agreement shall terminate.

(b) From and after the Termination Date, GBRA shall have no obligation to operate the Wastewater System to provide retail sewer service to any User.

(c) The Termination Date shall be December 31, 2037, unless such date is extended pursuant to subsection (d) below.

(d) If all of the Wastewater Project debt instruments (including principal and interest) will not be fully paid by the Termination Date, then GBRA shall have the right, at any time before such date, to extend the Termination Date to December 31 of the year in which the Wastewater Project debt instruments are to be paid. Any extension by GBRA pursuant to this subsection shall be effective as of the date that GBRA gives Wimberley written notice of the extension.

Section 6.2 Rights after Termination.

Except as specifically provided otherwise in this Operating Agreement, all of the rights and obligations of the parties under this Operating Agreement shall terminate upon termination of this Operating Agreement, except that such termination shall not affect any rights or liabilities accrued prior to such termination.

ARTICLE VII

OTHER PROVISIONS

Section 7.1 Waiver and Amendment.

Failure to enforce or the waiver of any provision of this Operating Agreement or any breach or nonperformance by Wimberley or GBRA shall not be deemed a waiver by GBRA or Wimberley of the right in the future to demand strict compliance and performance of any provision of this Operating Agreement. No officer or agent of GBRA or Wimberley is authorized to waive or modify any provision of this Operating Agreement. No modifications to or rescission of this Operating Agreement may be made except by a written document signed by GBRA's and Wimberley's authorized representatives.

Section 7.2 Remedies.

It is not intended hereby to specify (and this Operating Agreement shall not be considered as specifying) an exclusive remedy for any default by either party, but all such other remedies existing at law or in equity including, without limitation, termination or suspension of service, may be availed of by either party and shall be cumulative. In no event shall either party be entitled to any monetary damages (including, without limitation, any consequential or indirect damages) or any other remedy other than specific performance for any default by either party under this Operating Agreement or for any claim brought against either party under this Operating Agreement or otherwise relating to the provision of retail sewer service by GBRA, and in no event shall either party be entitled to any attorneys fees, court costs or other expenses incurred by either party in bringing any suit alleging such default or claim.

Section 7.3 Force Majeure.

If for any reason of force majeure, either GBRA or Wimberley shall be rendered unable, wholly or in part, to carry out its obligations under this Operating Agreement, other than the obligation of Wimberley to make the payments required under the terms of this Operating Agreement, then if the party shall give notice of the reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied on, the obligation of the party giving the notice, so far as it is affected by the force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period. The term "force majeure" as used in this Operating Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders or actions of any kind of government of the United States or of the State of Texas, or any civil or military authority, insurrections, riots, epidemics, land slides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, canals, or other structures, partial or entire failure of water supply including pollution (accident or intentional), and any inability on the part of GBRA to provide retail sewer service on account of any other cause not reasonably within the control of GBRA.

Section 7.4 Non-Assignability.

Neither Wimberley nor GBRA may assign this Operating Agreement without first obtaining the written consent of the other party.

Section 7.5 Entire Agreement.

Except for the right of way agreement referenced in Section 4.5 and the Interlocal Agreement of even date herewith, this Operating Agreement constitutes the entire agreement between GBRA and Wimberley and supersedes any prior understanding or oral or written agreements between GBRA and Wimberley respecting the subject matter of this Operating Agreement.

Section 7.6 Severability.

The provisions of this Operating Agreement are severable and if, for any reasons, any one or more of the provisions contained in the Operating Agreement shall be held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect any other provision of this Operating Agreement and this Operating Agreement shall remain in effect and be construed as if the invalid, illegal or unenforceable provision had never been contained in the Operating Agreement.

Section 7.7 Captions.

The sections and captions contained herein are for convenience and reference only and are not intended to define, extend or limit any provision of this Operating Agreement.

Section 7.8 No Third Party Beneficiaries.

This Operating Agreement does not create any third party benefits to any person or entity other than the signatories hereto, and is solely for the consideration herein expressed.

Section 7.9 Notices.

All notices, payments and communications ("notices") required or allowed by this Operating Agreement shall be in writing and be given by depositing the notice in the United States mail postpaid and registered or certified, with return receipt requested, and addressed to the party to be notified. Notice deposited in the mail in the previously described manner shall be conclusively deemed to be effective from and after the expiration of three (3) days after the notice is deposited in the mail. For purposes of notice, the addresses of and the designated representative for receipt of notice for each of the parties shall be as follows:

For GBRA:

Guadalupe-Blanco River Authority
Attention: General Manager
933 E. Court Street
Seguin, Texas 78155

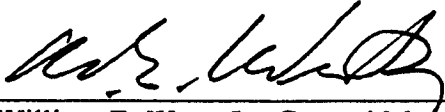
And for Wimberley:

Village of Wimberley
Attention: Mayor
14500 Ranch Road 12, Suite 22
P.O. Box 2027
Wimberley, Texas 78676

Either party may change its address by giving written notice of the change to the other party at least fourteen (14) days before the change becomes effective.

In witness whereof, the parties hereto, acting under the authority of the respective governing bodies, have caused this Operating Agreement to be duly executed in multiple counterparts, each of which shall constitute an original.

GUADALUPE-BLANCO RIVER AUTHORITY

By: 
William E. West, Jr., General Manager

VILLAGE OF WIMBERLEY, TEXAS

By: 
Linda Hewlett, Mayor