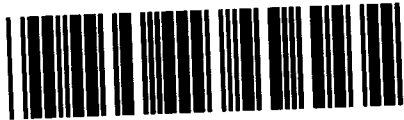


Control Number: 44205



Item Number: 4

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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PUBLIC UTILITY COMMISSION
FILING CLERKARTICLE 1DEFINITIONS**Section 1.1** Definitions

(a) Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as provided in Chapter 13 and 26 of the Texas Water Code, and the rules and regulations of the Texas Commission on Environmental Quality.

(b) The following terms are defined as follows:

"Alliance" shall mean BRA and LCRA.

"Collection System" shall mean all pipes and lift stations used to collect the sewage and to transport it to the wastewater treatment plant. The Collection System does not include the wastewater treatment plant.

"Operation and Maintenance Reserve Fund" shall have the same meaning as "Operation and Maintenance Reserve Fund" has in the Interlocal Agreement Regarding the BRA-LCRA Alliance Liberty Hill Wastewater Systems, executed on _____ (date) between the BRA and the LCRA, as that Agreement may be amended from time to time.

"Service Area" shall mean that area included within the sewer certificate of convenience and necessity ("CCN") sought by LCRA, BRA, and the City as provided by Section 4.1 and as approved by the Texas Commission on Environmental Quality ("TCEQ"). In addition, the Service Area shall include any areas served by the Systems through wholesale wastewater service agreements with third parties.

"Systems" shall mean all facilities, equipment, lines, pipes, lift stations, and related appurtenances by which the Alliance shall provide the Wastewater Services.

"Wastewater Services" shall mean any retail and/or wholesale wastewater collection, treatment, disposal service, retail sewer utility service, as that latter term is used in Chapter 13 of the Texas Water Code, and any related treated effluent reuse service provided by the Alliance.

ARTICLE IIOWNERSHIP OF THE SYSTEMS**Section 2.1** Ownership of the Systems

(a) LCRA shall own the Systems and all lands and interests in land, other than rights-of-way and public utility easements under Section 3.1 dedicated to the City, comprising the Systems.

(b) LCRA has covenanted or will covenant in the resolutions authorizing and governing the bonds or other financial instruments by which LCRA finances the costs of the Systems that it will not sell, lease or otherwise dispose of the Systems (or any other LCRA properties) required, in the reasonable judgment of the LCRA Board of Directors, for the efficient operations of the Systems. BRA and the City acknowledge that any transfer or sale of the Systems will require the LCRA Board of Directors to determine that the Systems are no longer required as described above, and, further, that the Systems are no longer necessary or convenient or of beneficial use to the business of LCRA. The approval of any such transfer or sale shall be in the sole discretion of the LCRA Board of Directors at the time of any such proposed transfer or sale.

(c) Should LCRA desire to sell, lease, transfer or otherwise dispose of the Systems or any portion thereof to any other person (other than a subsidiary or affiliate of LCRA as allowed herein), it shall first give one hundred and twenty (120) days written notice to BRA and the City setting forth the terms of the proposed transfer or sale. BRA shall have the right of first refusal for a period of ninety (90) days from the date of written notice to enter into an agreement with LCRA to purchase those portions of the Systems, to the extent those portions are proposed for transfer or sale by LCRA, on the same terms as the proposed transfer or sale. Should the BRA fail to exercise its right of first refusal, the City shall have the right during the subsequent thirty (30) day period to enter into an agreement with LCRA to purchase those portions of the Systems, if it is proposed for transfer or sale by LCRA, on the same terms as the proposed transfer or sale.

(d) The purchase price of Systems donated to LCRA, without any current or subsequent reimbursement by LCRA therefore, shall have the value of \$1.00 for the purposes of establishing the value of resale to the City; providing however, any improvements to said Systems made by BRA or LCRA and land and interest in land shall be valued for resale at the fair market value.

ARTICLE III

PUBLIC RIGHTS OF WAY

Section 3.1 Use of Public Rights of Way

(a) The City hereby agrees and grants to the Alliance, the parties thereto, and their successors, and assigns the right and privilege to have, hold, own, acquire, construct, enlarge, extend, improve, maintain, operate, repair, and replace the Systems in the City and its ETJ and in, on, upon, and under the present and future streets, alleys, highways, parkways, easements, rights-of-way and other public places of the City.

(b) All new construction by the Alliance that is related to the Systems shall be done in accordance with ordinances, rules, and regulations of the City that are related to the use of streets, alleys, highways, parkways and public places and are now in effect or that may be hereafter adopted by the City in the interest of public health and safety.

- (c) The Systems shall not be so located as to prevent the City from making reasonable use of the streets, alleys, highways, parkways, easements, rights-of-ways, or other public places in accordance with the use(s) for which they were intended.
- (d) In constructing or maintaining the Systems, the Alliance shall not interfere with any existing underground facilities of the City except with the City's consent and under the City's reasonable direction. The City's consent shall not be unreasonably withheld or delayed.
- (e) Except during emergencies, when it is necessary to repair breaks in lines, or when it is necessary to prevent an unauthorized discharge of sewage, the Alliance shall provide notice to the City at least ten (10) days in advance of any construction or maintenance activities in any of the City's public rights-of-way or public areas. The Alliance shall return the area impacted by such construction or maintenance to the condition the area was in prior to such construction or maintenance. In the event emergency maintenance or construction is required, the Alliance shall notify the City of the activity as soon as is practicable.

Section 3.2 Relocation of Lines

If the City, in constructing public works, should require lines of the Systems to be relocated, such lines shall be relocated by the Alliance as required by the City at the Alliance's sole cost and expense. Whenever the City shall intend to pave, construct or improve any street, highway, alleyway or other public area in which the Systems are located, the City shall provide the Alliance with reasonable written notice of the intended improvement during the City's design phase in order to enable the Alliance to improve the Systems, if needed, so as to minimize and coordinate any inconvenience caused to the public by the construction.

Section 3.3 Maps of Facilities

The Alliance shall supply the City a map or maps showing in reasonable detail the locations of those portions of the Systems constructed by the Alliance after the date of this Agreement. The Alliance shall not be responsible for the accuracy of the information given to it by the City, or for providing maps to the City showing lines or facilities constructed prior to the execution of this Agreement. However, to the extent that the Alliance subsequently determines that such information is inaccurate, it will provide the City with information regarding the inaccuracy.

ARTICLE IV

PERMITTING AND OTHER REGULATORY REQUIREMENTS

Section 4.1 Certificate of Convenience and Necessity

LCRA, BRA, and the City agree to request from the Texas Commission on Environmental Quality ("TCEQ") that territory within the corporation limits of the City, and to the extent practicable, territory within the ETJ of the City be certificated to LCRA, BRA, and the City. LCRA, BRA, and the City agree to seek one or more sewer certificates of convenience and necessity (CCN) to provide retail wastewater utility service to the area. The CCN(s) may include additional territory as the Alliance determines to be necessary and desirable. LCRA, BRA, and the City agree to support each other in obtaining the CCN, including participating in any litigation relating to the CCN.

Section 4.2 Other Regulatory Approvals

BRA and LCRA shall obtain and jointly hold all permits and approvals required for the acquisition, construction and ownership of the Systems other than the CCN(s). BRA and LCRA agree to fully cooperate with each other in efforts to obtain, hold and comply with the wastewater discharge permit and other necessary regulatory approvals. The City agrees to support, and not oppose, these effort(s) to obtain the permit and other necessary regulatory approvals and to cooperate with the BRA and LCRA as necessary in connection with any application therewith.

Section 4.3 Connection Requirements

Within ninety (90) days of the Effective Date of this Agreement, the City shall adopt, to the extent allowed by law, one or more ordinances that require(s) existing commercial entities and all future residents and entities, commercial or otherwise, to connect to the Systems if they are within the City's corporate limits or ETJ and are located within 1000 feet of the Systems.

Section 4.4 Other City Ordinances

(a) The City agrees to maintain and update ordinances and plumbing codes pertaining to retail wastewater service to meet the minimum requirements of the _____ Plumbing Code, as revised, or other model plumbing code adopted by the City, within the jurisdiction of the City as provided by law.

(b) The City agrees to adopt a pretreatment ordinance in cooperation with the Alliance, which the City hereby agrees to amend from time to time at the direction of the Alliance.

(c) The City shall advise the Alliance before adopting resolutions or ordinances pertaining to land use, including resolutions or ordinances related to platting of subdivisions, zoning controls, or annexation.

ARTICLE V

COOPERATION

Section 5.1 Management Advisory Committee

(a) There is hereby created a Management Advisory Committee to be composed of two representatives each appointed by the BRA, City and LCRA. The governing bodies of these parties shall each appoint their representatives to the Management Advisory Committee promptly after execution of this Agreement and immediately shall notify the other parties of such appointments. Each representative to the Management Advisory Committee shall serve at the will of the governing body for the party it represents.

(b) The Management Advisory Committee shall consult with and advise BRA and LCRA, through their respective general managers or designated representatives, with regard to the following matters pertaining to the Systems:

- 1) City concerns regarding the operation and maintenance of the Systems;
- 2) policies for extension of service from the Systems;
- 3) annual financial performance of the Systems;
- 4) regulations relating to the manner of providing Wastewater Services in the City's corporate limits and ETJ, including regulations relating to pretreatment requirements;
- 5) suggestions regarding proposals submitted to LCRA for engineering services related to the Systems;
- 6) bids received by LCRA for construction of components of the Systems;
- 7) plumbing, land use, zoning, and annexation ordinances considered by the City; and,
- 8) other matters submitted by BRA or LCRA to the Management Advisory Committee.

(c) The Management Advisory Committee shall meet at least twice annually. The Management Advisory Committee shall have access to and may inspect, following reasonable advance notice, all physical elements of the Systems and all records -- other than records privileged by law or the attorney-client privilege -- and accounts of the

parties pertaining to the Systems. The Management Advisory Committee shall serve in an advisory capacity only, and final decisions regarding matters reviewed by the Management Advisory Committee shall rest with the governing body of the BRA or LCRA, respectively.

Section 5.2 Consultation on Long-Range Planning

The City, through the Management Advisory Committee, and the Alliance shall consult with each other as necessary with respect to long-range plans for providing Wastewater Services in the City's corporate limits and ETJ. Such consultations shall address: (i) non-routine repairs and replacements to the Systems; (ii) the initiation of expansion of the Systems; (iii) plans and specifications for construction of improvements and expansions of the Systems; and, (iv) progress toward completion of construction of improvements and expansions to the Systems.

ARTICLE VI

RETAIL WASTEWATER RATES AND FEES

Section 6.1 Establishing Rates and Fees

- (a) LCRA Board of Directors shall be responsible for establishing retail and wholesale wastewater service rates and fees, including connection fees, for the Wastewater Services for the Service Area. Such rates and fees may be changed by the LCRA Board of Directors at any time and from time to time, at the discretion of the LCRA Board of Directors.
- (b) In establishing retail and wholesale rates for the Wastewater Services, the parties to the Alliance shall comply with all laws and applicable rules and regulations and shall employ generally accepted rate-making principles.
- (c) Because the CCN(s) shall be held jointly by the parties, the City, BRA and LCRA agree that the Systems, and any service provided therefrom, shall be subject to a uniform service extension policy as set forth in LCRA's retail rate schedule for the CCN. Neither the City nor the BRA shall issue any service commitments or agreements for service without the prior written approval of LCRA.

Section 6.2 Payment to the City

In consideration of this **AGREEMENT**, the Alliance shall collect from Wastewater Services customers within the corporate limits of the City, a sum equivalent to three per cent (3%) of the monthly minimum charges and monthly flow charges billed to and received from the Wastewater Services customers. The Alliance shall remit to the City the amount collected from the customers located within the city's limits. Any remaining funds collected shall inure to the benefit of the Operation and Maintenance Reserve Fund. The sum paid to the City shall not include any portion of any regulatory

assessments or any non-monthly or non-recurring charges, such as connection fees, application fees, or late payment penalties. The Alliance shall remit all sums due to the City as described above on a quarterly basis. In addition, in consideration of the City's support for the Alliance's application for the regulatory approvals provided in this section 6, the Alliance further agrees to pay the City: i) \$7,500 within ninety (90) days of the Effective Date of this Agreement; and, ii) \$7,500 within thirty (30) days of the award by TCEQ of the Permit to the City and the BRA and the LCRA. The parties agree and acknowledge that LCRA shall be responsible for the payments provided under this section, but this designation shall be subject to change as provided below.

ARTICLE VII

OTHER PROVISIONS

Section 7.1 Franchises

The City agrees that nothing in this Agreement constitutes an admission by the parties that the Alliance is required by law to obtain a franchise from the City. However, in the event that parties to the Alliance are required by law, now or in the future, to obtain a franchise from the City, this document shall satisfy such requirement and no other cost or payment shall be due the City.

Section 7.2 Sole Source

Provided that BRA and LCRA are in compliance with the material terms of this Agreement, the City shall not obtain Wastewater Services for the CCN from sources other than BRA and LCRA.

Section 7.3 Designees and Assignees

(a) The City agrees and acknowledges that the parties to the Alliance may designate either BRA or LCRA in writing as being responsible for the obligations of the Alliance under this Agreement, and following such written designation the City agrees to look solely to the designated Alliance representative for the fulfillment of the obligations of this Agreement.

(b) Except as otherwise expressly provided in this Agreement, the parties may not assign their rights or responsibilities under this Agreement without first obtaining the written consent of the other parties.

Section 7.4 Waiver and Amendment

Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by the City or the Alliance shall not be deemed a waiver by the Alliance or the City of the right in the future to demand strict compliance and

performance of any provision of this Agreement. No officer or agent of the Alliance or the City is authorized to waive or modify any provision of this Agreement. No modifications to or rescission of this Agreement may be made except by a written document signed by authorized representatives of the Alliance, and the City.

Section 7.5 Remedies

(a) It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default by any 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 any party and shall be cumulative. In no event shall any 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 any party under this Agreement or for any claim brought against any party under this Agreement or otherwise relating to the provision of retail sewer service by the Alliance within the CCN, and in no event shall any party be entitled to any attorneys fees, court costs or other expenses incurred by any party in bringing any suit alleging such default or claim.

(b) The parties agree to attempt first to resolve disputes concerning this Agreement amicably by promptly entering into negotiations in good faith. The parties agree that they will not refer any dispute to another dispute resolution procedure, including mediation or litigation, until they have first made reasonable and good faith efforts to settle their differences by joint negotiations conducted in a timely manner.

(c) This Agreement is governed by the laws of the State of Texas. Any action at law or in equity brought to enforce any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in Williamson County, Texas.

Section 7.6 Force Majeure

If, for any reason of force majeure, the Alliance or the City are rendered unable, wholly or in part, to carry out their obligations under this Agreement, then the party shall give notice of the reasons in writing to the other parties 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 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 the Alliance to provide retail or wholesale sewer service on account of any other cause not reasonably within the control of the Alliance.

Section 7.7 No Oral Agreements.

This Agreement supersedes any prior understanding or oral agreements between the parties respecting the subject matter of this Agreement.

Section 7.8 Severability

The provisions of this Agreement are severable and if, for any reasons, any one or more of the provisions contained in the 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 Agreement and this Agreement shall remain in effect and be construed as if the invalid, illegal or unenforceable provision had never been contained in the Agreement.

Section 7.9 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 Agreement.

Section 7.10 No Third Party Beneficiaries

This 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 7.11 Default

In the event of default by any party to this Agreement, a non-defaulting party must provide reasonably specific written notice of the default to the defaulting party, and the non-defaulting party must allow the defaulting party at least thirty (30) calendar days after receipt of the notice to cure the default. In the event of a default by the Alliance, the City shall provide the written notice of default to both BRA and LCRA.

Section 7.12 Notices

All notices required under this Agreement shall be adequate if: i) hand-delivered; or, ii) sent both by facsimile transmission and first-class mail on the same date. Notices shall be deemed to have been given: i) on the date of receipt if hand delivered; or, ii) on the date of sending if sent by facsimile transmission and first-class mail. Any party can change its designee or address upon five (5) days written notice to the other party. Notices shall be provided to the following designees and addresses:

BRA:

LCRA:

CITY:

Section 7.13 Term

The term of this Agreement is for ninety-nine (99) years from the Effective Date unless otherwise amended in writing by the parties.

Agreed to and approved to take effect this _____ day of _____, 2004 (the "Effective Date").

BRAZOS RIVER AUTHORITY

By: _____
Name: _____
Title: _____

LOWER COLORADO RIVER AUTHORITY

By: _____
Name: _____
Title: _____

CITY OF LIBERTY HILL, TEXAS

By: _____
Name: _____
Title: _____

ATTEST:

City Secretary
City of Liberty Hill, Texas

**INTERLOCAL AGREEMENT
REGARDING BRA – LCRA ALLIANCE
LIBERTY HILL WASTEWATER SYSTEMS**

Table of Contents

Recitals

Article 1: Definitions

1.1 Definitions

Article 2: Ownership of the Systems

2.1 Minimum Standards

2.2 Ownership of the Systems

2.3 Construction of the Systems

2.4 Financing of the Systems

2.5 Extensions or Other Modifications of the Systems

2.6 Commencement of Service

2.7 Admissible Wastes

2.8 Wholesale Wastewater Services Agreements

Article 3: Responsibilities of the Parties

3.1 Operations Responsibilities

3.2 Customer Accounts, Billing and Collections Responsibilities

3.3 Delegation of Responsibilities

3.4 Budgets

3.5 Amendment of Budgets

3.6 Payments for Operations

Article 4: Insurance and Indemnity

4.1 Insurance for Systems

4.2 Insurance for Operations

4.3 Liability and Indemnity

Article 5: Permitting and Other Regulatory Requirements

5.1 Wastewater Disposal Permit and Other Regulatory Approvals

Article 6: Advisory Committee

6.1 Advisory Committee

Article 7: Retail Wastewater Rates and Fees

7.1 Establishing Rates and Fees

Article 8: Reuse of Treated Effluent

8.1 Reuse of Treated Effluent from Systems

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ON
ENVIRONMENTAL QUALITY

Article 9: Other Provisions

- 9.1 Assignment**
- 9.2 Waiver and Amendment**
- 9.3 Remedies**
- 9.4 Force Majeure**
- 9.5 Entire Agreement**
- 9.6 Severability**
- 9.7 Captions**
- 9.8 No Third Party Beneficiaries**
- 9.9 Default**
- 9.10 Notices**
- 9.11 Term**

**INTERLOCAL AGREEMENT
REGARDING BRA – LCRA ALLIANCE
LIBERTY HILL WASTEWATER SYSTEMS**

THIS AGREEMENT ("Agreement") is made and entered into this the _____ day of _____, 2004, by and between the **BRAZOS RIVER AUTHORITY** ("BRA"), and the **LOWER COLORADO RIVER AUTHORITY** ("LCRA"), collectively the **Alliance** ("Alliance").

RECITALS

WHEREAS, the Parties to the Alliance desire to provide retail and wholesale wastewater collection and treatment services through the construction or acquisition of necessary facilities to the City of Liberty Hill, Texas ("City"), by the LCRA, and the operation of those facilities by the BRA;

WHEREAS, BRA, LCRA, and the City have agreed to request from the Texas Commission on Environmental Quality that territory within the corporation limits of the City, and to the extent practicable, territory within the ETJ of the City be certificated to BRA, LCRA, and the City;

WHEREAS, BRA, LCRA, and the City have agreed to seek one or more sewer certificates of convenience and necessity (CCN) to provide retail wastewater utility service to the area; and the CCN(s) may include additional territory as the Alliance determines to be necessary and desirable; and BRA, LCRA, and the City have agreed to support each other in obtaining the CCN, including participating in any litigation relating to the CCN;

WHEREAS, BRA and LCRA desire to enter into an interlocal agreement, in accordance with the terms and provisions of the Interlocal Cooperation Act of the Texas Government Code as applicable to contracts for wastewater systems and services (Tex. Gov't Code Ann. § 791.026), and furthermore pursuant to authorities granted in chapters 30 and 49 of the Texas Water Code, chapter 402 of the Texas Local Government Code, and other laws and regulations; and

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions

- (a) The following terms are defined as follows:

"Alliance" shall mean BRA and LCRA.

"Alliance Management Committee" shall mean the committee comprising representatives from BRA and LCRA created pursuant to that certain agreement creating the "Brazos-Colorado Alliance," dated on or about November 21, 1995, and that certain "Resolution Establishing the Brazos-Colorado Water Alliance Management Committee," authorized by the BRA and LCRA boards of directors in March, 2001.

"Annual Operation and Maintenance Expense Requirement" shall mean the annual amount budgeted, as provided in this Agreement, for all Operation and Maintenance Expenses during any Fiscal Year, adjusted by actual performance of the most immediate closed Fiscal Year. The Annual Operation and Maintenance Expense Requirement does not include any Capital Costs.

"Annual Systems Requirement" shall mean the annual amount budgeted by the Alliance for the Capital Costs of the Systems, for the Annual Operation and Maintenance Expense Requirement, and for Debt Service Requirements.

"Capital Costs" shall mean all costs attributable to the acquisition, construction, replacement, improvement, enlargement, modification, or expansion of the Systems, or any part thereof or equipment required to operate and maintain the Systems, and without limiting the generality of the foregoing, the term shall include: the cost of planning, the cost of obtaining all licenses and Permits; purchase of equipment, property, rights in property, land easements and rights-of-way, including damages to land and property; engineering, design, and generally accepted general and administrative, auditing, fiscal and legal expenses incurred in connection with the planning, development, acquisition and construction, replacement, improvement, enlargement, modification, and expansion of the Systems, or any part thereof; costs of improvements necessary for remediation of Pre-existing Environmental Conditions, for Regulatory or Operational Improvements, or for Projects; and any and all other costs and expenses relating to the foregoing as they relate directly to the Systems.

"Collection System" shall mean all pipes and lift stations used to collect the sewage and to transport it to the wastewater treatment plant. The Collection System does not include the wastewater treatment plant.

"Contracting Party" or "Contracting Parties" shall mean the City of Liberty Hill ("Initial Contracting Party"), as defined in the first paragraph of this Contract,

together with any other Party or Parties which hereafter become one of the Contracting Parties by becoming an Additional Contracting Party, as that term is defined herein.

“Debt Service Requirements” shall mean and include, without limitation, the amount of funds sufficient to pay all financing costs, bond issuance expenses, capitalized interest, principal, interest and redemption price on Bonds, all sinking fund and/or reserve fund payments, including the costs of establishing such funds, trustees fees and expenses, and all payments as may reasonably be required to fulfill the terms of any agreements or covenants made with the holders of any bonds or any persons on their behalf.

“Fiscal Year” means the period beginning on October 1 of a particular year and extending until September 30 of the subsequent year. The Alliance may change the dates included in the Fiscal Year, upon providing written notice to the Contracting Parties hereto, in the event the BRA and LCRA Boards of Directors modifies the fiscal year for the Systems’ annual budget.

“Operation and Maintenance Expense” means all direct and indirect costs (other than those incurred as a result of the gross negligence or willful misconduct of BRA or LCRA) of operation, maintenance, repair, or decommissioning of the Systems, including, but not limited to:

- 1) costs of maintaining any permits or licenses necessary to own, operate and maintain the Systems;
- 2) costs (other than those incurred as a result of the gross negligence or willful misconduct of BRA or LCRA) such as, but not limited to, costs of labor, materials, utilities, supervision, engineering, accounting, auditing, legal and professional services, insurance, personnel, data processing and purchasing;
- 3) BRA’s and LCRA’s costs of complying with this Agreement, including, but not limited to, its remedy and mediation provisions;
- 4) such other costs or expenses as may be imposed upon BRA or LCRA in connection with fulfillment of their obligations under this Agreement because of laws, regulations or requirements of the State of Texas, the United States, or of any agency or governmental subdivision of the State of Texas or any agency of the United States having jurisdiction;
- 5) costs of any other tools, supplies, inventory, services and equipment, together with administrative costs not otherwise included in this definition necessary for proper operation and maintenance of the Systems;
- 6) payments made by BRA or LCRA in satisfaction of judgments resulting from or settlement of claims not covered by the insurance maintained by BRA or LCRA arising in connection with the ownership, operation or maintenance of the Systems;
- 7) any and all expenses incurred by BRA or LCRA in connection with any litigation or administrative proceedings of any nature whatsoever concerning the Systems or BRA’s or LCRA’s responsibilities hereunder to any person, entity or Party hereto;

- 8) the cost of creation of the Operation and Maintenance Reserve Fund, and/or restoration of the Operation and Maintenance Reserve Fund after expenditures are made therefrom with any such replenishment amounts to be amortized over not more than a five (5) year period from the end of the Fiscal Year in which such expenditures were made; and,
- 9) The Operation and Maintenance Management Fee.

“Operation and Maintenance Management Fee” means a fee of five percent (5%) of the amounts budgeted each year for the Annual Operation and Maintenance Expense Requirement; provided, however, that the following shall be excluded from the Annual Operation and Maintenance Expense Requirement for purposes of calculating the Operation and Maintenance Management Fee: i) the Operation & Maintenance Management Fee itself; and ii) fines imposed by governmental regulatory authorities which are a direct result of negligence by BRA in performance of the obligations contemplated herein.

“Operation and Maintenance Reserve Fund” means the fund in an amount adjusted annually to equal one-sixth (1/6) of the current year Annual Operation and Maintenance Expense Requirement in order to provide moneys for the purpose of making major repairs and replacements of the Systems, for extraordinary or non-recurring expenses not budgeted as Operation and Maintenance Expense, and to operate and maintain the Systems in the event current revenues of the Systems are insufficient to meet the Operation and Maintenance Expenses of the Systems.

“Party” or “Parties” shall mean any individual, public or private corporation, political subdivision, governmental or regulatory agency, municipality, partnership, association, firm, trust or estate, or any other legal entity that has an interest in this Agreement.

“Reasonable Standards” shall mean activities conducted in accordance with sound engineering principles and all applicable Federal and State laws, rules and regulatory requirements (including, without limitation, those of the BRA, LCRA, the TCEQ, and any other governmental or regulatory authority or agency having jurisdiction) including the wastewater discharge permit issued to the Alliance.

“Service Area” shall mean that area including within the sewer certificate of convenience and necessity (“CCN”) sought by BRA, LCRA, and the City as provided by Section 5.1 and as approved by the Texas Commission on Environmental Quality (“TCEQ”). In addition, the Service Area shall include any areas served by the Systems through wholesale wastewater service agreements.

“Systems” shall mean all facilities, equipment, lines, pipes, lift stations, and related appurtenances by which the Alliance shall provide the Wastewater Services.

“TCEQ” shall mean the Texas Commission on Environmental Quality, and all successor agencies.

“Wastewater Services” shall mean any retail and/or wholesale wastewater collection, treatment, disposal service, retail sewer utility service, as that latter term is used in Chapter 13 of the Texas Water Code, and any related treated effluent reuse service provided by the Alliance.

ARTICLE II

OWNERSHIP OF THE SYSTEMS

Section 2.1 Minimum Standards

BRA and LCRA, serving as the Alliance, shall provide Wastewater Services meeting all Federal and State minimum standards to customers located in the Service Area, unless such Wastewater Services are already provided by a third provider.

Section 2.2 Ownership of the Systems

- (a) LCRA shall own the Systems and all lands and interests in land comprising the Systems.
- (b) LCRA has covenanted or will covenant in the resolutions authorizing and governing the bonds or other financial instruments by which LCRA finances the costs of the Systems that it will not sell, lease or otherwise dispose of the Systems (or any other LCRA properties) required, in the reasonable judgment of the LCRA Board of Directors, for the efficient operations of the Systems. BRA acknowledges that any transfer or sale of the Systems will require the LCRA Board of Directors to determine that the Systems are no longer required as described above, and, further, that the Systems are no longer necessary or convenient or of beneficial use to the business of LCRA. The approval of any such transfer or sale shall be in the sole discretion of the LCRA Board of Directors at the time of any such proposed transfer or sale.
- (c) Should LCRA desire to sell, lease, transfer or otherwise dispose of the Systems or any portion thereof to any other person (other than a subsidiary or affiliate of LCRA as allowed herein), it shall first give one hundred and twenty (120) days written notice to BRA and the City setting forth the terms of the proposed transfer or sale. BRA shall have the right of first refusal for a period of ninety (90) days from the date of written notice to enter into an agreement with LCRA to purchase those portions of the Systems, to the extent those portions are proposed for transfer or sale by LCRA, on the same terms as the proposed transfer or sale. Should the BRA fail to exercise its right of first refusal, the City shall have the right during the subsequent thirty (30) day period to enter into an agreement with LCRA to purchase those portions of the Systems, if it is proposed for transfer or sale by LCRA, on the same terms as the proposed transfer or sale.
- (d) The purchase price of wastewater systems donated to LCRA, without any current or subsequent reimbursement by LCRA therefore, shall have the value of \$1.00 for the

purposes of establishing the value of resale to the City; providing however, any improvements to said wastewater systems made by BRA or LCRA and land and interest in land shall be valued for resale at the fair market value.

Section 2.3 Construction of the Systems

- (a) LCRA shall be responsible for designing, permitting, financing, acquiring and constructing the Systems, as well as acquiring all lands and interests in lands necessary and desirable for construction, operation and maintenance of the Systems. LCRA will comply with City ordinances in construction of the Systems.
- (b) LCRA will retain all legal, financial, engineering, and other consultants ("Consultants") that it determines to be necessary and desirable for it to satisfy its obligations relating to the designing, permitting, financing, acquiring and constructing of the Systems. BRA may participate in the selection of the Consultants regarding design and engineering for the Systems. BRA shall have access to all information produced by the Consultants.
- (c) LCRA will acquire and construct the Systems in accordance with Reasonable Standards. LCRA, or its consultants, will prepare plans and specifications for the Systems. After all necessary regulatory approvals have been obtained, LCRA shall proceed, as appropriate, to advertise for bids for construction of the Systems. Upon receipt of such bids, LCRA shall tabulate the bids and notify BRA of the bids that have been received and shall recommend a bid for award. LCRA shall consider advice and recommendations of BRA in determining whether or not to accept any bid, but the decision as to acceptance and award of a bid shall be within the sole discretion of LCRA. LCRA diligently thereafter shall construct the Systems.
- (d) During construction of the Systems, BRA and the City shall have access to the Systems and all appurtenances, and any and all contractual documents relating thereto. LCRA shall be on-site inspector of the Systems during construction thereof and shall perform any and all inspections deemed necessary. BRA may provide suggestions to LCRA to assist in the development of the facilities. LCRA shall be entitled to treat inspection costs as Capital Costs for the Systems.

Section 2.4 Financing of the Systems

LCRA may from time to time obtain grants, issue bonds, refund outstanding bonds, or otherwise refinance costs of the Systems. LCRA shall make available to BRA within a reasonable time of request all documents, other than documents privileged by law or the attorney-client privilege, relating to any such issuance or refunding. LCRA shall use reasonable efforts to provide notice to BRA prior to the issuance of any long-term bonds or financing relating to the Systems.

Section 2.5 Extensions or Other Modifications of the Systems

(a) LCRA may extend, expand, maintain, repair, improve, upgrade, or otherwise modify the Systems from time to time, as it determines to be necessary and desirable; provided, however, that the LCRA shall comply with Reasonable Standards and any and all Federal and State laws, rules and regulations as they may be amended in the future, and any rules and regulations issued and to be issued by appropriate agencies in the administration of such laws regarding commencement of planning, design and construction for expansion of the Systems when wastewater flows reach certain levels in the Systems. The parties acknowledge that, as of the effective date for this Agreement, TCEQ regulations generally require: i) commencement of planning and design for expansion when actual flow of wastewater into the Systems reaches seventy-five (75%) of the capacity in the Systems; and ii) commencement of construction activities for the expansion when actual flow of wastewater into the Systems reaches ninety percent (90%) of the capacity in the Systems. The parties further acknowledge that these regulations may be amended from time to time.

(b) LCRA will follow the procedures set forth in section 2.3(c) in the construction of any expansions to the Systems.

Section 2.6 Commencement of Service.

After completion of construction of the Systems, BRA and LCRA shall perform the respective obligations provided in this Agreement in order to provide retail and wholesale sewer service to qualified service applicants within the Service Area, subject to the limitations provided in this Agreement.

Section 2.7 Admissible Wastes.

The Alliance shall not be required to admit into the Systems any kind or character of wastes as identified in Exhibit "A" to this Agreement or as may be subsequently defined by any and all Federal and State rules and regulations as they may be amended in the future, and any rules and regulations issued and to be issued by appropriate agencies in the administration of such laws, other than domestic wastes as such term is defined by TCEQ. The Alliance, if desirable and necessary, may impose pretreatment requirements on customers of the Wastewater Services and Systems, as provided by Federal or State rules and regulations.

Section 2.8 Wholesale Wastewater Services Agreements.

Provided that the Alliance is in compliance with the material terms of this Agreement, nothing shall prevent the Alliance from entering into agreements to provide wholesale wastewater services from the Systems to additional contracting parties located outside the municipal limits and extraterritorial jurisdiction of the City and the CCN.

ARTICLE III

RESPONSIBILITIES OF THE PARTIES

Section 3.1 Operations Responsibilities

BRA will operate and maintain the Systems in accordance with Reasonable Standards, which operations and maintenance to include: routine and preventative maintenance; minor repairs; emergency repairs; emergency call response; inspections; and, laboratory testing. To fulfill its responsibilities under this Agreement, BRA may receive possession of the Systems, or any portion, following issuance of a certificate of substantial completion therefor.

Section 3.2 Customer Accounts, Billing and Collections Responsibilities

LCRA shall provide all retail customer-related accounting, billing, and collections for the Systems in accordance with Reasonable Standards. LCRA also will be responsible for all customer service matters involving accounting, billings, or collections.

Section 3.3 Delegation of Responsibilities

BRA and LCRA shall be authorized to delegate responsibility accepted herein for Operations Responsibilities set forth in Section 3.1 of this Agreement, and Customer Accounts, Billing and Collections, set forth in Section 3.2 of this Agreement, or any portion of either of these responsibilities, following prior written notice to and written approval from the other Party, which shall not be unreasonably withheld or delayed. Any contracts to delegate responsibility assumed under this Agreement must comply with the following requirements: i) said contracts shall be awarded in compliance with state law and BRA or LCRA board policies, as applicable; and, ii) said contracts shall be written for a term not to exceed two (2) years.

Section 3.4 Budgets

(a) BRA shall furnish to LCRA a "Proposed Operations Budget," which shall include a detailed estimate of the Annual Operation and Maintenance Expense Requirement projected to be incurred by it for the next ensuing Fiscal Year. BRA shall furnish the Proposed Operations Budget as soon as reasonably possible during the first partial Fiscal Year, and at least one hundred and five (105) days prior to the beginning of each Fiscal Year thereafter while this Agreement is in effect.

(b) LCRA shall furnish to BRA a "Proposed Systems Budget," which shall include the Proposed Operations Budget and a detailed estimate of expenses or costs projected to be incurred by LCRA in such next ensuing Fiscal Year. LCRA shall furnish the Proposed Systems Budget as soon as reasonably possible during the first partial Fiscal Year, and at least eighty-five (85) days prior to the beginning of each Fiscal Year thereafter while this Agreement is in effect. The Proposed Systems Budget shall become the Annual Systems Requirement upon approval by the LCRA Board of Directors, which

approval shall not be considered more than sixty (60) days prior to the beginning of each Fiscal Year. It is agreed that the Annual Systems Requirement shall include amounts attributable to any debt service reserve funds, or coverage for any bonds used by LCRA to finance the Systems and to compensate LCRA for its obligations, including the financial and regulatory risks arising under this Agreement.

(c) The Parties agree that the expenses included in and the charges based on the Annual Operation and Maintenance Expense Requirement and the Annual Systems Requirement shall be just and reasonable. BRA and LCRA reasonably shall cooperate with each other in the development of the budgets under this Agreement.

(d) BRA and LCRA shall provide any objections to the Proposed Operations Budget or the Proposed Systems Budget in writing to the other Party at least sixty (60) days prior to the beginning of each Fiscal Year. To provide written objections, a Party must: i) specify the particular line items from the respective proposed budgets that give rise to the objections; ii) state the reasons for the objections and include any supporting documentation or calculations; and, iii) compare each line item that is subject to objections to similar line items from previous years, where possible. Any objections shall be referred for discussion to the Alliance Management Committee before either Party may take any further action in support of their objections. Any matters not raised through written objections at least sixty (60) days prior to the beginning of the Fiscal Year shall not be considered by the Alliance Management Committee. The Alliance Management Committee may provide a recommendation regarding the objections, provided that such recommendation is provided to the governing bodies for both Parties.

(e) An Operation and Maintenance Reserve Fund shall be established and held by BRA as an initial component of the Annual Systems Requirement. The goal of the Reserve Fund will be an amount equal to 1/6 of the Annual Operation and Maintenance Expense Requirement, to be funded equally over the first five years of this Agreement, to be recovered as a portion of retail and wholesale rates charged to customers in the Service Area, and paid to BRA by LCRA. Any use or reduction of the Operation and Maintenance Reserve Fund will be taken into consideration in the calculation of any subsequent Annual Systems Requirement. Any interest or other income may serve to offset the annual contribution. Once the Operation and Maintenance Reserve Fund is fully funded, any interest or other income derived by the Operation and Maintenance Reserve Fund shall remain in the Operation and Maintenance Reserve Fund, and not be used for any other purpose other than those purposes expressly provided in this Agreement unless the Alliance Management Committee shall unanimously direct otherwise.

Section 3.5 Unanticipated Expenses

BRA may draw from the Operation and Maintenance Reserve Fund to address expenses related to: (i) emergency repairs to the Systems, which repairs do not result from the gross negligence or wilful conduct of the requesting Party; or, (ii) an unanticipated regulatory requirement. In addition, either LCRA or BRA may propose

amendments to the Annual Systems Requirement related to the unanticipated expenses described above during a fiscal year. Should the Operation and Maintenance Reserve Fund be insufficient to meet the unanticipated expenses, the Alliance will recommend to the Advisory Committee options to deal with the unanticipated expenses, including, but not limited to increasing retail rates, reducing costs, or any combination thereof. Should the Operation and Maintenance Reserve Fund be used to meet the unanticipated expenses, the balance in the Operation and Maintenance Reserve Fund shall be replenished as provided for elsewhere in this Agreement.

Section 3.6 Payments for Operations

LCRA shall remit to BRA not later than the fifteenth day of each month BRA's portion of the Annual Operation and Maintenance Expense Requirement and that portion of the Operation and Maintenance Reserve Fund Requirement for the Systems pertaining to that month. The LCRA herein acknowledges that the payments due to the BRA pursuant to this Agreement are independent of LCRA's obligation to set rates or collect amounts due.

ARTICLE IV

INSURANCE and INDEMNITY

Section 4.1 Insurance for Systems

LCRA shall carry fire and casualty insurance for purposes and in amounts that would ordinarily be carried by a privately owned utility company owning and operating facilities similar to the Systems. Such insurance provisions shall be designed so as to afford protection not only for the owners of bonds used to finance the Systems but also to assure and facilitate, to the extent feasible and practicable, the restoration of damaged or destroyed properties and to minimize the interruption of service from the Systems. It is provided, however, that nothing herein shall prevent LCRA from providing such insurance through self-insurance, self-insurance pools or similar methods. To the extent LCRA procures such insurance through means other than self-insurance, LCRA shall name BRA as an additional insured on the insurance coverages obtained.

Section 4.2 Insurance for Operations

While BRA provides operations and maintenance services pursuant to this Agreement, BRA will carry insurance for the following coverages and in the following amounts:

- (a) Workers Compensation as prescribed by law, statutory amounts;
- (b) Comprehensive General Liability, \$1,000,000.00;
- (c) Vehicle Liability/Excess Liability, \$1,000,000.00;
- (d) Criminal or Fraudulent Acts, \$2,000,000.00; and,
- (e) Umbrella Coverage, \$5,000,000.00.

BRA shall provide LCRA certificates of insurance annually as soon as reasonably possible after such insurance takes effect. BRA may comply with the obligations provided in this section through insurance policies covering both the Systems and other water and/or wastewater facilities in the aggregate; provided, however, the costs for any such insurance coverage shall be apportioned among the Systems and the other covered facilities according to the capital costs of the respective facilities. It is provided however, that nothing herein shall prevent BRA from providing such insurance through self-insurance, self-insurance pools or similar methods. To the extent BRA procures such insurance through means other than self-insurance, BRA shall name the LCRA as an additional insured on the insurance coverages obtained.

Section 4.3 Liability and Indemnity

(a) Except as otherwise set forth in this Agreement, and to the extent allowed by law, BRA hereby agrees to indemnify and hold harmless LCRA, its boards, officers, agents and employees from and against any and all claims and damages of every kind and character, including reasonable and necessary costs and attorney's fees, arising out of or related in any way, directly or indirectly, to the negligence of the BRA, it being the intent of the BRA to indemnify and hold the LCRA harmless from and against all claims of any kind or character which any party might have against LCRA as a result of the negligence of the BRA.

(b) Except as otherwise set forth in this Agreement, and to the extent allowed by law, LCRA hereby agrees to indemnify and hold harmless BRA, its boards, officers, agents and employees, from and against any and all claims and damages of every kind and character, including reasonable and necessary costs and attorney's fees, arising out of or related in any way, directly or indirectly, to the negligence of the LCRA, it being the intent of the LCRA to indemnify and hold the BRA harmless from and against all claims of any kind or character which any party might have against BRA as a result of the negligence of the LCRA.

ARTICLE V

PERMITTING AND OTHER REGULATORY REQUIREMENTS

Section 5.1 Wastewater Disposal Permit and Other Regulatory Approvals

BRA and LCRA shall obtain and jointly hold all permits and approvals required for the acquisition, construction and ownership of the Systems other than the CCN(s). BRA and LCRA agree to fully cooperate with each other in efforts to obtain, hold and comply with the CCN, Permit and other necessary regulatory approvals (the "Regulatory Approvals").

ARTICLE VI

RETAIL WASTEWATER RATES AND FEES

Section 6.1 Establishing Rates and Fees

- (a) LCRA Board of Directors shall be responsible for establishing retail and wholesale wastewater service rates and fees, including connection fees, for the Wastewater Services for the Service Area. Such rates and fees may be changed by the LCRA Board of Directors at any time and from time to time, at the discretion of the LCRA Board of Directors.
- (b) In establishing retail and wholesale rates for the Wastewater Services, LCRA shall comply with all Reasonable Standards, laws and applicable rules and regulations and shall employ generally accepted rate-making principles.
- (c) LCRA shall submit to BRA, through the Alliance Management Committee, an analysis of any proposed retail and wholesale wastewater service rates and fees, including connection fees, for the Wastewater Services for the Service Area prior to taking final action on any proposed retail or wholesale wastewater service rates and fees, or any amendments thereto.

ARTICLE VII

TERMINATION

Section 7.1 Termination

- (a) The Parties acknowledge and agree that the Board of Directors for the LCRA, as the entity responsible under this Agreement for the financing of the Systems and the establishment of the retail and wholesale rates and fees for the Systems, shall have final authority for approval of the Annual Systems Requirement. In the event that the established retail and wholesale rates and fees for the Systems approved by the Board of Directors of the LCRA are not sufficient to meet or fund the Annual Systems Requirement, or the Operations and Maintenance budget proposed by BRA to be included therein, BRA may, in its sole discretion, terminate this Agreement upon providing one hundred twenty (120) days advance written notice.
- (b) In the event LCRA fails to extend, expand, maintain, repair, improve, upgrade, or otherwise modify the Systems from time to time as is necessary to meet Reasonable Standards, BRA may, in its sole discretion, terminate this Agreement upon providing one hundred twenty (120) days advance written notice.
- (c) In the event LCRA fails to extend, expand, maintain, repair, improve, upgrade, or otherwise modify the Systems from time to time as is necessary to meet Reasonable Standards and such failure, in BRA's sole discretion, may result in a violation of the Regulatory Approvals for the System, BRA may terminate this Agreement upon providing thirty (30) days written notice. LCRA shall have the right to cure the failure

within the thirty (30) day notice period. In the event the failure is not cured by LCRA within the aforementioned period, this Agreement shall be terminated and BRA shall be released from any and all responsibilities for operation of the Systems.

(d) In the event LCRA fails to extend, expand, maintain, repair, improve, upgrade, or otherwise modify the Systems from time to time as is necessary to meet Reasonable Standards and such failure, in BRA's sole discretion, poses an imminent threat to public health, safety or welfare, BRA may terminate this Agreement immediately by providing written notice to LCRA and BRA shall be released from any and all responsibilities for operation of the Systems.

(e) In the event that BRA fails to operate and maintain the Systems in accordance with the Reasonable Standards, and such failure results in a notice of violation from a regulatory authority with jurisdiction over the alleged violation, LCRA may provide BRA written notice requesting a response from BRA. In the event BRA fails to provide a written response to LCRA's notice, or a written response to the notice of violation, within fifteen (15) business days following receipt of LCRA's notice, LCRA may terminate this Agreement by providing written notice thereof to BRA. In the event, following notice and request for response from LCRA, that BRA fails to institute good-faith actions to respond to the notice of violation by the deadline provided in the notice of violation, LCRA may terminate this Agreement by providing written notice thereof to BRA.

(f) Except for termination in accordance with this section 7.1, no termination shall be effective under this Agreement until the Parties have discussed the matters raised in the written notice of termination in a meeting of the Alliance Management Committee.

(g) In the event this Agreement is terminated as provided herein, LCRA shall be authorized to assume all operations and maintenance to provide Wastewater Services to the Service Area. BRA reasonably shall cooperate to promptly transfer or assign to LCRA: any rights of BRA under the Regulatory Approvals; any rights of BRA in any agreements pertaining to the Systems; and, any funds remaining in the Operation and Maintenance Reserve Fund as of the date of the written notice of termination.

ARTICLE VIII

REUSE OF TREATED EFFLUENT FROM SYSTEMS

Section 8.1 Reuse of Treated Effluent from Systems

BRA and LCRA shall jointly hold title to any treated effluent within the Systems prior to the discharge thereof in accordance with the Permits. BRA and LCRA are authorized to sell all or a portion of the treated effluent within the Systems; provided, however, that BRA and LCRA agree that the proceeds of any sales of treated effluent from the Systems shall be counted as revenues toward the Annual Systems Requirement.

ARTICLE IX

OTHER PROVISIONS

Section 9.1 Assignment

Except as otherwise expressly provided in this Agreement, the Parties may not assign their rights or responsibilities under this Agreement without first obtaining the written consent of the other Party.

Section 9.2 Waiver and Amendment

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

Section 9.3 Remedies

(a) It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default by any 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 any Party and shall be cumulative. In no event shall any 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 any Party under this Agreement or for any claim brought against any Party under this Agreement or otherwise relating to the provision of retail sewer service by the Alliance within the CCN, and in no event shall any Party be entitled to any attorneys fees, court costs or other expenses incurred by any Party in bringing any suit alleging such default or claim.

(b) The Parties agree to attempt first to resolve disputes concerning this Agreement amicably by promptly entering into negotiations in good faith. The Parties agree that they will not refer any dispute to another dispute resolution procedure, including mediation or litigation, until they have first made reasonable and good faith efforts to settle their differences by joint negotiations conducted in a timely manner.

Section 9.4 Force Majeure

If, for any reason of force majeure, the BRA or the LCRA are rendered unable, wholly or in part, to carry out their obligations under this Agreement, then the Party shall give notice of the reasons in writing to the other Parties 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 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, and partial or entire failure of water supply including pollution (accident or intentional).

Section 9.5 Entire Agreement

This Agreement supersedes any prior understanding or oral agreements between the Parties respecting the subject matter of this Agreement; provided, however, that nothing in this agreement shall be construed as modifying that certain agreement creating the "Brazos-Colorado Alliance," dated on or about November 21, 1995; that certain "Resolution Establishing the Brazos-Colorado Water Alliance Management Committee," authorized by the BRA and LCRA boards of directors in March, 2001; or, that certain Memoranda of Understanding regarding Environmental and Safety Matters between the Parties, dated October 5, 2001 (collectively, the "Alliance Agreements"). In the event of an irreconcilable conflict between the terms of the Alliance Agreements and this Agreement, the terms of this Agreement shall control.

Section 9.6 Severability

The provisions of this Agreement are severable and if, for any reasons, any one or more of the provisions contained in the 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 Agreement and this Agreement shall remain in effect and be construed as if the invalid, illegal or unenforceable provision had never been contained in the Agreement.

Section 9.7 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 Agreement.

Section 9.8 No Third Party Beneficiaries

This 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 9.9 Default

In the event of default by either Party to this Agreement, a non-defaulting Party must provide reasonably specific written notice of the default to the defaulting Party, and

the non-defaulting Party must allow the defaulting Party at least thirty (30) calendar days after receipt of the notice to cure the default.

Section 9.10 Notices

All notices required under this Agreement shall be adequate if: i) hand-delivered; or, ii) sent both by facsimile transmission and first-class mail on the same date. Notices shall be deemed to have been given: i) on the date of receipt if hand delivered; or, ii) on the date of sending if sent by facsimile transmission and first-class mail. Any Party can change its designee or address upon five (5) days written notice to the other Party. Notices shall be provided to the following designees and addresses:

BRA:

LCRA:

Section 9.11 Records

The Parties agree to promptly make available all records relating to the Systems or this Agreement that are not privileged, either by law or the attorney-client privilege, to the other Party within a reasonable time of request.

Section 9.12 Term

The term of this Agreement is for ninety-nine (99) years from the Effective Date unless otherwise amended in writing by the Parties.

Agreed to and approved to take effect this _____ day of _____, 2004 (the "Effective Date").

BRAZOS RIVER AUTHORITY

By: _____
Name: _____
Title: _____

LOWER COLORADO RIVER AUTHORITY

By: _____
Name: _____
Title: _____

LLOYD, GOSSELINK, BLEVINS, ROCHELLE,
BALDWIN & TOWNSEND, P. C.
ATTORNEYS AT LAW

111 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701

TELEPHONE (512) 322-5800
TELECOPIER (512) 472-0532
www.lglawfirm.com

January 8, 2004

VIA FACSIMILE (512) 239-2214
AND REGULAR MAIL

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

RECEIVED
JAN 09 2004
TEXAS NATURAL RESOURCE
CONSERVATION COMMISSION
UTILITIES AND DISTRICTS

Re: Notice of Application for Certificate of Convenience and Necessity (CCN) to
Provide Sewer Utility Service in Williamson County by the Brazos River
Authority, the Lower Colorado River Authority and the City of Liberty Hill

Water Supply Division:

I am writing in response to the above referenced Notice published in the Williamson County Sun on December 14, 2003, on behalf of Summerlyn Joint Venture, Foster-San Gabriel Investments, Ltd., and Foster Development Ltd. (collectively, the "Summerlyn Developers").

- (1) My name:
Lauren Kalisek
Lloyd, Gosselink, Blevins, Rochelle, Baldwin & Townsend, P.C.
111 Congress Avenue, Suite 1800
Austin, TX 78701
(512) 322-5847; fax (512) 472-0532
- (2) The applicant's name is:
Brazos River Authority ("BRA"), Lower Colorado River Authority ("LCRA"),
and the City of Liberty Hill. The application covers an area of 7800 acres,
including the City of Liberty Hill and its extraterritorial jurisdiction, a portion of
the U.S. Highway 183 Corridor south of Seward Junction to the South Fork of the
San Gabriel River.
- (3) The Summerlyn Developers request a public hearing.

January 8, 2004

Page 2

- (4) The Summerlyn Developers own or have the option to purchase approximately 360 acres along U. S. Highway 183 in Williamson County. A portion of this property is as shown on the attached Exhibit "A" and is included within the boundaries of Williamson County Municipal Utility District No. 13 ("MUD 13"). The Summerlyn Developers are currently considering several options for the provision of wastewater service to the property, including service from MUD 13 or the LCRA. The Summerlyn Developers would be adversely affected if their property is included within the BRA/LCRA/City of Liberty sewer CCN area. Such inclusion would preclude the Summerlyn Developers from pursuing other service options, such as service from MUD 13.
- (5) The Summerlyn Developers request that the approximately 360 acres that they own or have the option to purchase be excluded from the proposed CCN boundaries described in the BRA/LCRA/City of Liberty Hill sewer CCN application.

Thank you for your attention to this matter.

Sincerely,



Lauren Kalisek

Enclosure

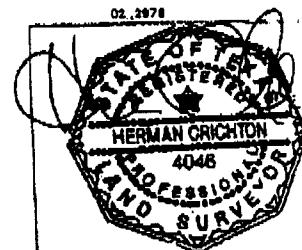
2045/00/Ltr031222daf

cc: Bill Gunn
Rex Bohls
Doug Lewis
Mike Willatt
Madison Jechow
Emily Rogers

CRICHTON
AND ASSOCIATES INC.
LAND SURVEYORS

107 N. LAMPASAS STREET
ROUND ROCK, TEXAS 78064
(512) 244-3395

Exhibit A



CRICHTON AND ASSOCIATES
107 NORTH LAMPASAS
ROUND ROCK, TEXAS
512-244-3395

FIELD NOTES

FIELD NOTES FOR A 168.6316 ACRE TRACT OUT OF THE JOHN B. ROBINSON LEAGUE, ABSTRACT NO. 521, IN WILLIAMSON COUNTY, TEXAS, BEING A PORTION OF A 200.00 ACRE TRACT CALLED TRACT ONE AND A 5.00 ACRE TRACT CALLED TRACT TWO DESCRIBED IN DEED RECORDED IN VOL. 450, PG. 388, A PORTION OF A 195.00 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOL. 374, PG. 596, ALL OF A 4.00 ACRE TRACT RECORDED IN VOL. 1287, PG. 811 AND VOL. 1302, PG. 128, A PORTION OF AN UNDIVIDED 12/25THS INTEREST IN A 25.0 ACRE TRACT, AND A PORTION OF THE REMAINING 13/25THS INTEREST IN THE SAID 25.00 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOL. 1302, PG. 115, ALL OF THE WILLIAMSON COUNTY, TEXAS DEED RECORDS. SAID 168.6316 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a point in the South line of an 83.56 acre tract described in deed to Scott Spangler, et. al. in Doc. #9641085, Official Records, Williamson County, Texas, also being the North line of the said 200.00 acre tract, from which the Southeast corner of the said Spangler tract also being the Northeast corner of the said 200.00 acre tract, bears N 71° 00' 00" E, 368.79 feet. Said point being the Northeast corner of this tract and the POINT OF BEGINNING.

THENCE through the interior of the said 200.00 acre tract, the 5.00 acre tract and the said 195.00 acre tract, and with the East line of this tract, the following thirteen (13) courses and distances:

- 1) S 33° 23' 33" W, 290.93 feet to a point.
- 2) S 04° 50' 28" E, 888.61 feet to a point.
- 3) S 16° 04' 44" W, 680.17 feet to a point.
- 4) S 70° 25' 29" E, 491.10 feet to a point.
- 5) N 84° 01' 50" E, 496.48 feet to a point.
- 6) S 35° 32' 29" E, 154.54 feet to a point.
- 7) S 11° 39' 31" W, 319.42 feet to a point.
- 8) S 72° 29' 52" W, 190.53 feet to a point.
- 9) S 29° 49' 45" W, 346.68 feet to a point.
- 10) S 35° 22' 51" E, 408.71 feet to a point.
- 11) S 79° 00' 24" E, 225.60 feet to a point.
- 12) S 33° 09' 42" E, 1081.52 feet to a point.
- 13) S 19° 00' 00" E, 451.98 feet to a point being the Southeast corner of this tract.

THENCE S 71° 00' 00" W, through the interior of the said 195.00 acre tract, 1872.37 feet to a 1/4"

iron rod set in the West line of a 12.954 acre tract described in deed to Allan Reagan in Doc. #199986910, official records, Williamson County, Texas, being the Southwest corner of this tract.

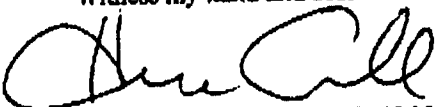
THENCE with the West line of this tract, the following five (5) courses:

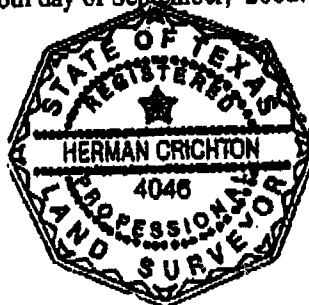
- 1) N 19° 21' 39" W passing the Northeast corner said 12.954 acre tract, also being the Southeast corner of a 10.000 acre tract conveyed to Kepner in Doc. No. 9711721 of the Official Records of Williamson County, Texas, at 492.09 pass the Northeast corner of said 10.00 acre tract and the Southeast corner of a 59.18 acre tract conveyed to Pumphrey in Doc. No. 9908729 Official Records of Williamson County, Texas, in all a 778.37 feet to a ½" iron pin at the Northeast corner of said 59.18 acre tract also being the Southeast corner of a 20.0 acre tract conveyed to Ochotnicki in Doc No. 2001015782 of the Official Records of Williamson County, Texas.
- 2) N 19° 16' 45" W, 940.22 feet to a ½" iron pin found at the Northeast corner of said 20.0 acre tract, also being the Southeast corner of a 97.32 acre tract conveyed to Abbot in Vol. 593 P.G.. 229 of the Williamson County, Texas Deed Records.
- 3) N 19° 36' 30" W continuing with said 97.32 acre tract, 1444.35 feet to a ½" iron pin found.
- 4) N 18° 21' 45" W continuing with said 97.32 acre tract, 901.04 feet to a ½" iron pin found.
- 5) N 19° 48' 12" W continuing with said 97.32 acre tract, 601.88 feet to a nail found in a fence post at the Southwest corner of said 83.56 acre tract for the Northwest corner of this tract.

THENCE N 71° 00' 00" E with the South line of said 83.56 acre tract, 1861.76 feet to the POINT OF BEGINNING and containing 168.6316 acres more or less.

I hereby certify that the forgoing field notes were prepared from a survey on the ground, under my supervision and are true and correct to the best of my knowledge and belief.

Witness my hand and seal this the 26th day of September, 2002.


Herman Crichton, R.P.L.S. 4046



FREEMAN & CORBETT, LLP

PHONE (512) 451-6689

2304 Hancock, Suite 6
Austin, Texas 78756

FAX (512) 453-0865

January 12, 2004

Via Facsimile and Hand Delivery

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

Re: Application of the City of Liberty Hill, LCRA, and BRA for a Sewer CCN
in Williamson County, Texas

Utilities and Districts Section:

On behalf of Chisholm Trail Special Utility District ("Chisholm Trail"), I am writing in response to the above-referenced CCN application. Notice of the application was published in the December 7, 2003 and December 14, 2004 editions of the "Williamson County Sun."

Chisholm Trail hereby protests the CCN application and requests an evidentiary hearing. In support this protest and request, please note the following:

1. The name, address, and telephone number of the protestant and hearing requestor is as follows:

Chisholm Trail Special Utility District
P.O. Box 249
Florence, Texas 76527
Telephone: (254) 793-3103

2. The applicants' names, application number or other recognizable reference to the application are as follows:

The following three applicants are identified on the application:

Lower Colorado River Authority
Brazos River Authority
City of Liberty Hill

RECEIVED

JAN 12 2004

UTILITY DISTRICT
OVER THE HILL

Ronald J. Freeman
rfreeman@freemanandcorbett.com

Anthony S. Corbett
tcorbett@freemanandcorbett.com

The notice of application does not specify an application number. However, according to the notice, the application relates to certification of an area including the city limits of Liberty Hill, its extraterritorial jurisdiction, areas immediately adjacent thereto, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork of the San Gabriel River. The total area being requested includes approximately 7800 acres.

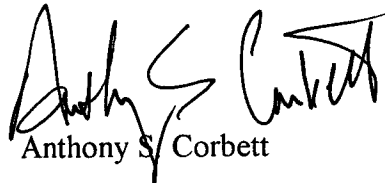
3. Chisholm Trail Special Utility District hereby requests a public evidentiary hearing.
4. Chisholm Trail would be adversely affected by the granting of the sewer CCN application for the following reasons:
 - i. Chisholm Trail provides retail water service to a significant portion of the service territory for which the applicants request certification for sewer service.
 - ii. Chisholm Trail will be required to provide retail water service to each sewer customer. The availability or lack of availability of sewer services and the cost of such services will directly impact the provision of retail water services by Chisholm Trail.
 - iii. Chisholm Trail and LCRA are negotiating retail sewer service territories. If the parties do not enter into an agreement regarding retail sewer territories, Chisholm Trail intends to file an application for a sewer CCN for the application lands that are included within Chisholm Trail's water CCN territory.
 - iv. It is in the customers' best interests for Chisholm Trail to provide retail sewer service to the CCN application lands because Chisholm Trail already owns and operates water supply facilities in the area. Chisholm Trail employs operators and personnel in the area, and owns and operates vehicles that already serve the area. Similarly, Chisholm Trail provides billing and collection services for its water customers in the area. Therefore, the granting of the CCN application filed by LCRA, BRA, and Liberty Hill would result in the duplication of personnel, facilities and higher customer costs, and customer confusion. As the retail water service provider, Chisholm Trail may calculate the per capita wastewater consumption and terminate water service for nonpayment of sewer service. Neither LCRA, BRA, nor Liberty Hill have this ability. In summary, the granting of a sewer CCN to Chisholm Trail would result in economies of scale and

efficiencies that would result in lower costs to the customers, and avoid customer confusion.

- v. The City of Liberty Hill does not have the managerial, financial, or technical ability to provide continuous and adequate retail sewer service to the area identified in the application. As an applicant, Liberty Hill must demonstrate that it is capable of providing retail sewer service. The City was recently created, has no experience providing utility service, and has very limited financial resources.
 - vi. The application should not be granted under the laws, regulations and policies of the State of Texas and TCEQ, including the criteria set forth at 30 TAC § 291.102.
5. An amendment to the sewer CCN application so that it only applies to those lands outside the water CCN area of Chisholm Trail would satisfy Chisholm Trail's concerns. In addition, Chisholm Trail and LCRA have been engaged in ongoing discussions regarding retail sewer service territories. The parties have not yet reached a final agreement. However, Chisholm Trail remains willing to continue these discussions and in the event the parties are able to consummate an agreement, then Chisholm Trail would withdraw its protest of this application.

We appreciate your consideration. If you have any questions about this letter or Chisholm Trail's position, please do not hesitate to contact me.

Very truly yours,



Anthony S. Corbett

cc: Patty Rodgers
Don Rauschuber
Emily Rodgers
Madison Jechow
Mike Willatt
Lauren Kalisek

January 12, 2004
Page 4

David Collingsworth
Jim Clarno
Kerry Russell

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



STATE OF TEXAS §

COUNTY OF TRAVIS §

I, LaDonna Castañuela, Chief Clerk of the Texas Commission on Environmental Quality, do hereby certify that the attached mailing list provides the persons to whom the notice of the public hearing for Brazos River Authority, Lower Colorado River Authority and the City of Liberty Hill, SOAH Docket No. 582-04-6308, TCEQ Docket No. 2004-0455-UCR, was mailed on June 16, 2004.

Given under my hand and the seal of the Texas Commission on Environmental Quality, this the 16th day of June, 2004.

A handwritten signature in cursive script, reading "LaDonna Castañuela".

LaDonna Castañuela, Chief Clerk
Texas Commission on Environmental Quality

(SEAL)

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



NOTICE OF HEARING BRAZOS RIVER AUTHORITY, LOWER COLORADO RIVER AUTHORITY AND THE CITY OF LIBERTY HILL SOAH Docket No. 582-04-6308 TCEQ Docket No. 2004-0455-UCR

APPLICATION. Brazos River Authority, Lower Colorado River Authority, and the City of Liberty Hill, 3700 Lake Austin Boulevard, Austin, Texas 78703, has applied with the Texas Commission on Environmental Quality (TCEQ) to obtain a sewer Certificate of Convenience and Necessity in Williamson County, Texas. Application No. 34399-C

CONTESTED CASE HEARING. The State Office of Administrative Hearings (SOAH) will conduct a formal contested case hearing on this application at:


**10:00 a.m. – August 30, 2004
William P. Clements Building
300 West 15th Street, 4th Floor
Austin, Texas 78701**

The hearing will be a legal proceeding similar to a civil trial in state district court. The hearing will be conducted in accordance with Chapter 2001, Texas Government Code; Chapter 13, Texas Water Code; TCEQ rules, including 30 Texas Administrative Code (TAC) Chapter 291; and the procedural rules of the TCEQ and SOAH, including 30 TAC Chapter 80 and 1 TAC Chapter 155. To participate in the hearing as a party, you must attend the hearing and show you would be affected by the petition in a way not common to members of the general public.

INFORMATION. For information concerning the hearing process, please contact the TCEQ Office of Public Interest Counsel (MC 103), P.O. Box 13087, Austin, TX 78711-3087. For additional information, contact the TCEQ Water Supply Division, Utilities & Districts Section (MC 153), P.O. Box 13087, Austin, TX 78711-3087, telephone 512-239-4691. General information regarding the TCEQ can be found at our web site at www.TCEQ.state.tx.us.

Persons with disabilities who plan to attend this hearing and who need special accommodations at the hearing should call the SOAH Docketing Department at 512-475-3445, at least one week prior to the hearing.

Issued: June 16, 2004



LaDonna Castañuela, Chief Clerk
Texas Commission on Environmental Quality

MAILING LIST
BRAZOS RIVER AUTHORITY, LOWER COLORADO RIVER AUTHORITY AND
THE CITY OF LIBERTY HILL
SOAH Docket No. 582-04-6308
TCEQ Docket No. 2004-0455-UCR

FOR THE APPLICANT:

Emily W. Rogers
Bickerstaff, Heath, Smiley
Pollan, Kever & McDaniel, L.L.P.
816 Congress Avenue, Suite 1700
Austin, Texas 78701-2443

FOR THE EXECUTIVE DIRECTOR:

Geoffrey P. Kirshbaum, Staff Attorney
Texas Commission on Environmental
Quality
Environmental Law Division MC-173
P.O. Box 13087
Austin, Texas 78711-3087

Dawn Burton, Staff Attorney
Texas Commission on Environmental
Quality
Environmental Law Division MC-173
P.O. Box 13087
Austin, Texas 78711-3087

Prabin Basnet, Technical Staff
Texas Commission on Environmental
Quality Waste Supply Division MC-153
P.O. Box 13087
Austin, Texas 78711-3087

FOR PUBLIC INTEREST COUNSEL:

Blas Coy, Attorney
Texas Commission on Environmental
Quality
Public Interest Counsel MC-103
P.O. Box 13087
Austin, Texas 78711-3087

FOR AGENCY COMMUNICATIONS:

Andy Saenz
Texas Commission on Environmental
Quality
Media Relations MC- 118
P.O. Box 13087
Austin, Texas 78711-3087

FOR INFORMATION RESOURCES:

Dell Sites
Texas Commission on Environmental
Quality
Telecommunications MC- 217
P.O. Box 13087
Austin, Texas 78711-3087

FOR STATE OFFICE OF
ADMINISTRATIVE HEARINGS:

Natural Resources Docket Clerk
State Office of Administrative Hearings
P. O. Box 13025
Austin, Texas 78711-3025

FOR THE CHIEF CLERK:

LaDonna Castañuela
Texas Commission on Environmental
Quality
Office of Chief Clerk MC-105
P.O. Box 13087
Austin, Texas 78711-3087

INTERESTED PERSONS:

See attached list.

CECIL ANDERSON
1005 S GABRIEL DR
LEANDER TX 78641-1363

CHARLIE COUCHMAN
107 ARROYO CIR
LEANDER TX 78641-9709

LLOYD GEITELBENU
613 S BAKER CIR
LEANDER TX 78641-9713

R BILA
711 S GABRIEL DR
LEANDER TX 78641-1358

JAMES DISLER
720 COUNTY ROAD 266
GEORGETOWN TX 78628-6834

BILLY & DONNA GURIA
600 COUNTY ROAD 266
GEORGETOWN TX 78628-6836

JAMES E BILLINGSLEY
622 S BAKER CIR
LEANDER TX 78641-9711

HL DOWDY
709 S GABRIEL DR
LEANDER TX 78641-1358

RONALD K HAMILTON
1000 CR 266
GEORGETOWN TX 78628

TERRY BILLINGSLEY
617 N BAKER CIR
LEANDER TX 78641-9717

KIM DOWNING
717 S GABRIEL DR
LEANDER TX 78641-1358

CHRIS & DIANE HASTINGS
101 ARROYO CIR
LEANDER TX 78641-9709

DALE BUTLER
139 HIGH GABRIEL DR
LEANDER TX 78641-9757

MICHAEL ELMORE
1105 S GABRIEL DR
LEANDER TX 78641-1364

EDITH HATSON
608 N BAKER CIR
LEANDER TX 78641-9714

RON BUTLER
602 S GABRIEL DR
LEANDER TX 78641-1397

WALTER FABER
1001 S GABRIEL DR
LEANDER TX 78641-1363

ROBERT HEAD
605 S BAKER CIR
LEANDER TX 78641-9713

JOAN J CALLAHAN
1101 S GABRIEL DR
LEANDER TX 78641-1364

THE MILL FAMILY
601 S BAKER CIR
LEANDER TX 78641-9713

SCOTT HOLMES
625 S BAKER CIR
LEANDER TX 78641-9713

SANDRA A CLARK
807 S GABRIEL DR
LEANDER TX 78641-1360

WALTER FOGLE
1003 S GABRIEL DR
LEANDER TX 78641-1363

TIM HUMPHREYS
1102 S GABRIEL DR
LEANDER TX 78641-1377

STEPHEN COOK
800 COUNTY ROAD 266
GEORGETOWN TX 78628-6839

COLLEEN & JIM FOX
621 S BAKER CIR
LEANDER TX 78641-9713

LAUREN KALISEK ATTORNEY
LLOYD GOSSELINK BLEVINS ROCHE
STE 1800
111 CONGRESS AVE
AUSTIN TX 78701-4050

ANTHONY S CORBETT ATTORNEY
FREMAN & CORBETT LLP
STE 6
2304 HANCOCK DR
AUSTIN TX 78756-2543

SARA FRENCH
PO BOX 681
LEANDER TX 78646-0681

CURTIS & MARY LARGENT
103 ARROYO CIR
LEANDER TX 78641-9709

MERVIN F LIND
808 S GABRIEL DR
LEANDER TX 78641-1359

ROY M SARTAIN
902 S GABRIEL DR
LEANDER TX 78641-1361

EDWARD & TERI MACIS
1000 S GABRIEL DR
LEANDER TX 78641-1362

ROLAND & STEVE SAVAGE
612 N BAKER CIR
LEANDER TX 78641-9714

CAROLYN & LEONARD MELLIN
901 COUNTY ROAD 266
GEORGETOWN TX 78628-6804

MILTON SMITH
1003 S GABRIEL DR
LEANDER TX 78641-1363

ROBERT HANGER MICHELLE
700 COUNTY ROAD 266
GEORGETOWN TX 78628-6834

CHRIS & GINA TILLMAN
1004 S GABRIEL DR
LEANDER TX 78641-1362

WOODOX MORRIS
1007 S GABRIEL DR
LEANDER TX 78641-1363

TERRY A TUTTLE
109 ARROYO CIR
LEANDER TX 78641-9709

JOSEPH DWAYUN MOUTR
910 CR 266
GEORGETOWN TX 78628

JOHN WILDER
712 S GABRIEL DR
LEANDER TX 78641-1387

LAURA POENIE
1005 S GABRIEL DR
LEANDER TX 78641-1363

STEVE W WILSON
950 CR 266
GEORGETOWN TX 78628

JESSE R ROLAN
1002 S GABRIEL DR
LEANDER TX 78641-1362

SCOTT WINEINGER
609 S BAKER CIR
LEANDER TX 78641-9713

EDWIN ROSENBUSCH
601CR 266
GEORGETOWN TX 78628

GREG RUTHERFORD
600 N BAKER CIR
LEANDER TX 78641-9714

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE
AND NECESSITY (CCN) TO PROVIDE SEWER
UTILITY SERVICE IN WILLIAMSON COUNTY

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

The total area being requested includes approximately 7800 acres and there are no current sewer customers.

A copy of the proposed service area map is available at the City of Liberty Hill, Texas, 1120 Loop 332, Liberty Hill, Texas, 78642, 512-778-5449, and the Lower Colorado River Authority, 3700 Lake Austin Blvd., Austin, Texas, 78703, 1-800-776-5272.

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.

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)
TO PROVIDE SEWER UTILITY SERVICE IN WILLIAMSON COUNTY

To: _____ Date Notice Mailed: _____, 20____
(Neighboring System or City)

(Address)

(City State Zip)

The Brazos River Authority, the Lower Colorado River Authority, and the City of Liberty Hill have filed an application for a CCN with the Texas Commission on Environmental Quality to provide sewer utility service in Williamson County.

The proposed wastewater service area includes, but is not limited to, the city limits of Liberty Hill, Texas, its extraterritorial jurisdiction, areas immediately adjacent to its ETJ, and a portion of the U.S. Hwy. 183 corridor south of Seward Junction to the South Fork San Gabriel River. The area is generally bounded on the south by the South Fork San Gabriel River, on the east by an imaginary line approximately one mile east of and parallel to Union Hall Road (CR 266), on the north by an imaginary line approximately one and one-half of a mile north of and running parallel to State Hwy. 29, and on the west by an imaginary line approximately one and one-half mile west and running parallel to CR 332.

The total area being requested includes approximately 7800 acres and there are no current sewer customers.

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.



Texas Commission on Environmental Quality

APPLICATION NO. _____

PUBLISHER'S AFFIDAVIT

STATE OF TEXAS

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____,

who being by me duly sworn, deposes and says that (s)he is the _____ of the

TITLE

_____ ; that said

NAME OF NEWSPAPER

newspaper is regularly published in _____

County(ies) and generally circulated in _____

County (Counties), Texas; and that the attached notice was published in said newspaper on the

following date(s), to wit: _____

Newspaper Representative's Signature

Subscribed and sworn to before me this _____ day of _____, 2003, to certify which
witness my hand and seal of office.

Notary Public in and for the State of Texas

Print or Type Name of Notary Public

Commission Expires _____



Texas Commission on Environmental Quality

APPLICATION NO. _____

AFFIDAVIT OF NOTICE TO NEIGHBORING UTILITIES AND AFFECTED PARTIES

STATE OF TEXAS

COUNTY OF _____

_____ has provided individual notice to the following entities:

DATE

OATH

I, _____, being duly sworn, file this form as _____ (indicate relationship to applicant, that is, owner, member of partnership, title of officer of corporation, or other authorized representative of applicant); that in such capacity, I am qualified and authorized to file and verify such form, am personally familiar with the notices given with this application, and have complied with all notice requirements in the application and application acceptance letter; and that all such statements made and matters set for therein are true and correct.

Applicant's Authorized Representative

If the applicant to this form is any person other than the sole owner, partner, officer of the applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

Subscribed and sworn to before me this _____ day of _____, 20____, to certify which witness my hand and seal of office.

Notary Public in and for the
State of Texas

Print or Type Name of Notary Public
Commission Expires _____

Robert J. Huston, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Kathleen Hartnett White, *Commissioner*
Margaret Hoffman, *Executive Director*



Y-26-03
4-30-03
34399-C
PRABIN BASNET

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 30, 2003

Ms. Emily W. Rogers
Bickerstaff, Heath, Smiley,
Pollan, Kever & McDaniel, L.L.P.
816 Congress Avenue - Suite 1700
Austin, Texas 78701-2443

RE: Declaration of Administrative Completeness
Name: Lower Colorado River Authority-Brazos River Authority-City of Liberty Hill
Registration Number: A1459
CN: Unassigned; RN: Unassigned
Administrative Review Number: A-146-3
Type of Application: Obtain Sewer CCN

Dear Ms. Rogers:

The above referenced application was received by the Water Quality Applications Team on August 26, 2003. An administrative review of the application was conducted and a Notice of Deficiency letter was sent to you on August 28, 2003. Your response was received on September 29, 2003. The application was declared administratively complete on September 29, 2003.

This application has been forwarded to Ms. Michelle Abrams, Utility Certification and Rate Analysis Team, Districts and Utilities Section (Mail Code 153), Water Supply Division for a technical review. If during the course of the technical review additional information is needed, you will be notified of the deficiency and be requested to supplement the application.

You may contact Ms. Abrams at (512) 239-6014 if you have questions regarding the technical evaluation of your application. If you have questions regarding the administrative review, please contact Peggy Hiscoe at (512) 239-6168.

Sincerely,

A handwritten signature in cursive script that reads "Peggy Hiscoe".

Peggy Hiscoe
Water Quality Applications Team (Mail Code 156)
Permits Administrative Review Section
Registration, Review & Reporting Division

TCEQ Core Data Form

TCEQ Use Only

If you have questions on how to fill out this form or about our Central Registry, please contact us at 512-239-5175.

Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact us at 512-239-3282.

SECTION I: General Information

1. Reason for Submission *Example: new wastewater permit; IHW registration; change in customer information; etc.*

New Sewer Certificate of Convenience and Necessity

2. Attachments Describe Any Attachments: (ex: Title V Application, Waste Transporter Application, etc.)

YES ☒ NO ☐

3. Customer Reference Number-if issued

4. Regulated Entity Reference Number-if issued

CN CN600253637 (9 digits) RN (9 digits)

SECTION II: Customer Information

5. Customer Role (Proposed or Actual) -- As It Relates to the Regulated Entity Listed on This Form

Please check one of the following: ☒ Owner ☐ Operator ☐ Owner and Operator

Occupational Licensee Volunteer Cleanup Applicant Other

TCEQ Use Only Superfund PST Respondent

6. General Customer Information

New Customer Change to Customer Information

Change in Regulated Entity Ownership ☒ No Change *

*If "No Change" and Section I is complete, skip to Section III - Regulated Entity Information.

7. Type of Customer: Individual Sole Proprietorship - D.B.A.

Partnership Corporation Federal Government

State Government County Government City Government

☒ Other Government River Authority Other:

8. Customer Name (If an individual, please print last name first) If new name, enter previous name:

Lower Colorado River Authority

9. Mailing Address: Lower Colorado River Authority

3700 Lake Austin Boulevard

City State ZIP ZIP + 4

Austin TX 78703

10. Country Mailing Information if outside USA 11. E-Mail Address if applicable

12. Telephone Number 13. Extension or Code 14. Fax Number if applicable

(512) 473-3200 (512) 397-6722

15. Federal Tax ID (9 digits) 16. State Franchise Tax ID Number if applicable 17. DUNS Number if applicable (9 digits)

74-600291

18. Number of Employees 19. Independently Owned and Operated?

0-20 21-100 101-250 251-500 ☒ 501 and higher Yes ☒ No

SECTION III: Regulated Entity Information

20. General Regulated Entity Information

☒ New Regulated Entity ☐ Change to Regulated Entity Information ☐ No Change*

*If "No Change" and Section I is complete, skip to Section IV - Preparer Information.

RECEIVED

Press the Tab Key to continue to page 2.

SEP 29 2003

Water Quality
Applications Team

1725
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

INTEROFFICE MEMORANDUM

TO: LaDonna Castanuela, Chief Clerk DATE: April 8, 2004

THRU: Doug Holcomb, P.E., Section Manager
Utilities & Districts Section
Water Supply Division

FROM: Michelle Abrams, Team Leader
Utilities & Districts Section
Water Supply Division

SUBJECT: Docket No. 2004-0455-UCR; Application from the Brazos River Authority, Lower Colorado River Authority and the City of Liberty Hill to Obtain a Sewer Certificate of Convenience and Necessity (CCN) in Williamson County; Application No. 34399-C

We hereby transfer the official file for the above application to the Chief Clerk's Office. Please refer the application to the State Office of Administrative Hearings and request that a hearing be scheduled.

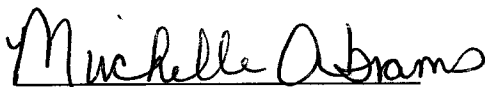
Summerlyn Joint venture, Foster San-Gabriel Investments, Ltd., and Foster Development Ltd. (collectively, the "Summerlyn Developments"), Chisholm Trail Special Utility District (SUD), and several individuals have protested the referenced application. Protests for this application vary and include the following reason for protests; it would preclude pursuing other service option, the location of the wastewater treatment plant would adversely affect the quality of life, and retail water service is already being provided to the portions of the area requested in this application. Staff estimates 40 people to attend this hearing.

The staff assigned to this case are:

Technical - Prabin Basnet

Legal -

If we may be of further service regarding this matter, please call.


Michelle Abrams, Team Leader

MA/pb/ac

cc: TCEQ Public Interest Counsel; ATTN: Vic McWherter
TCEQ Agency Communications; ATTN: Andy Saenz, Manager
TCEQ Chief Clerk's Office; ATTN: Melanie Mohair, SOAH Docket Clerk
TCEQ Legal Office; ATTN: Robert Martinez

CHIEF CLERKS OFFICE

2004 APR 8 PM 12:50

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