



Control Number: 46606



Item Number: 1

Addendum StartPage: 0



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER
SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Docket Number: **46606**

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

RECEIVED
2016 NOV 28 AM 9:01
PUBLIC UTILITY COMMISSION
FILING CLERK

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

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Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Purpose of Application

☐ Obtain ☐ New Water CCN ☐ New Sewer CCN

☐ Amend ☐ Water CCN# (s) _____

☒ Amend ☒ Sewer CCN#(s) City of Liberty Hill CCN No. 20969

1. Applicant Information

Applicant

Utility name: City of Liberty Hill

Certificate number: 20969

Street address (City/ST/ZIP/Code): 926 Loop 332, Liberty Hill, TX, 78642

Mailing address(City/ST/ZIP/Code): PO Box 1920, Liberty Hill, TX, 78642

Utility Phone Number and Fax: (512) 778-5449

Contact information

Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name: Perry Steger

Title: Engineer of Record

Mailing address: Steger Bizzell - 1978 S. Austin, Georgetown, TX, 78626

Email: pery.steger@stegerbizzell.com

Phone and Fax: (512) 930-9412

List all counties in which service is proposed:

Williamson

A. Check the appropriate box and provide information regarding the legal status of the applicant:

- ☐ Investor Owned Utility ☐ Individual ☐ Partnership
☐ Home or Property Owners Association ☐ For-profit Corporation
☐ Non-profit, member-owned, member-controlled cooperative corporation
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
☒ Municipality ☐ District ☐ Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- NA** i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: _____
iii. A listing of all stockholders and their respective percentages of ownership.
iv. A copy of the company's organizational chart, if available.
v. A list of all directors and disclose the title of each individual.
vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- NA** i. A copy of the Articles of Incorporation and By-Laws.
ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
iii. Identification of all board members including name, address, title, and telephone number.
iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

2. Location Information

- A. Are there people already living in the proposed area? ☒ Yes ☐ No
If YES, are any currently receiving utility service? ☒ Yes ☐ No
If YES, from WHOM? Williamson County MUD #12, #19, & #19A

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

☐ Yes ☐ No

If YES, provide the following:

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or **Exhibit "2.B.i"**
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

☒ Yes ☐ No

Exhibits "2.C.1, 2.C.2, 2.C.3, and 2.C.4"

If YES, within the corporate limits of: (SEE BELOW)

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

The proposed sewer service area for the City Liberty Hill is within the service area of Williamson County MUD #12, #17, #18, #19, #19A, #19B, #23, #31, #32, and Williamson-Liberty Hill MUD. Agreements between the City of Liberty Hill and local MUDs / service providers are included with this application (Exhibit "2.C.1", 2.C.2, 2.C.3, and 2.C.4).

D. Is any portion of the proposed service area inside another utility's CCN area?

☐ Yes ☒ No

If YES, has the current CCN holder agreed to decertify the proposed area?

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

Single Certification (sewer service only) - The City of Georgetown (Western District) currently provides water service in this area. There is no need for decertification because there is not an existing CCN within the proposed area.

3. Map Requirements

Attach the following hard copy maps with each copy of the application:

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county. **Map Attached**
- B. A map showing only the proposed area by: **Map Attached**
 - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
 - iii. following verifiable natural and man-made landmarks; or
 - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area. **Exhibit "3.C"**
- D. Provide separate and additional maps of the proposed area(s) to show the following:
 - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and **Exhibits "2.C.1, 2.C.2, 2.C.3, and 2.C.4"**
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application.

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information. **Data Submitted**

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

4. New System Information or Utilities Requesting a CCN for the First Time

A. Please provide the following information:

- NA** i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
- ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity;
- iii. copies of written responses from each system or evidence that they did not reply; and
- iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.

B. Were your requests for service denied? ☐ Yes ☐ No

- NA** i. If yes, please provide documentation of the denial of service and go to c.
 ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

D. Date of plat approval, if required: _____
 Approved by: _____

E. Date Plans & Specifications submitted to the TCEQ for approval: _____ Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.

F. Date construction is scheduled to commence: _____

G. Date service is scheduled to commence: _____

5. Existing System Information

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

i. Water system(s): TCEQ Public Water System identification number(s):

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ii. Sewer system(s): TCEQ Discharge Permit number(s)

W Q 1 4 4 7 7 0 0 1

W Q

W Q

W Q

W Q

W Q

- iii. Date of last TCEQ water and/or sewer system inspection(s): 1/16/2015
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s). **Exhibit "3.C"**
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number
Major Vincent Perkins JR	WW Operator B	WW0025923
Douglas W Bonnet	WW Operator C	WW0038338

- Attach additional sheet(s) if necessary -

- C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

- ☐ Yes
- ☒ No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

- D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial documentation and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter			Residential	1,967	14,560
1" meter or larger			Commercial	85	20
Non-Metered			Industrial		

TCEQ Water System			TCEQ Sewer System		
Other:			Other:		
Total Water			Total Sewer	2,052	14,580

E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

Water service for this area will be provided by the City of Georgetown Western District.

G. Effect of Granting a Certificate Amendment. **Exhibit "5.G"**

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant,
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. ☒ No, (skip the rest of this question and go to #6)

ii. ☐ Yes, Water

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
	0.00%

Water Source	% of Total Treatment
	0.00%
	0.00%

iii. ☐ Yes, Sewer treatment capacity

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Sewer Source	% of Total Treatment
	0.00%
	0.00%
	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density; and
- ii. the land use of the requested area.

J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

6. Financial Information

A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system:

- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
- ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing water and/or sewer systems:

- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed). **Exhibit "6.B.i"**
- ii. Attach a proposed rate schedule or tariff. **Exhibit "6.B.ii"**

❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**

C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.

D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

7. Notice Requirements

A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.

B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.

C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.

D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)

E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.

F. Notice For Publication:

The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.

G. Notice To Neighboring Utilities:

- i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
- ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service, within two (2) miles of the requested service area. **Exhibit "7.G.iii"**

H. Notice to Customers:

Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.

I. The commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

OATH

STATE OF TEXAS
COUNTY OF WILLIAMSON

I, Perry Steger, PE, being duly sworn, file this application as Engineer of Record (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps and financial information filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended from its original form.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

Perry Steger, PE

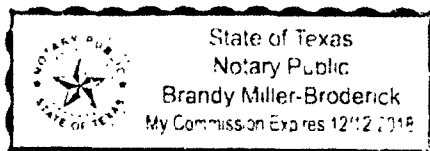
[Signature]
AFFIANT

(Utility's Authorized Representative)

If the Affiant 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, a Notary Public in and for the State of Texas,
This day 21st of November 20 16

SEAL



Brandy Miller-Broderick
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Brandy Miller-Broderick
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 12/12/18

Notice for Publication

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

Williamson County

COUNTY(IES), TEXAS

Name of Applicant City of Liberty Hill has filed an application for a CCN to obtain or amend CCN No. (s) 20969 and to decertify a portion(s) of NO EXISTING SEWER CCN PORTION(S) TO DECERTIFY with the
(Name of Decertified Utility)

Public Utility commission of Texas to provide

SEWER

(specify 1) water or 2) sewer or 3) water & sewer)

utility service in

Williamson

County
(ies).

The proposed utility service area is located approximately 6 miles east
[direction] of downtown Liberty Hill, [City or Town] Texas, and is generally bounded on the north by County Road 258; on the east by Cross Creek Road; on the south by South Fork San Gabriel River; and on the west by US 183

The total area being requested includes approximately 5,671 acres and 622 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number): City of Liberty Hill 926 Loop 332 Liberty Hill, TX 78626

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 file with the PUC at the following address:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

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

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

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

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

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

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Notice to Neighboring Systems, Landowners and Cities

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

Williamson

COUNTY(IES), TEXAS

To:
(Neighboring System, Landowner or City)

Date Notice Mailed 20

(Address)

City

State Zip

Name of Applicant City of Liberty Hill has filed an application for a CCN to obtain or amend CCN No. (s) 20969 and to decertify a portion(s) of NO EXISTING SEWER CCN PORTION(S) TO DECERTIFY with the (Name of Decertified Utility)

Public Utility Commission of Texas to provide

Sewer

(specify 1) water or 2) sewer or 3) water & sewer

utility service in

Williamson

County(ies).

The proposed utility service area is located approximately 6. miles east [direction] of downtown Liberty Hill, [City or Town] Texas, and is generally bounded on the north by County Road 258 ; on the east by Cross Creek Road ; on the south by South Fork of San Gabriel ; and on the west by US 183

See enclosed map of the proposed service area.

The total area being requested includes approximately 5,671 acres and 622 current 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.

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

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

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Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Notice to Customers of IOUs in Proposed Area

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

Williamson

COUNTY(IES), TEXAS

Dear Customer: [] Date Notice Mailed [] 20 []

Name of Applicant [] has filed an application for a CCN to obtain or amend CCN No. (s) [] and to decertify a portion(s) of [] with the (Name of Decertified Utility)

Public Utility commission of Texas to provide [] (specify 1) water or 2) sewer or 3) water & sewer) utility service in [] County(ies).

The proposed utility service area is located approximately [] miles [] [direction] of downtown [], [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone Number): []

The current utility rates which were first effective on [] 20 []

Monthly Flat Rate of \$ [] Per connection

-OR-

Monthly Base Rate Including per [] gallons connection for:

5/8" meter

\$ []

1" meter

\$ []

1 1/2" meter

\$ []

2" meter

\$ []

Other \$ []

Gallage charge of \$ [] Per 1,000

Gallons above minimum (same for all meters sizes)

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost)

Reconnecting fee:

- Non Payment (\$25.00 max)

- Transfer

- Customer's request

Late fee

Returned Check charge

Customer Deposit (\$50.00 max)

Meter test fee

(Actual Cost not Exceed \$25.00)

Other Fees

1%

\$ []

\$ []

\$ []

\$ []

\$ []

\$5.00 or 10%

\$ []

\$ []

\$ []

\$ []

\$ []

Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.

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:

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

IF A HEARING IS HELD, it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

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

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

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

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

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current.						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

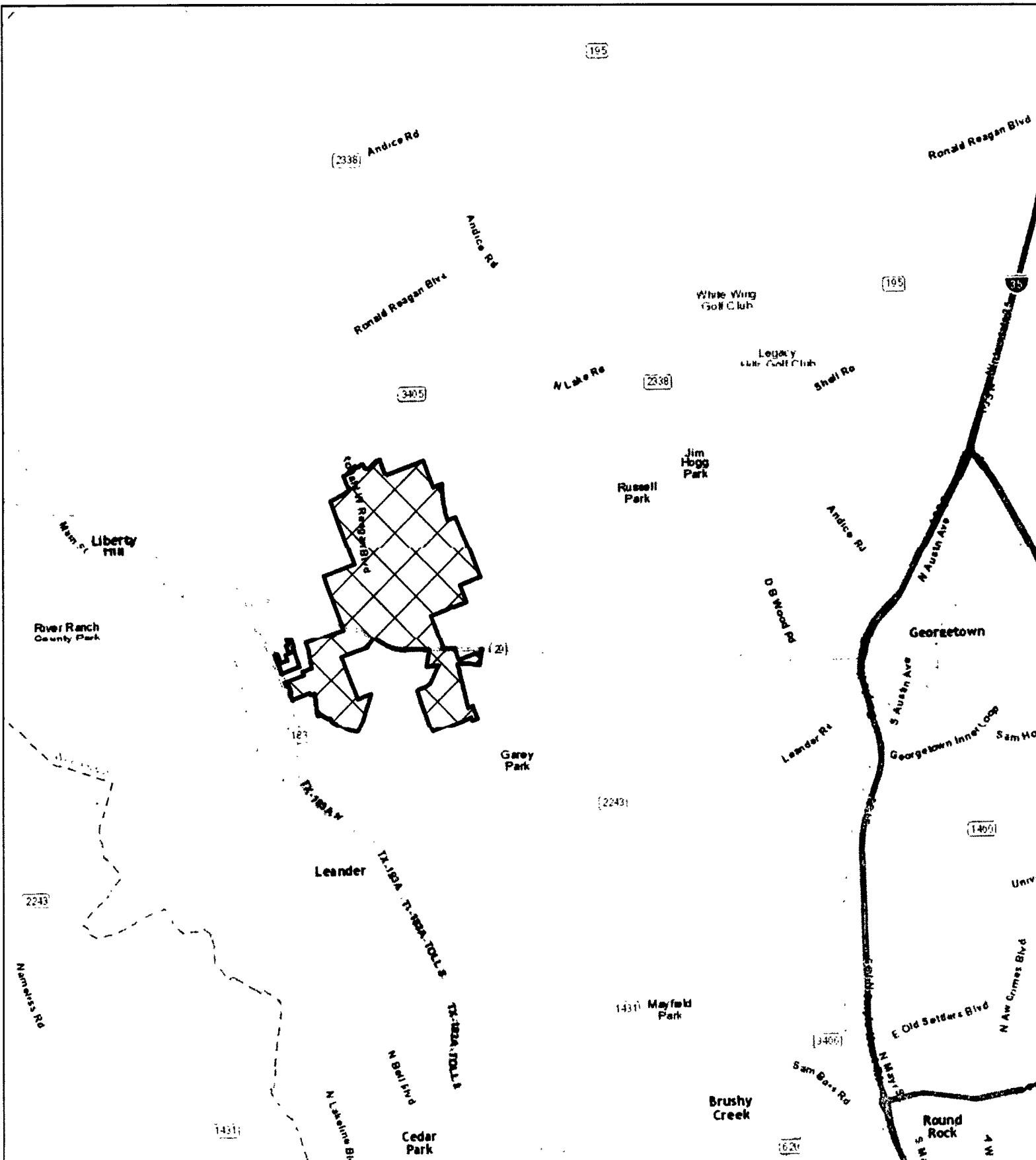
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

PROJECTED EXPENSES STATEMENT

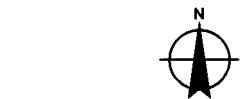
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (if Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
TOTAL USES						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
Service (CADS)						
Net Income (Loss)						
Depreciation , or Reserve Interest						
TOTAL						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						



- City of Liberty Hill - Proposed Sewer Service Area



0 1 2 4
Miles

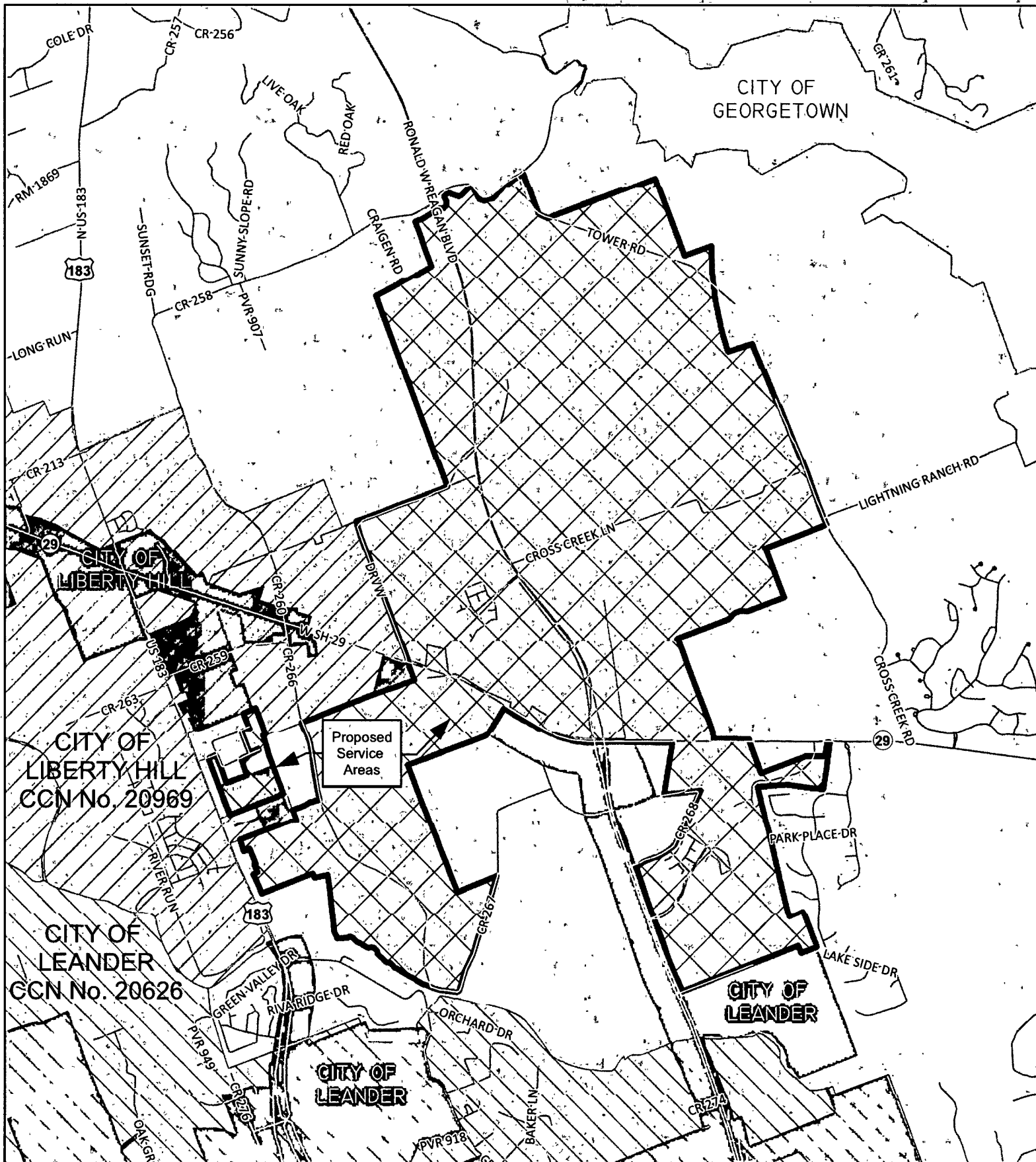
Located east of US 183, both north and south of SH 29
Williamson County, TX

November 18, 2016

Map Legend



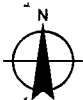
PROPOSED SEWER SERVICE AREA
LIBERTY HILL CCN No. 20969



- City of Liberty Hill -

Proposed Sewer Service Area

Located east of US 183, both north and south of SH 29
Williamson County, TX



0 2,000 4,000 8,000
Feet

November 18, 2016

Legend - 1" = 4,000'

LIBERTY HILL PROPOSED
SEWER SERVICE AREAS
CITY LIMITS

LIBERTY HILL

LEANDER

GEORGETOWN

PUC SEWER CCN UTILITY

CITY OF LEANDER - CCN No. 20626

CITY OF LIBERTY HILL - CCN No. 20969

ADDITIONAL WHOLESALE WASTEWATER SERVICE AGREEMENT

(MUD Nos. 12, 19, and 19A)

THIS ADDITIONAL WHOLESALE WASTEWATER SERVICE AGREEMENT ("Agreement") is made and entered by and between **Williamson County Municipal Utility District No. 12** ("MUD No. 12"), a municipal utility district created and functioning under Article XVI, Section 59 of the Texas Constitution as well as Chapters 49 and 54 of the Texas Water Code, **Williamson County Municipal Utility District No. 19** ("MUD No. 19"), a municipal utility district created and functioning under Article XVI, Section 59 of the Texas Constitution as well as Chapters 49 and 54 of the Texas Water Code, **Williamson County Municipal Utility District No. 19A** ("MUD No. 19A"), a municipal utility district created and functioning under Article XVI, Section 59 of the Texas Constitution as well as Chapters 49 and 54 of the Texas Water Code, and the **City of Liberty Hill** ("City"), a Texas general law municipality. MUD No. 12, MUD No. 19, MUD No. 19A and the City are referred to collectively as the "Parties," and individually as a "Party."

Recitals

WHEREAS, Chisholm Trail Special Utility District ("CTSUD"), MUD No. 12, MUD No. 19, Brazos and the Lower Colorado River Authority ("LCRA") previously entered into that certain Wholesale Wastewater Service Agreement dated September 25, 2006 setting forth the terms and conditions pursuant to which LCRA agreed to provide wholesale wastewater collection, treatment and disposal services to CTSUD for the lands within MUD No. 12 in a quantity equal to 1,584 LUEs, and to the lands within MUD No. 19 in a quantity equal to 1,000 LUEs;

WHEREAS, the same parties entered into that certain First Amendment to Wholesale Wastewater Service Agreement dated September 9, 2010 amending certain terms and conditions of the Wholesale Wastewater Service Agreement.

WHEREAS, the same parties entered into that certain "Supplemental Agreement to the Wholesale Wastewater Service Agreement" dated to be effective June 19, 2009 and entered into by and between LCRA, Brazos, MUD No. 12 and MUD No. 19. The Wholesale Wastewater Service Agreement, as amended and supplemented, is hereinafter referred to as the "Original Wholesale Service Agreement"; and

WHEREAS, LCRA and the City previously entered into that certain Purchase Agreement dated November 15, 2011 setting forth the terms and conditions pursuant to which LCRA agreed to sell its wastewater collection, treatment and disposal system assets serving the City area to the City of the City, and in connection therewith, LCRA previously assigned its rights and interests in and to the Original Wholesale Service Agreement to the City; and

WHEREAS, the Parties want to enter into this Agreement to provide additional wholesale wastewater service to the MUDs over and above that provided for in the Original Wholesale Service Agreement.

NOW, THEREFORE, in consideration of the terms, conditions, and covenants contained in this Agreement, the City, MUD No. 12, MUD No. 19 and MUD No. 19A agree as follows:

ARTICLE I: DEFINITIONS

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

- a) **Commercial Customers:** means all non-residential retail Wastewater customers of the MUDs in the Wholesale Service Area.
- b) **Connecting Facilities:** means some or all of the following facilities, as determined by the context:
 - 1. Highway 29 Lift Station and Force Main;
 - 2. MUD No. 19A Lift Station and Force Main;
 - 3. facilities connecting the wastewater collection systems serving MUD No. 19 and MUD No. 19A to the North San Gabriel Plant (excluding any Interceptors);
 - 4. facilities connecting any Internal Facilities to the North San Gabriel Plant or the South San Gabriel Plant (excluding any Interceptors); and
 - 5. all repairs or replacements of the above-mentioned facilities.
- c) **Constructing Party:** means the Party constructing the Connecting Facilities, the Internal Facilities or the MUD No. 19A Lift Station and Force Main, which Party may be MUD No. 12, MUD No. 19, and/or MUD No. 19A. Any such Constructing Party will be subject to all terms and conditions of this Agreement relating to the design and construction of the facilities being constructed.
- d) **Costs of the System:** means all of the City's costs of acquiring, constructing, developing, permitting, implementing, expanding, improving, enlarging, bettering, extending, replacing, repairing, maintaining, and operating the System, including, without limiting the generality of the foregoing, the costs of property, interests in property, capitalized interest, land, easements and rights-of-way, damages to land and property, leases, facilities, equipment, machinery, pumps, pipes, tanks,

valves, fittings, mechanical devices, office equipment, assets, contract rights, wages and salaries, employee benefits, chemicals, stores, material, supplies, power, supervision, engineering, testing, auditing, franchises, charges, assessments, claims, insurance, engineering, financing, consultants, administrative expenses, auditing expenses, legal expenses and other similar or dissimilar expenses and costs required for the System in accordance with policies of the City Council. The Costs of the System shall include reasonable amounts for an operation and maintenance reserve fund, debt service reserve fund, required coverage of debt service, working capital, general and administrative costs and any other funds as required pursuant to policies adopted by the City Council. Notwithstanding the foregoing, because the City is providing Wholesale Wastewater Services to the MUDs and retail wastewater service to other customers from the System, the term "Costs of the System" shall not include any costs properly attributed to the provision of retail wastewater service by the City from the City System, such as costs of retail collection lines, individual retail customer service lines and retail billing costs.

- e) **Daily BOD Loading:** means the daily biochemical oxygen demand loading as measured based on the arithmetic average of all samples, grab or composite, within a calendar month, consisting of at least four separate representative samples taken in accordance with the Permit.
- f) **Effective Date:** means the last date of execution by all of the Parties.
- g) **Environmental Protection Agency or EPA:** means the United States Environmental Protection Agency.
- h) **Existing Connecting Facilities:** means the Highway 29 Lift Station and Force Main and gravity main improvements, previously constructed on behalf of MUD No. 12 and MUD No. 19, and previously conveyed to the MUDs, the Existing Connecting Facilities are more particularly described in **Exhibit A** attached hereto.
- i) **Expansion Project:** means either one of the following alternative improvement projects to be constructed as a condition of Wholesale Wastewater Service by the City to the MUDs for service within MUD No. 12, MUD No. 19 and MUD No. 19A in excess of 4,087 cumulative LUEs (i.e., beyond the Initial Service Levels and the additional 1,500 LUEs of Wastewater service to be made available upon completion of construction of the MUD No. 19A Lift Station and Force Main): (i) the construction by the City of the initial phase of the North San Gabriel Plant; or (ii) in the event the permit for the North San Gabriel Plant is not approved, the construction by a Constructing Party of the necessary Connecting Facilities to the South San Gabriel Plant, all as more particularly described in Section 4.01 of this Agreement.

- j) **Highway 29 Lift Station and Force Main:** means the existing lift station south of Highway 29 that receives wastewater from MUD No. 12 and MUD No. 19, and the force main from that lift station to the South San Gabriel Plant, as those facilities now exist or may later be expanded.
- k) **Impact Fee:** means a charge imposed on each service unit on new development pursuant to Chapter 395 of the Local Government Code to generate revenue for funding or recouping the costs of capital improvements or facility expansions.
- l) **Infiltration:** means water that enters the MUD's System through defects such as cracks or breaks in the piping, manholes or other appurtenances.
- m) **Inflow:** means water that enters the MUD's System through direct sources such as drain spouts, manholes, clean-outs, or other appurtenances.
- n) **Initial Service Levels:** means Wholesale Wastewater Service to be provided by the City to the MUDs for the lands within MUD No. 12 in a quantity equal to 1,584 LUEs, and to the lands within MUD No. 19 in a quantity equal to 1,000 LUEs, which represents the level of Wastewater Service previously committed to the Wholesale Service Area under the Original Wholesale Service Agreement.
- o) **Interceptors:** means any Wastewater interceptors previously constructed by LCRA and conveyed to the City, together with any Wastewater mains, lift stations and other wastewater facilities constructed by or on behalf of the City after the Effective Date of this Agreement, including the City Gravity Line. In the event that the City elects to expand the South San Gabriel Plant to provide service within the Wholesale Service Area beyond the 4,087 LUEs of cumulative service to be provided upon completion of construction of the MUD No. 19A Lift Station and Force Main notwithstanding the approval of the permit for the North San Gabriel Plant, then all facilities required to transport such wastewater to the South San Gabriel Plant shall be considered Interceptors to be constructed, owned and operated by the City under this Agreement.
- p) **Interlocal Agreement:** means that certain Interlocal Agreement Concerning Sewer Service entered into by MUD No. 12, MUD No. 19, MUD No. 19A, and the City with effective date April 22, 2013, and any amendment thereto.
- q) **Internal Facilities:** means the internal Wastewater collection and lift station facilities and related equipment, facilities and appurtenances to be constructed by or on behalf of a Constructing Party within MUD No. 12, MUD No. 19 and MUD No. 19A and dedicated to the MUDs for

ownership and operation. The MUD's System shall consist of the Internal Facilities.

- r) The City Gravity Line: means the gravity line proposed by the City that is to be constructed by or on behalf of the City from the existing lift station owned by the City near MUD No. 13 to a point on Highway 29 approximately one-quarter (1/4) mile from the southwest corner of MUD No. 19. The City Gravity Line shall qualify as an Interceptor to be owned, operated and maintained by the City.
- s) The City's Wastewater System or the City System: means all of the Wastewater equipment and facilities of the City that are used for the collection, transportation, treatment, or disposal of Wastewater received from the MUD's System, including but not limited to the proposed North San Gabriel Plant, the South San Gabriel Plant, any Interceptors owned by the City, any expansions of such facilities required to make service available at the levels established in this Agreement. Except as otherwise agreed by the Parties, the City System shall not include any of the internal wastewater collection and pumping facilities, and associated connection facilities that are owned by the City in its retail wastewater service areas, nor shall the City System include any of the Internal Facilities or Connecting Facilities.
- t) LUE: means Living Unit Equivalent, which is a unit of water and wastewater service based on water service to a single-family residence through a 5/8-inch or 3/4-inch residential water meter. Service provided to water customers with larger meters shall be calculated in accordance with the LUE conversion table attached hereto as **Exhibit B**.
- u) Metering Facility: means the Wastewater flow meter, meter vault, and all metering and telemetering equipment located at a Point of Entry to measure Wholesale Wastewater Service to the MUDs. The City System shall include each Metering Facility.
- v) MUD No. 12: means Williamson County Municipal Utility District No. 12.
- w) MUD No. 13: means Williamson County Municipal Utility District No. 13.
- x) MUD No. 13 Wastewater Agreement: means that certain "Revised and Restated Utility Facilities Construction and Conveyance Agreement and Wastewater Service Agreement" entered into by MUD No. 13 and LCRA dated March 13, 2006, and assigned to the City on or around May 1, 2012.

- y) MUD No. 19: means Williamson County Municipal Utility District No. 19.
- z) MUD No. 19A: means Williamson County Municipal Utility District No. 19A.
- aa) MUDs: means MUD No. 12, MUD No. 19, and MUD No. 19A and any new districts created by division of MUD No. 19A, collectively.
- bb) MUD No. 19A Lift Station and Force Main: means a lift station at the North San Gabriel Plant Site 2.5 miles north of Highway 29; and a connection from that lift station via a force main to the Highway 29 Lift Station and Force Main or to the City of the City Gravity Line, the route of the force main to be agreed upon by the Parties, with a capacity in the force main of a minimum of 1,500 LUEs for Wholesale Wastewater Service by the City to the MUDs for MUD No. 19A, as more particularly described in **Exhibit E**. The MUD No. 19A Lift Station and Force Main shall be a Connecting Facility and shall be part of the MUD's System upon completion of construction and conveyance by a Constructing Party. The MUD No. 19A Lift Station and Force Main project must be completed by a Constructing Party and accepted by the MUDs as a condition of service beyond the Initial Service Levels.
- ce) The MUD's System or MUD System: means the Wastewater facilities of the MUDs for collection and transportation of Wastewater from their retail customers to the Points of Entry into the City System. The MUD's System includes the Existing Connecting Facilities, internal collection system, and lift station improvements more particularly described in **Exhibit A**, as well as any additional Internal Facilities and Connecting Facilities constructed pursuant to this Agreement. The MUD's System shall not include any Interceptors.
- dd) North San Gabriel Plant: means the Santa Rita/Upper Middlebrook Wastewater Treatment Plant described in the Permit Application.
- ee) Original Wholesale Wastewater Service Agreement: means that certain Wholesale Wastewater Service Agreement dated September 25, 2006 entered into by LCRA, Brazos, MUD No. 12 and MUD No. 19, as amended by that certain First Amendment to Wholesale Wastewater Service Agreement dated September 9, 2010 and supplemented by that Supplemental Agreement to the Wholesale Wastewater Service Agreement dated to be effective June 19, 2009 and entered into by and between LCRA, Brazos, MUD No. 12 and MUD No. 19.
- ff) Parties: means the City, MUD No. 12, MUD No. 19, and MUD No. 19A.

- gg) **Peak Hour Flow Rate:** means the highest metered and calculated flow rate delivered from the MUDs to the City's System at a Point of Entry under any operational condition, including inflow and infiltration.
- hh) **Points of Entry:** means the locations, to be approved by the MUDs and the City, in the City's System at which all Wastewater will pass from the MUDs' Connecting Facilities to the City's System. Each Point of Entry shall be the point of connection between the MUDs System and the City System. The Point of Entry for the Existing Connecting Facilities is the location where the force mains constructed as part of the Existing Connecting Facilities intersect the headworks of the South San Gabriel Plant identified, as more particularly identified on **Exhibit A** attached hereto. Future Points of Entry shall be agreed upon by the MUDs and the City in connection with the construction and commencement of operation of new Connecting Facilities after the Effective Date that connect to the City's System.
- ii) **Prohibited Waste:** means those substances and wastes prohibited from being discharged into the City's System, identified on **Exhibit C** attached hereto.
- jj) **Residential Customers:** means retail residential Wastewater customers of the MUDs in the Wholesale Service Area.
- kk) **South San Gabriel Plant:** means the wastewater treatment plant, including outfall lines and other appurtenances previously constructed by LCRA and conveyed to the City with an existing capacity of 400,000 gallons per day.
- ll) **South WWTP Permit:** means Permit No. WQ0014477001 issued by TCEQ authorizing the treatment and direct discharge of treated wastewater effluent generated at the South San Gabriel Plant. The Permit currently authorizes the treatment and disposal of treated wastewater effluent in a quantity not to exceed 1.2 MGD.
- mm) **Special Design:** means the design of the Existing Connection Facilities by MUD No. 12 and/or MUD No. 19 with capacity in excess of the initial quantity of Wastewater to be discharged into such facilities.
- nn) **System Reservation Fee:** means the fee adopted by the City for capacity in the City Gravity Line, which is currently \$350 per LUE.
- oo) **TCEQ:** means the Texas Commission on Environmental Quality, or any predecessor or successor agencies.

- pp) Waste or Wastewater: means liquid or water borne waste, including, without limitation, sewage, commercial waste, industrial waste or other wastes, whether separate or commingled.
- qq) Wholesale Service Area: means the territory within MUD No. 12, MUD No. 19, MUD No. 19A, and any districts formed by division of MUD No. 19A into sub-districts, including territory that is hereinafter annexed to any of those MUDs. The current boundaries of MUD No. 12, MUD No. 19 and MUD No. 19A are attached hereto as **Exhibit D**.
- rr) Wholesale Service Commitment: means the 9,251 LUEs of Wholesale Wastewater Service to be made available by the City to the MUDs under this Agreement and under the Original Wholesale Service Agreement for the Wholesale Service Area.
- ss) Wholesale Wastewater Service: means the reception, transportation, treatment, and disposal of Wastewater to be provided by the City to the MUDs under this Agreement.

ARTICLE II: PROVISION OF WHOLESALE WASTEWATER SERVICE

2.01 Wholesale Wastewater Service Commitment.

- a) Subject to the terms and conditions of this Agreement and the requirements of applicable law, the City agrees to provide Wholesale Wastewater Service to the MUDs for the Wholesale Service Area in a quantity not to exceed the Wholesale Service Commitment.
- b) The Wholesale Service Commitment initially shall be allocated within the Wholesale Service Area as follows:
 - i. pursuant to the Original Wholesale Water Service Agreement, 1,584 LUEs of Wholesale Wastewater Service shall be allocated to the property within MUD No. 12 and 1,000 LUEs of Wholesale Wastewater Service shall be allocated to the property within MUD No. 19; and
 - ii. pursuant to the terms of this Agreement, the remaining 6,667 LUEs of Wholesale Wastewater Service shall be initially allocated to the property within MUD No. 19A.

2.02 Annexation of Territory by the MUDs and Division of MUD No. 19A into New Districts and Reallocation of LUEs

- a) Any LUEs allocated to property within a MUD pursuant to the terms of this Agreement shall be allocated to that MUD as it currently exists and as

it may later exist by reason of annexation or disannexation of territory. Each MUD shall provide written notice to the remaining Parties of any annexation or disannexation of territory within thirty (30) days of such annexation or disannexation.

- b) Pursuant to the legislation leading to the creation of MUD No. 19A, MUD No. 19A may subdivide into new districts, and those new districts may also subdivide into new districts. Any LUEs allocated to MUD No. 19A pursuant to the terms of this Agreement shall be reallocated to such new districts, as they then exist or may exist after subsequent annexations or disannexations, pursuant to agreement by and between those new districts. MUD 19A shall provide written notice to the other Parties of any such subdivision, and allocation of LUEs between the districts, within thirty (30) days of each such subdivision.
- c) MUDs Nos. 12 and 19 may request MUD No. 19A to transfer LUEs to them from time to time, as the need arises. Upon request, MUD No. 19A may transfer any of the 6,667 LUEs allocated to it in the foregoing paragraph 3.01 to MUD No. 12 or MUD No. 19. Written notice of any such assignment and transfer shall be furnished to the City and the MUDs within thirty (30) days of such assignment and transfer. In the event the provision of wholesale or retail service to such assigned LUEs requires the construction or modification of the MUDs System or the City System, the transferee shall be solely responsible for the design and construction of such improvements, and all costs and expenses associated therewith, in accordance with the terms of this Agreement applicable to Connecting Facilities and/or Internal Facilities, as applicable.

2.03 Phasing of Wholesale Wastewater Service.

Subject to the provisions of the foregoing paragraph 3.02, the City shall make Wholesale Wastewater Service available within the Wholesale Service Area on a phased basis as follows:

MUD No. 12:

- i. Pursuant to the terms of the Original Wholesale Wastewater Service Agreement 1,584 LUEs of Wholesale Wastewater Service shall continue to be made available to the property within MUD No. 12 from and after the Effective Date of this Agreement.

MUD No. 19:

- i. Pursuant to the terms of the Original Wholesale Wastewater Service Agreement 1,000 LUEs of Wholesale Wastewater Service shall continue to be made available to the property within MUD No. 19 from and after the Effective Date of this Agreement; and

MUD No. 19A:

- i. Pursuant to the terms of this Agreement 1,500 LUEs of Wholesale Wastewater Service shall be allocated to the property within MUD No. 19A, upon completion of construction of the MUD No. 19A Lift Station and Force Main.
- ii. 5,167 LUEs of additional Wholesale Wastewater Service shall be allocated to the property within MUD No. 19A upon completion of construction of the Expansion Project.

As more particularly described in the foregoing paragraph 3.02 of this Agreement, any of the 6,667 LUEs initially allocated to MUD No. 19A may be assigned in accordance with such paragraph. In connection with any such assignment, the assignee shall assume responsibility for all terms and conditions of this Agreement relating to the assigned LUEs, including the obligation to design and construct facilities for service to such LUEs, and the obligation to provide payment of fees and charges to the City or the MUDs, as applicable; associated with the assigned LUEs.

2.04 Peak Hour Flow Rate Limitations.

- a) The Peak Hour Flow Rate at a Point of Entry shall not exceed an average of 0.65 gallons per minute for each LUE allocated to a MUD served by such Point of Entry.
- b) The Peak Hour Flow Rate shall not exceed the following amounts for each of the MUDs respectively:
 - i. MUD No. 12 Flow Rate:
 - a. MUD No. 12: 1,030 gallons per minute.
 - ii. Combined MUD No. 19 and MUD No. 19A Flow Rates:
 - a. 650 gallons per minute prior to completion of construction of the MUD No. 19A Connection Project;
 - b. 975 additional gallons per minute upon completion of construction of the MUD No. 19A Lift Station and Force Main; and
 - c. 3,359 additional gallons per minute upon completion of construction of the Expansion Project.

The foregoing restrictions shall be modified appropriately in the event LUEs are transferred amongst various districts.

- c) The Parties agree that any increase in the agreed Peak Hour Flow Rate or the daily biochemical oxygen demand of Wholesale Wastewater Service that the City provides to the MUDs under this Agreement will require a written amendment of this Agreement duly authorized by the governing bodies of the Parties.

2.05 Wastewater Strength Limitations.

- a) The Wholesale Service Commitment shall be subject to the following additional limitations:

The daily biochemical oxygen demand loading – as measured based on the arithmetic average of all samples, grab or composite, within a calendar month, consisting of at least four separate representative samples taken in accordance with the Permit -- shall not exceed an average of 0.425 pounds (BOD-5) per LUE allocated to a MUD, and shall not exceed the following amounts for each of the MUDs respectively:

- i. MUD No. 12 BOD Load: 673 pounds (BOD-5);
- ii. Combined MUD No. 19 and MUD No. 19A BOD Loads:
 - a. 425 pounds (BOD-5) prior to completion of construction of the MUD No. 19A Connection Project;
 - b. 638 additional pounds (BOD-5) upon completion of construction of the MUD No. 19A Connection Project;
 - c. 2,196 additional pounds (BOD-5) upon completion of construction of the Expansion Project;

The foregoing restrictions shall be modified appropriately in the event LUEs are transferred amongst various districts.

2.06 Conditions Precedent for Commencement of Wholesale Wastewater Service.

Subject to the provisions of the foregoing paragraph 3.02, the City shall make Wholesale Wastewater Service available as follows:

- a) Pursuant to the terms of the Original Wholesale Wastewater Service Agreement, the City shall continue to make available Wholesale Wastewater Service for up to 1,584 LUEs to property within MUD No. 12 and up to 1,000 LUEs to property within MUD No. 19 upon execution of this Agreement.
- b) Pursuant to the terms of this Agreement, the City shall make available Wholesale Wastewater Service for up to an additional 1,500 LUEs to

property within MUD No. 19A after construction of the MUD No. 19A Lift Station and Force Main project.

- c) Following construction of the Expansion Project, the City shall make available Wholesale Wastewater Service for up to an additional 5,167 LUEs to property within MUD No. 19A, which LUEs shall be subject to transfers previously described.

2.07 Sole Provider, Waste Disposal Permit Application.

- a) For so long as the City meets its obligations under this Agreement, the City will be the sole source of Wholesale Wastewater Service to the MUDs for the Wholesale Service Area unless: i) the City consents in writing to the MUDs' conversion to another wholesale provider; or, ii) the City refuses or fails to provide Wholesale Wastewater Service in accordance with the terms of this Agreement, in which event the MUDs shall be free to find an alternative Wholesale Wastewater Service provider.
- b) Under the terms and conditions set forth herein, the City shall be entitled to provide Wholesale Wastewater Service to the MUDs for the Wholesale Service Area from any source of treatment capacity available to the City; provided, however, that:
 - i. The City acknowledges and agrees that not less than 1,500 LUEs of Wholesale Wastewater Service shall be provided to the MUDs for service to the property within MUD No. 19A from the South San Gabriel Plant upon completion of construction of the MUD No. 19A Lift Station and Force Main and conveyance thereof to the MUDs;
 - ii. Except as specifically set forth herein, all costs of design and/or construction associated with changing the source of treatment to a different treatment facility shall be paid by the City; and
 - iii. In the event that the City amends its impact fees to reflect the construction of additional treatment plant capacity, no lands within the Wholesale Service Area previously platted or for which Impact Fees were previously received or credited by LCRA or the City shall be subject to payment of the Impact Fees, or any portion thereof; likewise, in the event the City amends the Impact Fee, the amended Impact Fee will apply for purposes of this Agreement only to lands within the Wholesale Service Area that receive final plat approval after the amendment of the Impact Fees, or for which LCRA or the City has not otherwise given Impact Fee credits.

2.08 Wholesale Service Commitment Not Transferable.

- a) The City's commitment to provide Wholesale Wastewater Service is solely to the MUDs and solely for the Wholesale Service Area. The MUDs may not assign or transfer in whole or in part the City's service commitment to any person or entity other than MUD No. 12, MUD No. 19, or MUD No. 19A, and to any subdivisions of MUD No. 19A into new districts, without the City's approval, and any assignment to MUD No. 12, MUD No. 19 or MUD No. 19A will be subject to the terms and conditions of this Agreement.
- b) The City may assign or transfer in whole or in part its obligations under this Agreement to any other person or entity only in strict accordance with Section 18.03 below.
- c) None of the Impact Fee Credit described in paragraph 6.05(b) of this Agreement may be transferred to MUD No. 19A.

2.09 The MUDs Responsible for Retail Connections.

The MUDs will be solely responsible for ensuring compliance by its retail customers with the applicable terms of this Agreement and for the proper and lawful application of the MUDs' policies and regulations governing connection to the MUDs System.

2.10 Retail Billing and Collection.

The MUDs agrees that it will be solely responsible for retail billings to and collections from its customers within the Wholesale Service Area.

2.11 Curtailment of Service.

The Parties agree that, if Wastewater Service is curtailed by the City to other customers of the City System, the City may impose a like curtailment, with notice to the MUDs, on Wholesale Wastewater Service delivered to the MUDs under this Agreement. The City will impose such curtailments in a nondiscriminatory fashion. The Parties agree that they will not construe this Agreement to prohibit the City from curtailing service completely in the event of a maintenance operation or emergency for a reasonable period necessary to complete such maintenance operations or repairs or respond to an emergency circumstance.

2.12 Cooperation During Maintenance or Emergency.

The MUDs will reasonably cooperate with the City during periods of emergency or required maintenance. If necessary, upon prior notice, the MUDs will operate

and maintain its system at its expense in a manner reasonably necessary for the safe and efficient completion of repairs or the replacement of facilities, the restoration of service, and the protection of the public health, safety, and welfare.

2.13 Retail Service.

The Parties acknowledge and agree that the MUDs shall be the retail provider of water and sewer service to lands within the MUDs.

2.14 Contact Operators.

The City and the MUDs agree that each Party may retain contract operators to perform their obligations under this Agreement.

ARTICLE III: DESIGN AND CONSTRUCTION OF FACILITIES

3.01 Design and Construction of Expansion Project.

- a) The design, construction and the timing of construction of the Expansion Project shall be pursuant to the terms of the Interlocal Agreement. It is specifically agreed by the Parties that the MUDs shall have no responsibility whatsoever for any such design or construction, unless specifically required in the Interlocal Agreement. In the event the Expansion Project includes the construction of Connecting Facilities, the design, construction and conveyance of such Connecting Facilities shall be undertaken in accordance with the terms and conditions of this Agreement relating to Connecting Facilities. All Parties agree that the MUDs shall not be responsible for design or construction of the Expansion Project, or any components thereof, including any Connecting Facilities to be constructed in connection therewith, unless specifically required in the Interlocal Agreement.
- b) Under no circumstances may an Expansion Project include the modification of the MUDs System, the connection of any facilities or improvements to the MUDs System, or otherwise impact the operations of the MUDs System, without the prior written approval of the MUDs.
- c) In connection with any expansion of the South San Gabriel Plant, the City agrees that the expansion shall be undertaken to allow the expanded plant to accept Wastewater flows from the MUDs System while simultaneously accepting flows from the City System.

3.02 Design and Construction of the Internal Facilities.

- a) MUD No. 12, MUD No. 19, and MUD No. 19A shall each be responsible for design and construction of the Internal Facilities within each of their respective boundaries.

- b) Each of the MUDs hereby agree to be responsible for, and pay for all costs of rights-of-way, easements, design, engineering, contracting, construction and inspection of the Internal Facilities, within each of their respective boundaries, and no Constructing Party shall be responsible for any Internal Facilities designed and constructed by another Constructing Party. Neither the City nor the MUDs shall be responsible for design or construction of the Internal Facilities.
- c) The Internal Facilities will be designed and constructed in accordance with applicable regulations and specifications of the City, the State of Texas and United States, and with the terms and conditions of this Agreement.
- d) All plans and specifications for Internal Facilities to be constructed by any of the Parties will be subject to review and approval of the City and the MUDs prior to commencement of construction. If any plans are not approved, the City and/or the MUDs (as applicable) will provide written comments to the Party constructing such facilities specifying in detail the changes that will be required for approval of the plans and specifications. The Parties agree not to advertise for bids until approval from the City and the MUDs has been secured with respect to the plans and specifications. In the event of a conflict between the City's and the MUDs' design criteria, the more stringent shall control.
- e) The Constructing Party will provide or cause to be provided to the City and the MUDs copies of all certified test results of sewer collection system tests conducted in accordance with TCEQ rules for inspection of sewer collection systems over the Edwards Aquifer (see 30 Tex. Admin. Code sec. 213.5(c)(3)(E)), as may be amended.
- f) Upon completion of construction by a Constructing Party, the Internal Facilities shall be dedicated to the MUDs and shall constitute part of the MUDs System for purposes of this Agreement.
- g) The City and the MUDs agree that either each of the MUDs may enter into agreements with one or more developers of real property within any of such districts pursuant to which the developers shall construct the Internal Facilities on behalf of each of the MUDs, and pursuant to which each of the MUDs will later reimburse such developer for its costs through the issuance of bonds.

3.03 Design and Construction of the Connecting Facilities.

- a) MUD 12, MUD 19 and MUD 19A shall each be responsible for design and construction of any Connecting Facilities, or modification to the Existing Connecting Facilities, required for the transmission of Wastewater to the City System from their respective territories in the capacity allocations set forth in this Agreement.

- b) Subject to the terms and conditions of this Agreement, the Constructing Party agrees to engage or cause to be engaged the services of a professional engineer registered in Texas to produce the engineering design, including detailed plans and specifications for Connecting Facilities in conformance with the City's and the MUDs' design criteria and construction standards in effect at the time the plans and specifications are submitted to the City and the MUDs for approval. The plans and specifications will discuss the sizing, routing, material selection, service method, cost estimates, proposed construction schedule, easements, and such other and further information as the City and the MUDs deem necessary or advisable for proper review and assessment of the plans and specifications. The design for the Connecting Facilities shall be procured at the Constructing Party's sole expense and will be submitted to the City and the MUDs for review and approval prior to the construction of the Connecting Facilities. In the event of a conflict between the City's and the MUDs' design criteria, the more stringent shall control.
- c) The Parties agree that the Connecting Facilities shall be designed and constructed so that they will not deliver Wastewater to the City System at a Peak Hour Flow Rate in excess of the Peak Flow Rate limitations set forth in this Agreement. The Constructing Party agrees to design and construct the Connecting Facilities so that any wastewater flows to a Metering Facility can be accurately measured.
- d) All plans and specifications for Connecting Facilities to be constructed by any of the Parties will be subject to review and approval of the MUDs and the City prior to commencement of construction. If any plans are not approved, the City and/or the MUDs (as applicable) will provide written comments to the Party constructing such facilities specifying in detail the changes that will be required for approval of the plans and specifications. The Parties agree not to advertise for bids until approval from the City and the MUDs has been secured with respect to the plans and specifications.
- e) If, after approval of plans and specifications for particular Connecting Facilities by the City and the MUDs, a Party fails to enter a construction contract for those facilities within two years, the Party must resubmit the plans and specifications for review and approval by the City and the MUDs to assure their conformity with the City's and the MUDs' then current specifications as well as current laws, ordinances, and regulations. If such plans and specifications do not conform to the then existing standards, then, upon request of the City, the Party agrees to revise the plans and specifications to meet current standards before commencement of construction.
- f) The Constructing Party solely shall be responsible for the construction of the Connecting Facilities. The Constructing Party solely shall be

responsible for funding construction, and all costs related thereto, of the Connecting Facilities.

- g) The Constructing Party agrees to be responsible for, and pay for all costs of rights-of-way, easements, design, engineering, contracting, construction and inspection of the Connecting Facilities required to be constructed for the connection of the MUDs' System to the City System.

3.04 Notification of Commencement of Construction on Connecting Facilities.

After all required approvals for construction of the Connecting Facilities are obtained but prior to commencement of construction, the Constructing Party will provide, or cause to be provided, written notice to the City and to the MUDs of the date on which construction of the Connecting Facilities is scheduled to commence. The City and the MUDs must receive this written notice at least 5 days before the scheduled construction date.

3.05 Inspection and Acceptance of a Portion or All of the Connecting Facilities.

The Parties agree that the City and the MUDs have the right to make periodic inspections during the construction phase of the Connecting Facilities. Acceptance of the Connecting Facilities is subject to final inspection by the City and the MUDs.

3.06 Agreement to Submit As-Built or Record Drawings.

The Constructing Party agrees to provide, or cause to be provided, to the City and the MUDs as-built or record drawings of all Connecting Facilities that contribute directly to the City System within 30 days of the Constructing Party receiving them, not to exceed 90 days following completion and acceptance of the construction of such facilities.

3.07 Ownership and Operation of Connecting Facilities.

- a) Except as set forth below or otherwise agreed upon by the Constructing Party, the MUDs and the City, the MUDs shall own and operate all Connecting Facilities located on its side of a Point of Entry after completion of construction by any Constructing Party.
- b) Notwithstanding the foregoing, the Parties acknowledge that certain lift stations that comprise part of the Connecting Facilities are controlled by the City (or its operator) pursuant to a SCADA system owned and operated by (or on behalf of) the City at the South San Gabriel Plant, and that such system may cause the South San Gabriel Plant to discontinue the receipt of Wastewater flows from the MUDs System while flows are received from the City System. Accordingly, the Parties agree that although the MUDs shall be responsible for the operation, maintenance

and repair of such lift stations, the MUDs shall have no liability with respect to any property damage, regulatory fines, or personal injury arising out of or related to the South San Gabriel Plant not taking Wastewater flows from the MUDs System, including lift station overflows, provided such flows do not exceed the flow limitations of this Agreement. By and between the Parties, the City shall be responsible for any such costs and expenses.

3.08 Design and Construction of Interceptors.

- a) Except as otherwise agreed by the Parties, the City shall be responsible for design and construction of the Interceptors, including the acquisition of all easements required for the construction, ownership and operation of the Interceptors.
- b) The City agrees that the Interceptors shall be designed and constructed with sufficient capacity to make wholesale service available to the MUDs in an amount not less than required for the City to fulfill its obligations under this Agreement.
- c) Under no circumstances shall the City construct any Interceptors that would connect to, or contribute Wastewater into, the MUDs System without the MUDs' prior written approval.

ARTICLE IV: METERING OF WASTEWATER FLOWS

4.01 Wastewater Flow Meters.

All Wastewater Flows from the Wholesale Service Area must be metered through Metering Facilities that are designed and constructed by and on behalf of MUD No. 12, MUD No. 19, and/or MUD No. 19A, and are subject to the City's review and approval. Upon completion of installation, the Metering Facilities shall be dedicated by the Constructing Party to the City. No Party shall have the obligation to construct or install any Metering Facilities at the existing Point of Entry, as identified on Exhibit "A", if no such Metering Facilities were previously constructed in connection with construction of the Existing Connecting Facilities.

4.02 Wastewater Flow Meter Calibration and Testing.

It will be the duty of the Parties to this Agreement to notify the other Parties in the event any Party becomes aware that a Wastewater flow meter is registering inaccurately or malfunctioning. Any Party will have the right to test a flow meter at any time. Notification of a proposed test will be provided at least 48 hours before conduct of the test except in the case of emergencies. Any Party will have the right to witness Wastewater flow meter tests. Payment for meter calibration and testing under this Section will be the responsibility of the Party requesting the meter calibration and testing.

4.03 Ownership, Operating and Maintenance of the Wastewater Flow Meters.

Following completion and final acceptance of the Metering Facilities by the City, the City will own and operate and maintain the Metering Facilities. The City agrees to calibrate and routinely service the Wastewater flow meter no less than once during each 12-month period as a Cost of the System. Calibration will be accomplished according to the City's standard methods. The City will notify the MUDs that contribute wastewater flows to the Metering Facilities in writing of proposed calibrations in advance of such occurrences so that such Parties may observe if they desire.

4.04 Billing Adjustments.

If, for any reason, a Wastewater flow meter is out of service or inoperative, or if, upon any test, any meter is found to be inaccurate (variance of five percent (5%) or more), the City will calibrate the meter to measure within five percent (5%) accuracy. In addition, the City will adjust billings by an amount that corresponds to the percentage that the meter varies from accurate measurement for one-half of the months since the most recent calibration of the same meter but not to exceed 6 months. If adjustment results in credit to the MUDs, the City may provide such credit against future billings to the MUDs. If adjustment results in additional amounts due to the City, the MUDs will pay such amounts to the City in accordance with the billing terms provided in this Agreement.

4.05 Wastewater Flow Monitoring.

If the City discovers a wastewater flow problem, as determined in its reasonable discretion, associated with a Point of Entry, the City may, at any time, with notice to the MUDs that contribute wastewater flows to such Point of Entry, conduct smoke testing, television of lines, or other methods to determine the cause of the problem. The Parties agree to fully cooperate in this investigation. If the cause of the problem is determined to be solely in the City's System, then the City will solely pay for all investigation costs. If the cause of the problem is determined to be in both the MUDs and the City Systems, then investigation costs will be proportionally distributed based upon the number of connections investigated for each Party. The MUDs agree to reimburse the City for the MUDs' portion of this investigation costs within 30 days of receipt of invoice, which invoice shall include supporting data in reasonable detail. The MUDs agree to correct any problems identified in the investigation with reasonable promptness, depending on the nature of the problem.

ARTICLE V: RATES AND CHARGES

5.01 Wholesale Wastewater Rates, Fees and Charges.

- a) In accordance with the terms and conditions of this Agreement, the City, through its City Council, will establish and the MUDs or the MUDs (as set forth below) will pay the City based on rates, charges and fees for the Wholesale Wastewater Service provided under this Agreement. The rates, charges and fees for Wholesale Wastewater Service shall consist of:
 - i. Volume Charges;
 - ii. Monthly Minimum Charges; and
 - iii. Impact Fees.
- b) Volume Charges and Monthly Minimum Charges shall be calculated by the City in accordance with standard AWWA principles for wholesale service; shall be just, reasonable, and non-discriminatory; and shall be based on Costs of the System related to the provision of Wholesale Wastewater Service under this Agreement.
- c) The City agrees that it will review the Costs of the System that form the basis for the Volume Charges and Monthly Minimum Charges not less than once every 3 years; provided, however, that the City shall not be required to employ persons other than the City employees for purposes of doing so.

5.02 Notice to and Review by the MUDs.

- a) The City will provide the MUDs with at least two (2) months prior written notice of any increases to the Volume Charges or Monthly Minimum Charges. Written notice shall include the proposed new rates and/or fees, and an updated cost of service study with reasonable detail that allows the MUDs to identify the Costs of the System that necessitate the change, along with the allocation of Costs of the System between the MUDs and all other customers of the City System (wholesale and retail). The City will not be required to provide notice related to setting of Impact Fees beyond those notices required by the Texas Impact Fee Law (Texas Local Government Code, Chapter 395, as amended).
- b) The MUDs will have the right to inspect and copy, at its expense, the City's books and records to verify any statement, billing, charge, computation or demand made to the MUDs by the City. The City agrees to make all such information available to the MUDs for inspection and copying with reasonable promptness during normal business hours.

5.03 Volume Charges.

- a) The City will measure Wastewater flows at the Meter(s) monthly and will bill the MUDs as provided in this Agreement for the Volume Charges based on the Wastewater flows measured in accordance with this Agreement.
- b) The City specifically agrees that the Volume Charges will be calculated so that all Costs of the System on which the Volume Charges are based are properly allocated between the MUDs, any other wholesale customers of the System, and the City's retail customers in a just, reasonable and nondiscriminatory manner.
- c) In the event that any Point of Entry has been, or is hereinafter, constructed without a Metering Facility, then Wastewater flows shall be estimated based on winter averaging or other methods that under accepted industry standards are intended to approximate the actual quantity of wastewater service (and not potable water consumption).

5.04 Monthly Minimum Charges.

- a) In addition to the Volume Charges, the City's Council shall establish Minimum Monthly Charges to recover that portion of the capital-related Costs of the System incurred by the City related to that portion of the City System that is used or useful for the provision of Wholesale Wastewater Service hereunder and that are not otherwise financed through the collection of Impact Fees. The City specifically agrees that the Minimum Monthly Charge will be calculated so that all capital-related Costs of the System are allocated between the MUDs, any other wholesale customers of the System, and the City's retail customers in a fair, equitable, non-discriminatory and impartial manner. Without limitation to the generality of the foregoing, the Monthly Minimum Charge will be calculated such that the Minimum Monthly Charges shall not pay any capital-related costs associated with capacity in the System that is being constructed to provide Wastewater treatment and disposal service in excess of the Wholesale Service Commitment.
- b) Prior to revision of the Monthly Minimum Charge, the City shall provide written notice thereof to the MUDs, and provide a reasonable period for review and comment. A period of ten (10) business days shall be deemed a reasonable period for review and comment. The notice shall specify the lands within the Wholesale Service Area for which the City has received or credited payment of Impact Fees.
- c) Each updated cost of service study shall identify the capital-related costs previously paid by payment of the Monthly Minimum Charge and Impact Fees to the City.

- d) The City agrees that any subsequent agreements that it enters into with any other person or entity for wholesale Wastewater treatment and disposal services from the System will also require such person or entity to pay a minimum monthly fee to be calculated in a just, reasonable, and nondiscriminatory manner based on the wholesale service commitments made to such other customers utilizing the same methodology as applied for the Monthly Minimum Charge herein.
- e) In the event that any of the MUDs transfer or assign capacity in accordance with the terms of this Agreement, then assignor's and assignee's payment obligations shall automatically and immediately adjust to reflect such assignment.

5.05 The City Impact Fees.

- a) The provision of Wholesale Wastewater Service to the MUDs under this Agreement is subject to payment to The City of Impact Fees as adopted by the City Council for the Wholesale Service Area. The Parties acknowledge that the Impact Fees will be subject to the procedures and requirements of the Texas Impact Fee Law.
- b) Notwithstanding the foregoing, the City specifically acknowledges LCRA's receipt of payment under the MUD No. 13 Wastewater Agreement in the amount of \$. The City acknowledges assignment of 870 prepaid impact fees to MUD No. 12. The City agrees that any of these 870 prepaid impact fees may be assigned by MUD No. 12 to MUD No. 19. The City specifically agrees to provide a credit against Impact Fees for 870 LUEs (the "Impact Fee Credit") within MUD No. 12, in accordance with the MUD No. 13 Wastewater Agreement, or which may be assigned to MUD No. 19 in accordance with this Agreement. No Impact Fee Credit may be assigned to MUD No. 19A, or any lands located therein (or in any district created by subdivision of MUD No. 19A).

5.06 Time for Payment of the City Impact Fees.

- a) Except with respect to the lands entitled to the Impact Fee Credit in accordance with the MUD No. 13 Wastewater Agreement and this Agreement, Impact Fees shall be paid to the City by or on behalf of each of the MUDs at the time of final plat approval by Williamson County (or the City, as applicable) of each subdivision plat within the respective district and within the Wholesale Service Area, or if there is no plat, within forty-five (45) days after an application for service to the connection is made to the MUDs. In the event the City amends the Impact Fee, the amended Impact Fee will apply for purposes of this Agreement only to lands within the Wholesale Service Area that receive final plat approval after the amendment of the Impact Fees, or for which the City (or

LCRA) has not otherwise given Impact Fee credits. The Impact Fees shall be calculated for each subdivision plat based on the number of lots and the uses within that plat, as required by the City's Impact Fee ordinance. If Impact Fees are paid prior to the time of connection, the City will provide the payor certificates for the number of wastewater connections, i.e., LUEs, for which the payor paid impact fees. Said certificates shall be based on credits available and credited at time of platting, limited to specific platted lots within the Wholesale Service Area, may not be sold by the payor, and may be assigned only to the builder identified by the payor for the specific platted lot to which the certificate relates. Certificates shall be issued for one LUE per lot, unless the City receives payment for a larger numbers of LUEs per lot. Assuming that the City has received Impact Fees for one LUE per lot within a platted subdivision, in the event service to a platted lot requires service at a level in excess of one LUE, the MUD in which the service connection is located shall, within forty-five (45) days of provision of retail wastewater service to the platted lot, either: 1) pay or cause to be paid to the City Impact Fees for the remaining LUEs of service; or, 2) notify the City in writing that it may reallocate any remaining Impact Fee credits due under this Agreement for such MUD to the lot receiving more than one LUE of service.

- b) The City specifically acknowledges and agrees that Impact Fees may be paid by each of the MUDs, or by any entity seeking plat approval from Williamson County for the real property to which the Impact Fees relate. The Parties agree that the MUDs shall have no obligation to pay any Impact Fees to the City.

5.07 System Reservation Fee.

The City intends to collect a System Reservation Fee for capacity in the City Gravity Line, which is currently \$350.00 per LUE. Payment of this fee will secure the right to capacity in that line for the number of LUEs for which fees are paid. The MUDs will require the owners of the property who want Wholesale Wastewater Service to pay the System Reservation Fees. Prior to provision of Wholesale Wastewater Service to any property, the responsible MUD shall require the owner of the property to assign to the MUD the number of LUEs of line capacity for which service is requested. The Parties agree that the MUDs shall have no responsibility or obligation for payment of the System Reservation Fee.

5.08 Temporary Rates.

Notwithstanding anything to the contrary contained herein, the rates charged by the City to the MUDs, other than the impact fee and the minimum charge, shall be the current rates charged by CTSUD.

Following completion of the rate study, the City and the MUDs will agree on the new rates to be charged thereafter.

5.09 Right of Appeal.

The MUDs shall retain such rights as they may possess under applicable law to appeal the City's Impact Fees, Volume Charges and Monthly Minimum Charges. Without limitation, the City specifically agrees that such Parties may seek a judicial determination regarding whether the City has calculated its fees and charges in accordance with the terms and conditions of this Agreement.

5.10 Other Service Fees.

Notwithstanding Section 5.01, the MUDs acknowledge and agree that the City, through its City Council, may adopt charges and fees for Wholesale Wastewater Service in addition to the Connecting Fees, Monthly Minimum Charge, and Volume Charge. These additional charges and fees may include review fees and inspection fees related to review and inspection of the Connecting Facilities, and these charges or fees shall be just and reasonable, and nondiscriminatory. Plan review, inspection, and similar fees or charges relating to the design and/or construction of the Connecting Facilities shall be charged to and paid by the Constructing Party.

5.11 The MUDs Wastewater Rates and Charges.

The MUDs will determine and charge its retail Wastewater customers such rates as are determined by its governing body. During the term of this Agreement, the MUDs will fix and collect rates and charges for retail Wastewater service that are, in the opinion of its governing body, sufficient, together with any other revenues available to the MUDs, to produce the amount necessary to operate, repair, and maintain the MUDs System, and to pay the cost of Wholesale Wastewater Service from the City. The MUDs will establish retail rates consistent with AWWA ratemaking principles. The MUDs will be solely responsible for ensuring that its retail rates and charges are determined and collected in accordance with applicable law.

5.12 Obligation of the MUDs.

The Parties agree that the MUDs' obligations under this Agreement to make payments to the City for Wholesale Wastewater Service in any fiscal year are a current expense for that fiscal year payable solely from the revenues of the MUDs Wastewater System for that fiscal year. The obligation of the MUDs to make payments to The City does not constitute a general obligation or indebtedness of the MUDs for which the MUDs is obligated to levy or pledge any form of taxation.

5.13 The MUDs Connection Fees.

The Parties acknowledges that the MUDs have the right to the extent allowed under applicable law to assess, charge, and collect such impact fees, capital recovery fees, connection fees, meter fees, or other service fees, rates, taxes, or other charges as its governing body will deem appropriate in excess of the City Impact Fee. This Agreement will not be construed to require, limit, or restrict the governmental power of the MUDs to implement the same. The MUDs will be solely responsible for the proper exercise of its governmental power to assess and collect such fees and charges and for ensuring that all fees, rates, and charges the MUDs elects to charge are in compliance with applicable law.

5.14 Verification of the MUDs Connections.

For verification of the Monthly Minimum Charge paid to the City and for any other purpose, the MUDs will make available for inspection and copying during regular business hours, at the City's expense, all records for retail connections to the MUDs System. In addition, the City will have the right to inspect the MUDs System at any reasonable time, at the City's sole expense, after giving the MUDs written notice of its intention to inspect and allowing the opportunity for the MUDs to be present, to verify the type and amount of retail connections made or the condition of the MUDs System (related to contractual compliance issues) and the MUDs will provide lawful access to the City for this purpose.

ARTICLE VI: WHOLESALE BILLING METHODOLOGY

6.01 Monthly Statement.

- a) For each monthly billing period, the City will forward to the MUDs a bill providing a statement of the total Volume Charge owed by the MUDs for Wholesale Wastewater Service provided to the MUDs during the previous monthly billing period. The MUDs will pay the City for each bill submitted by the City to the MUDs by check or bank-wire on or before thirty (30) days from the date of the invoice.
- b) Payments by the MUDs shall be mailed to the address indicated on the invoice, or can be hand-delivered to the City's headquarters in the City, Williamson County, Texas, upon prior arrangement. If payments will be made by bank-wire, the MUDs shall verify wiring instructions with the City's Finance Department. Payment must be received at the City's headquarters or bank by the due date in order not to be considered past due or late. In the event any Party responsible for payment in accordance with this Agreement fails to make payment of a bill within said thirty (30) day period, the Party that failed to provide timely payment shall pay a one-time late payment charge of five percent (5%) of the unpaid balance of the invoice. In addition, the non-paying Party shall pay interest on the unpaid balance at a rate equal to one and one-half percent (1.5%) per month.

6.02 Monthly Billing Calculations.

- a) The City will compute the Volume Charge included in the monthly billing for Wholesale Wastewater Service on the basis of monthly readings of metered Wastewater flows of the Metering Facilities. The total of these amounts multiplied by the wholesale Wastewater rate, set from time to time by the City Council, will be used to compute the monthly bill for the Volume Charge. In the event that any Point of Entry has been, or is hereinafter, constructed without a Metering Facility, then Wastewater flows shall be estimated based on winter averaging or other methods that under accepted industry standards are intended to approximate the actual quantity of wastewater service (and not potable water consumption):
- b) The City agrees that other Wastewater flows generated within or entering the City System shall be metered or calculated in accordance with the same methodology as applied to the MUDs such that costs may be properly allocated between all customers in an impartial manner.
- c) The Minimum Monthly Fee to be paid by each of the MUDs to the City each month shall be an amount equal to the Monthly Minimum Charge established by the City Council for the pro rata share of the Wholesale Wastewater Service allocated to each of the MUDs:

6.03 Infiltration and Inflow.

The MUDs acknowledges that water entering the City System from the MUDs System emanating from any source whatsoever must be given treatment and handling whether or not its source is revenue producing for the MUDs. Therefore, the MUDs agrees to pay, as part of the Volume Charge, for infiltration and inflow originating within the MUDs System without abatement in the same manner and cost as other Wastewater entering the City's System from the MUDs System.

6.04 Effect of Nonpayment.

With respect to monthly billings – including billings for the Volume Charge, Monthly Minimum Charge, and any other fees or charges applicable under this Agreement – if the City has not received payment from the responsible Party by the due date, the bill will be considered delinquent, unless contested in good faith. In such event, the City will notify the Party responsible for payment in accordance with this Agreement, of such delinquency in writing. If the non-paying Party fails to make payment of the delinquent billing within 30 calendar days from the date of transmittal of such written notice of delinquency from the City, then the City may, at its discretion, terminate or reduce the level of Wastewater service to the MUDs until payment is made.

6.05 Billing Disputes.

If any Party should dispute its obligation to pay all or any part of the amount stated in any statement or notice, such Party may, in addition to all other rights that such Party may have under law, pay such amount along with a written notice of protest, in which event such amount shall be deposited by the City in an interest bearing account mutually acceptable to both the City and the paying Party pending final resolution of such dispute in accordance with this Agreement. The City may not terminate this contract or deny Wastewater service that is otherwise in accordance with this Agreement for failure to pay the amount stated in any statement or notice if the responsible Party pays such amount under protest and until there is a final resolution of such dispute in accordance with this Agreement favorable to the City.

ARTICLE VII: WASTEWATER QUALITY

7.01 Condition of Wastewater Delivered.

- a) The MUDs shall have the right to discharge Wastewater into the City System meeting the requirements of quality as set forth in this Section and not containing wastes identified in the List of Prohibited Wastes attached as **Exhibit C** of this Agreement.
- b) Discharges into the City System shall consist only of domestic Wastewater and Wastewater that the City System is capable of handling:
 - i. So that the effluent and sludge from the City System meets the current legal standards of the EPA, the TCEQ, or any governmental body having legal authority to set standards for such effluent;
 - ii. Without causing damage or corrosion to the City System that would result in increased maintenance costs;
 - iii. Without causing excessive treatment costs; and
 - iv. That meets any applicable requirements of the EPA Pretreatment Regulations, 40 CFR Part 403.
- c) A list of Prohibited Wastes is attached hereto as **Exhibit C**, and the MUDs shall not deliver or discharge Prohibited Wastes into the City System. EPA and TCEQ periodically modify standards on prohibited discharges. It is the intention of the Parties, therefore, that the Prohibited Wastes be reviewed periodically by the City and that **Exhibit C** be revised by the City in accordance with the latest standards of EPA, TCEQ or any federal or state agency having regulatory authority over discharges made to the City System. **Exhibit C** may also be revised on the basis of changes of

the treatment process or the general character of Wastewater received at the treatment works or indicated in the monitoring data collected pursuant to the City System pretreatment program. Any required revisions shall be made by the City only after notice and opportunity to comment has been provided to the Parties and shall become effective upon written notice thereof being given to the other Parties. The MUDs shall be responsible for integrating such changes into its regulations and notifying all affected users of the change.

7.02 Remedies for Delivery of Prohibited Wastes.

a) In the event Wastewater delivered from the MUDs System to the City System fails to meet the standards specified in this Agreement, and the City reasonably determines that the addition of oxidizing chemicals or another acceptable method of pretreatment of Wastewater or operation of the MUDs System is necessary in order for Wastewater delivered to the City System to be non-corrosive and non-injurious to the City System, the MUDs agrees to immediately install such facilities or immediately implement such methods of operation and maintenance, at its sole expense, as are reasonably deemed by the City to be necessary in order to meet such standards and render Wastewater from the MUDs non-corrosive and non-injurious to the City System.

b) In the event Wastewater delivered from the MUDs System to the City System fails to meet the standards specified in this Agreement, the MUDs shall pay to the City, in the same manner provided in this Agreement for the payment of the Volume Charges, a surcharge calculated in accordance with and subject to the requirements of this section (the "Treatment Surcharge").

i. The Treatment Surcharge shall be based on the following formula:

$$S = V \times 8.34 (A [BOD - 200] + B [TSS - 200]), \text{ where}$$

"S" means the surcharge that will appear on the MUDs' monthly bill;

"V" means Wastewater actually billed in millions of gallons during the billing period;

"8.34" means pounds per gallon of water;

"A" means the unit charge in dollars per pound of BOD, which unit charge shall be based on the unit charge adopted by the City Board of Directors for wastewater service from the City Regional Wastewater System, as amended from time to time, which unit charge is \$0.49 per pound as of the Effective Date;

"BOD" means biological oxygen demand measured in milligrams per liter by weight;

"200" means 200 mg/l;

"B" means the unit charge in dollars per pound of total suspended solids, which unit charge shall be based on the unit charge adopted by the City Board of Directors for wastewater service from the City Regional Wastewater System, as amended from time to time, which unit charge is \$0.1049 per pound as of the Effective Date; and,

"TSS" means total suspended solids measured in milligrams per liter by weight.

- ii. The Treatment Surcharge shall be charged for each month following sampling completed in accordance with this Agreement that measures BOD in excess of 200 mg/l or TSS in excess of 200 mg/l until subsequent sampling measures both BOD and TSS below those levels. In the event any Treatment Surcharge is based on sampling performed by the City, the City will provide written notice of the sampling results prior to charging the Treatment Surcharge to the MUDs.
- c) In the event the MUDs delivers to the City Wastewater that fails to meet the standards specified in this Agreement, the MUDs agrees to pay The City for all damages and costs of repair to the City System and/or regulatory fines reasonably incurred by either the City that were caused by the MUDs' delivery of Wastewater that fails to meet the standards specified in this Agreement. The City may require payment of the cost of repair of damaged facilities and/or regulatory fines as a condition to the further provision of Wholesale Wastewater Service, restrict the MUDs' flows to the extent necessary to protect the City's System, file suit to recover for any and all damages to the City System caused by such failure on the part of the MUDs, or seek such other and further relief, at law or in equity, as the City will deem advisable.

7.03 Sampling and Testing.

- a) The MUDs will perform sampling of Wastewater at the Point(s) of Entry and provide an analysis to the City due every June 1 and December 1 after the Connecting Facilities are completed.
 - i. All samples will be Composite Samples, that is, a series of at least 12 samples taken from a waste stream without regard to the flow in the waste stream and over a period of time not less than twenty-four (24) hours at intervals of not less than one (1) hour, which samples shall be averaged in accordance with standard industry practice.
 - ii. The analysis of the sample shall be performed by a National Environmental Laboratory Accreditation Conference (NELAC) approved laboratory. The MUDs will require a copy of the report to include at a minimum, levels of pH, BOD-5, COD TSS and oil and grease. The report also must contain the chain of custody for

- the sample and the Quality Assurance/Quality Control (QA-QC) report.
- iii. The MUDs will be responsible for the cost of sampling and analysis.
 - iv. The MUDs will provide written notice to the City or the City's current plant operator at least five (5) business days prior to conducting Wastewater sampling and shall allow the City or the City's current plant operator representatives to observe the sampling.
 - v. In the event the MUDs fails to perform sampling by the deadlines provided in this section, the MUDs shall pay to the City a sampling surcharge in the amount of two hundred fifty dollars (\$250.00) per event. In addition, the MUDs will pay the City for the City's actual costs to perform the sampling if the City does so during the next thirty (30) days after the respective deadline.
- b) The MUDs agrees that the City or the City's current operator will have the right, at its option and expense, to sample Wastewater discharges within the MUDs System at:
 - i. the site of discharge;
 - ii. Points of Entry to the City System; and
 - iii. other locations as required for the purpose of determining the source, type, and strength of discharge.
 - c) The MUDs will use reasonable efforts to make necessary arrangements for and provide assistance to the City in obtaining lawful access to sampling points within areas served by the MUDs.
 - d) The MUDs agrees that to the extent authorized by applicable laws, any of its individual customers found in violation of allowable discharges or any of its individual customers who refuse access for the purpose of sampling may be disconnected from the MUDs and the City's Wastewater System in accordance with applicable regulations of the MUDs or the City and federal law.
 - e) Notwithstanding any other provision in this Agreement to the contrary, the Parties agree as follows:
 - i. neither the MUDs nor any other Party shall be obligated to construct any sampling ports at existing Points of Entry that were previously constructed without such sampling ports under plans and specifications approved by LCRA;

- ii. neither the MUDs nor any other Party shall be obligated to perform sampling at any Points of Entry that were constructed prior to the Effective Date of this Agreement without sampling ports under plans and specifications previously approved by LCRA;
- iii. no Party shall be obligated to perform any sampling of Wastewater except at Points of Entry constructed with sampling ports; and
- iv. all future sampling ports at Points of Entry shall be identified on plans and specifications for Connecting Facilities to be approved by the City.

ARTICLE VIII: STANDARDS FOR CONNECTIONS TO THE MUDS SYSTEM

8.01 The MUDs Prevention of Infiltration and Inflow.

It will be the MUDs' responsibility to undertake such measures as are reasonably necessary or prudent to minimize infiltration and inflow to its System. The MUDs will prohibit the discharge of drainage water and stormwater run-off into the MUDs System.

8.02 Construction and Testing Criteria for the MUDs Sewer Connections.

- a) All tests required by the design criteria and specifications of the State of Texas will be at the MUDs' or its customer's expense.
- b) The MUDs agrees that the physical connection of each service line to the local Wastewater facility will be the responsibility of the MUDs and will not be left to the discretion of the plumber or contractor unless said plumber or contractor is under the direct supervision of or whose work is inspected by the MUDs' authorized representative.
- c) The MUDs agrees that it will maintain strict supervision and maintenance of its local Wastewater facilities to prohibit connections such as roof drains or any other means by which surface drainage, i.e. stormwater run-off, can enter local Wastewater facilities and then discharge to the City System.
- d) Connections made to the MUDs System after the date of execution of this Agreement will be made using only materials permitted by applicable codes and development criteria manuals of the State of Texas. The MUDs will inspect all connections to its System in accordance with its own rules and regulations in order to insure compliance with it.
- e) A failure on the part of the MUDs to provide and enforce such regulations governing connections to the MUDs System will, at the option of the City after (i) notice to the MUDs in writing of the specific violation, and (ii) failure within 30 days to correct said violation or, if the violation is of a

nature that it cannot be corrected within 30 days, to begin to correct such violation and to diligently pursue such curative action, constitutes sufficient grounds for the City to restrict or limit Wastewater flows, or immediately terminate this Agreement, to such extent the City deems reasonably necessary in order to protect the City System from damage or excessive flows.

ARTICLE IX: LIABILITY FOR DAMAGES AND RESPONSIBILITY FOR TREATMENT AND DISPOSAL OF WASTEWATER

9.01 Liability of the City.

The City will bear the responsibility as between the Parties for the proper reception, transportation, treatment, and disposal of Wastewater received by it at Points of Entry in accordance with the Agreement. Further, as between the Parties, the City shall bear responsibility for damages, if any, claimed by third persons in the event that any such damages arise because the City does not accept Wastewater at a Point of Entry in a quantity that it is contractually obligated to accept under this Agreement, as amended, and the City agrees to hold the MUDs harmless therefrom. However, the Parties agree that they will not construe this Agreement to cause the City to bear responsibility for damages to the City System or to third persons arising from: i) the delivery by the MUDs of Prohibited Wastes or Wastewater that is in violation of this Agreement and corrosive or otherwise damaging to the City System or to persons or property; or, ii) the delivery of Wastewater at a Point of Entry in excess of the Peak Hour Flow Rate.

9.02 Liability of the MUDs.

As between the Parties and except as otherwise provided herein, MUD No. 12, MUD No. 19 and MUD No. 19A shall bear responsibility for damages, if any, claimed by third persons arising from the Special Design, and MUD 12, MUD No. 19 and MUD No. 19A each agree to hold the MUDs and the City harmless therefrom. Further, in the event the MUDs incurs any operational costs, fines, or penalties arising out of or related to the Special Design, the MUDs will provide written notice thereof to MUD No. 12, MUD No. 19 and MUD No. 19A. By way of example and without limitation, in the event the Special Design causes Wastewater to become septic, generates odors, requires the MUDs to perform "pump and haul" disposal of Wastewater, or requires the MUDs to periodically clean out, or introduce chemicals into, the Connecting Facilities, the MUDs shall provide notice thereof to MUD No. 12, MUD No. 19 and MUD No. 19A with a copy to the City, which notice shall describe the cost or expense arising out of the Special Design. MUD No. 12, MUD No. 19 and MUD No. 19A each agree to pay to the MUDs $33 \frac{1}{3}$ (33.3%) of the costs (such that 100% of the costs are paid by the three MUDs collectively) within 30 days after receipt of such written notice and invoice from the MUDs. Failure to provide payment in full shall be a material breach of this Agreement.

ARTICLE X: RIGHT OF ENTRY

10.01 Right of Entry.

In cooperation with and after notice to the Party that owns the Connecting Facilities, the MUDs agrees to provide the City the right of entry and access to the Connecting Facilities at all reasonable times in order to inspect those facilities, to investigate the source of operational or maintenance problems or for preventive purposes intended to detect, minimize, or avert operational or maintenance problems, or for any other purpose reasonably related to the provision of Wholesale Wastewater Service.

ARTICLE XI: DATA AND INFORMATION

11.01 Customer Reports by the MUDs.

MUD No. 12, MUD No. 19 and MUD No. 19A will notify, in writing, the City on a monthly basis whether any new retail Wastewater connections were made within the Wholesale Service Area in the prior month (the "Report") and, if so, the number and location (by reference to plat or real property tract identified by document filed in the real property records of Williamson County or by metes and bounds, as appropriate) of such connections. In the event the above-mentioned Report is not made to the City within three (3) business days after receipt of written notice of such failure, the responsible MUD shall pay the City a surcharge in the amount of \$100.00 per report. MUD No. 12, MUD No. 19 and MUD No. 19A shall furnish a copy of all such Reports to the MUDs simultaneously with the delivery to the City. Also, each of the MUDs agree to provide written notice to the City and the MUDs of any subdivision final plat approvals within the Wholesale Service Area promptly after the MUDs receive notice thereof. In addition, for each calendar year, the MUDs will forward to the City not later than January 21 of the following year an annual report containing the following data that shall be segregated as to each of the MUDs:

- a) actual number of active the MUDs retail Wastewater connections, measured in LUEs, ultimately discharging into the City's System as of the end of the calendar year for which the report is made;
- b) number of new active retail Wastewater connections, measured in LUEs, made in the previous calendar year;
- c) classification, by number and percentage, of accounts feeding to the City's System according to the following:
 1. Residential Customers; and
 2. Commercial Customers; and

3. If Commercial Customer connections were made, a description of the operations believed to be conducted on the premises, the volume of flow anticipated, and a copy of any industrial waste discharge permit or similar permit issued by a local, state or federal governmental authority to such premises.

11.02 Customer Reports by the City.

For each calendar year, the City or the City's current plant operator will provide to the MUDs an annual report containing the following data not later than March 1 of the following year; the City will request the following data from its wholesale customers of the City System in all wholesale contracts for Wastewater Service from the City System, and The City's obligation under this section shall be subject to timely receipt of this data from its wholesale customers:

- a) actual number of total active connections, measured in LUEs, ultimately discharging into the City's System as of the end of the calendar year for which the report is made;
- b) number of active retail wastewater customers served by the System;
- c) number of new active Wastewater connections, measured in LUEs, made in the previous calendar year;
- d) classification, by number and percentage, of accounts feeding to the City's System according to the following:
 1. Residential Customers; and
 2. Commercial Customers; and
 3. If Commercial Customer connections were made, a description of the operations believed to be conducted on the premises, the volume of flow anticipated, and a copy of any industrial waste discharge permit or similar permit issued by a local, state or federal governmental authority to such premises.

ARTICLE XII: FORCE MAJEURE

12.01 Force Majeure.

If, by reason of force majeure, any party will be rendered unable, in whole or in part, to carry out its obligations under this Agreement, the party whose performance is so affected will give notice and the full particulars of such force majeure to the other parties within a reasonable time after the occurrence of the event or caused relied on. Following said notice, the obligation of the party giving such notice, so far as it is affected by such force majeure, will be

suspended during the continuance of the inability then claimed but for no longer period and such party will endeavor to remove or overcome such inability with all reasonable dispatch.

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

ARTICLE XIII: REGULATORY COMPLIANCE

13.01 Agreement Subject to Applicable Law.

The Agreement will be subject to all valid rules, regulations, and applicable laws of the United State of America, the State of Texas and/or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

13.02 Cooperation to Assure Regulatory Compliance.

Since the Parties must comply with all federal, state, and local requirements to obtain permits, grants, and assistance for system construction, studies, etc., each party will cooperate in good faith with the other Parties at all times to assure compliance with any such governmental requirements where noncompliance or non-cooperation may subject the parties to penalties, loss of grants or other funds, or other adverse regulatory action in the performance of this Agreement. The MUDs acknowledges and agrees and the City has entered into, and may modify, agreements or memoranda of understanding to assign roles and responsibilities as between Brazos and the City for regulatory compliance and that the terms of this agreement shall not modify any such agreements, or amendments thereto.

13.03 Sewer System Overflows.

Each Party will initiate immediate measures to remediate sewer system overflows in its System as directed by state, federal, or other officials, and immediately notify the other Parties of the sewer system overflows affecting the Wholesale Service Area. Each Party is responsible for timely providing all required equipment and personnel to remediate the sewer system overflow, and providing any required notice to the United States Environmental Protection Agency (EPA) and the TCEQ regarding any overflows.

13.04 Responsibility for Events inside the MUDs' System.

In the event the EPA or TCEQ issues any form of order or penalty for violations of applicable law resulting from operation, maintenance, or other program associated with the MUDs System, the MUDs will take all necessary action to comply with the order and, except as otherwise set forth herein, is responsible for paying all penalties for violations related to the order. To the extent permitted by law the MUDs agrees to hold the City harmless for violations that occur within the MUDs System for which the MUDs is responsible hereunder.

13.05 Responsibility for Events Inside the City's System.

In the event the EPA or TCEQ issues any form of order or penalty for violations of applicable law resulting from operating, maintenance, or other program associated with the City System, the City will take all necessary action to comply with the order and is responsible for paying all penalties for violations related to the order; provided, however, that the City reserves all of its rights under this Agreement in the event the MUDs delivers to the City System Prohibited Wastes or Wastewater that is corrosive or otherwise damaging to the City System or to persons or property. To the extent permitted by law, the City agrees to hold the MUDs harmless for violations that occur within the City System except to the extent those violations arise from the MUDs' delivery to the City System of Prohibited Wastes or Wastewater that is corrosive or otherwise damaging to the City System or to persons or property.

**ARTICLE XIV: BOND REIMBURSEMENT, SEVERABILITY
AND MODIFICATION OF CONTRACT**

14.01 Bond Reimbursement.

The MUDs reserve the right, and shall have the right, to reimburse persons or entities that pay, or provide funds for payment of, obligations of the MUDs under this Agreement from the proceeds of bonds issued by them, up to and including the maximum amount permitted by the rules of the TCEQ or its successor.

14.02 Enforceability.

In the event that the TCEQ or its successor, or any court of competent jurisdiction determines that any provision of this Agreement is beyond the scope of the Texas Water Code, or reduces the ability of MUD No. 12, MUD No. 19 or MUD No.19A to issue bonds to pay for its expenses in connection with this Agreement, the Parties agree to immediately amend this agreement to conform to such ruling or decision.

ARTICLE XV: TERM OF AGREEMENT

15.01 Term of Agreement.

Unless earlier terminated under the provisions of this Agreement, the term of this Agreement will commence as of the Effective Date of this Agreement and will remain in effect for a period of one (1) year after the Effective Date. This Agreement may be extended by mutual agreement of the Parties in writing for such period as mutually agreed upon and duly authorized by their respective governing bodies.

City and the MUDs agree that they will work together during the term of this Agreement to establish documentation whereby the City will be providing retail service to the MUDs.

ARTICLE XVI: TERMINATION AND OTHER REMEDIES

16.01 Material Breach; Notice and Opportunity to Cure.

- a) In the event that one Party believes that another Party has materially breached one of the provisions of this Agreement, the non-defaulting Party will make written demand to cure and give the defaulting Party up to 30 days to cure such material breach or, if the curative action cannot reasonably be completed within 30 days, the defaulting Party will commence the curative action within 30 days and thereafter diligently pursue the curative action to completion. This period must pass before the non-defaulting Party may initiate any remedies available to the non-defaulting party due to such breach. The time periods contained in this section shall not apply to sewer system overflows, and the Parties agree that they each shall respond to sewer system overflows promptly following notice thereof.
- b) Any non-defaulting Party will mitigate direct or consequential damage arising from any breach or default to the extent reasonably possible under the circumstances.
- c) The Parties agree that they will negotiate in good faith to resolve any disputes and may engage in non-binding mediation, arbitration or other alternative dispute resolution methods as recommended by the laws of the State of Texas.

16.02 Equitable Relief.

The Parties acknowledge that the City is limited in its ability to terminate this Agreement in the event of default by the MUDs or the MUDs, whether such default is monetary default or otherwise, without advance notice because the

MUDs may have an obligation to provide continuous and adequate wastewater service to its retail customers at the time of the default and may lack alternative sources for wastewater service. In recognition of this, and that failure in the performance by the MUDs or the MUDs of obligations under this Agreement could not be adequately compensated in money damages alone and may result in regulatory enforcement against the City and the MUDs agree that in the event of any default on their part under this Agreement that the City shall have available to it equitable remedies including, without limitation, the right of the City to obtain a writ of mandamus or an injunction against the MUDs and/or the MUDs: (i) requiring the MUDs or MUD Board of Directors to levy and collect rates and charges sufficient to pay the amounts owed to the City by such entity under this Agreement; and, (ii) enjoining the MUDs and/or the MUDs from exceeding the Daily BOD Loading, the Peak Hour Flow Rate, the wastewater quality and Prohibited Wastes provisions of this Agreement or from providing Wholesale Wastewater Service outside the Wholesale Service Area. Similarly, the MUDs shall have available to them equitable remedies including, without limitation, the right to obtain a writ of mandamus or an injunction against the City requiring the City to comply with their respective obligations under this Agreement. Nothing in this provision shall be construed to obligate the MUDs to levy and collect rates and charges for which MUD 12, MUD 19 or MUD No. 19A are responsible under this Agreement.

16.03 Agreement's Remedies Not Exclusive.

The provisions of this Agreement providing remedies in the event of a Party's breach of this are not intended to be exclusive remedies. The Parties retain, except to the extent released or waived by the express terms of this Agreement, all rights at law and in equity to enforce the terms of this Agreement in addition to, and cumulative to, remedies provided in this Agreement.

16.04 Applicable Law.

This Agreement shall be construed and interpreted under the laws of the State of Texas and all obligations of the parties created hereunder are performable in Williamson County, Texas. The parties acknowledge and agree that this Agreement is a written contract stating the essential terms of the Parties' agreement for providing goods and services to each other under Subchapter I of Chapter 271 of the Texas Local Government Code, and that each of the Parties intends to waive its sovereign immunity to liability and suit for the sole purpose of adjudicating a claim for breach of this Agreement. The Parties in no way intend to waive sovereign immunity for any claims other than breach of this Agreement.

16.05 Release and Indemnification.

TO THE MAXIMUM EXTENT AUTHORIZED BY LAW, MUD NOS. 12, 19 AND 19A, AS APPLICABLE, AGREE TO RELEASE AND INDEMNIFY THE MUDS AND THE CITY FROM ANY AND ALL CLAIMS OR DAMAGES THAT PROXIMATELY RESULT FROM THEIR DESIGN AND/OR CONSTRUCTION OF THE INTERNAL FACILITIES, AND/OR THEIR DESIGN, CONSTRUCTION AND/OR OPERATION OF THE CONNECTING FACILITIES, INCLUDING THE SPECIAL DESIGN.

**ARTICLE XVII: STATEMENT OF PURPOSE AND AUTHORITY
AND PLEDGE OF GOOD FAITH AND FAIR DEALING**

17.01 Statement of Purpose.

This Agreement is intended to set forth a comprehensive statement of all terms and conditions applicable to the provision of Wholesale Wastewater Service by the City to the MUDs for the Wholesale Service Area.

17.02 Authority.

This Agreement is made and entered into pursuant to the provisions of the Interlocal Cooperation Act, V.T.C.A. Government Code, Chapter 79I; V.T.C.A. Local Government Code, Chapter 402; V.T.C.A. Water Code Chapter 30 and §54.218, and other applicable law.

17.03 Covenant of Good Faith and Fair Dealing.

The Parties agree to cooperate and to deal with one another fairly and in good faith at all times to effectuate the purposes and intent of this Agreement.

ARTICLE XVIII: GENERAL PROVISIONS

18.01 Effect on Prior Agreement.

This Agreement is in addition to the Original Wholesale Service Agreement for all purposes.

18.02 Interpretation.

The Parties recognize that this Agreement is voluntary and consensual on the part of each party, that, absent this Agreement, the City is not required by law to provide Wholesale Wastewater Service to the MUDs; that the MUDs is not required by law to obtain Wastewater service from the City; and that each party has been represented by legal counsel who have participated throughout the formulation, drafting, and approval of this Agreement. Accordingly, this

Agreement will not be interpreted more favorably in favor of one party than the other.

18.03 Assignability.

- a) Except as expressly provided otherwise in this Agreement, this Agreement shall not be assignable by any Party except with the written consent of the other Parties, whose consent shall not be unreasonably withheld or delayed.
- b) Notwithstanding subsection (a) hereof, the City shall have the right, without the prior written consent of any other Party, to assign all or a portion of the City's interest in this Agreement to a subsequent owner of the City System.
- c) Notwithstanding subsection (a) hereof, the MUDs shall have the right (but not the obligation) without the prior written consent or approval of any other Party, to assign its rights, duties, interests and obligations under this Agreement as follows: (i) all such rights, duties, interests and obligations of the MUDs related to MUD No. 12 may be assigned to MUD No. 12; (ii) all such rights, duties, interests and obligations of the MUDs related to MUD No. 19 may be assigned to MUD No. 19; and (iii) all such rights, duties, interests and obligations of the MUDs related to MUD No. 19A may be assigned to MUD No. 19A. MUD No. 12, MUD No. 19, and MUD No. 19A hereby agree to such accept such transfer and assignment for all purposes. The transfer and assignment by the MUDs to each of the MUDs shall be accomplished by written notice given by the MUDs to the other Parties, which notice must be given to the other Parties not less than ninety (90) days before the date of assignment by the MUDs. In the event of any such assignment, the MUDs shall execute within the 90 day period a bill of sale and assignment to complete transfer and assignment of its rights, duties, interests and obligations under this Agreement to the MUDs, along with ownership of the Internal Facilities, and any related real property interests that serve each respective municipal utility district.

18.04 Amendment.

This Agreement may be amended or modified only by written agreement duly authorized by the respective governing bodies of all Parties and executed by duly authorized representatives of each.

18.05 Necessary Documents and Actions.

Each party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Agreement.

18.06 Entire Agreement.

This Agreement constitutes the entire agreement of the Parties and, supersedes any prior or contemporaneous oral or written understandings or representations of the Parties regarding Wholesale Wastewater Service by the City to the Wholesale Service Area.

18.07 Applicable Law.

This Agreement will be construed under and in accordance with the laws of the State of Texas.

18.08 Venue.

All obligations of the Parties created in this Agreement are performable in Williamson County, Texas, and venue for any action arising under this Agreement will be in Williamson County, Texas.

18.09 No Third Party Beneficiaries.

Nothing in this Agreement, express or implied, is intended to confer upon any person or entity, other than to the Parties, any rights, benefits, or remedies under or by reason of this Agreement.

18.10 Duplicate Originals.

This Agreement may be executed in duplicate originals each of equal dignity.

18.11 Notices.

Any notice required under this Agreement may be given to the respective Parties by facsimile transmission or by hand-delivery to the address of the other party shown below:

The City:

City of Liberty Hill
Attn: City Administrator
1829 Sam Houston Street
The City, Texas 77575-4742
(936) 336-3684
Fax: (936) 336-9846

Williamson County MUD No. 12:

Mike Willatt
Willatt & Flickinger
2001 North Lamar
Austin, Texas 78705
Fax: (512) 469-9148

Williamson County MUD No. 19:

Mike Willatt
Willatt & Flickinger
2001 North Lamar
Austin, Texas 78705
Fax: (512) 469-9148

Williamson County MUD No. 19A:

Mike Willatt
Willatt & Flickinger
2001 North Lamar
Austin, Texas 78705
Fax: (512) 469-9148

Any notice provided by facsimile also shall be provided by first-class mail. Notices shall be deemed received on the date of facsimile transmission or hand delivery.

18.12 Consents and Approvals.

Wherever this Agreement requires any Party, or its agents or employees to provide a consent, approval or similar action, the parties agree that such consent, approval or similar action will not be unreasonably withheld or delayed.

18.13 Severability.

Should any court declare or determine that any provisions of this Agreement is invalid or unenforceable under present or future laws, that provision shall be fully severable; this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in place of each such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or

unenforceable provision as may be possible and be legal, valid, and enforceable. Texas law shall govern the validity and interpretation of this Agreement.

18.14 Exhibits.

The following exhibits, attached to this Agreement, are incorporated into this Agreement as if fully set forth:

<u>Exhibit A:</u>	Existing Facilities
<u>Exhibit B:</u>	LUE Conversion Table
<u>Exhibit C:</u>	Prohibited Wastes
<u>Exhibit D:</u>	Wholesale Service Area
<u>Exhibit E:</u>	MUD No. 19A Connection Project
<u>Exhibit F:</u>	South Plant Connection Project

18.15 Effective Date.

This Agreement will be effective from and after the last date of due execution by all Parties.

[SIGNATURES TO FOLLOW.]

THE CITY OF LIBERTY HILL:

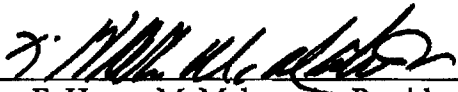
By: Connie Fuller
Mayor Pro Tem

Date of execution: 10/28/13

ATTEST:


By: Dammy Kirk
City Secretary

WILLIAMSON COUNTY MUD NO. 12:

By: 
F. Hagen McMahon, Jr., President

Date of execution: 10/30/13

ATTEST:

By: 
James C. Bohl, Secretary

[DISTRICT SEAL]

WILLIAMSON COUNTY MUD NO. 19:

By: 

A. Rick Hightower, President

Date of execution: 10/30/13

ATTEST:

By: 

Shelley Ledyard, Secretary

[DISTRICT SEAL]

WILLIAMSON COUNTY MUD NO. 19A:

By: Robert J. Liverna
President

Date of execution: Oct 30, 2013

ATTEST:

By: [Signature]
Secretary

[DISTRICT SEAL]

OVERALL MUD 12 & 19
ROUTE EXHIBIT
WILLIAMSON COUNTY, TEXAS

EX. A

Exhibit "A"

RANDALL JONES ENGINEERING, INC.
1100 E. BROWER LANE, SUITE 200, WACO, TEXAS 76792
RJ SURVEYING, INC.
1100 E. BROWER LANE, SUITE 200, WACO, TEXAS 76792
DATE: JAN 14, 2008
BY: [Signature]
SCALE: 1" = 400'
SHEET NO. 101

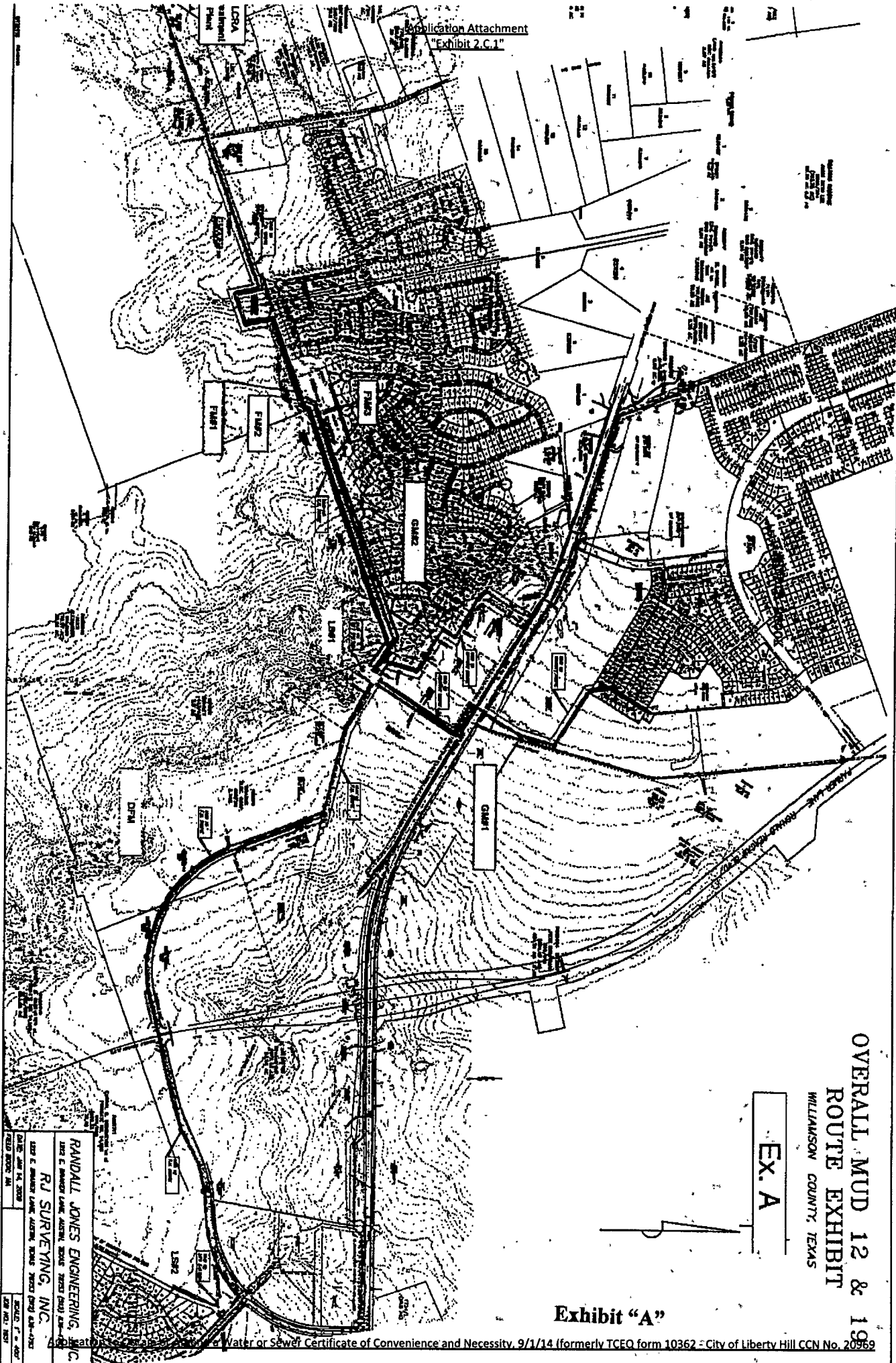


Exhibit B

LUE Equivalency Table

METER TYPE	METER SIZE	NUMBER OF LUES
SIMPLE	5/8"	1.0
SIMPLE		
Residential Use	3/4"	1.0
Commercial Use	3/4"	1.5
SIMPLE	1"	2.5
SIMPLE	1 1/2"	5.0
SIMPLE	2"	8.0
COMPOUND	2"	8.0
TURBINE	2"	10.0
COMPOUND	3"	16.0
TURBINE	3"	24.0
COMPOUND	4"	25.0
TURBINE	4"	42.0
COMPOUND	6"	50.0
TURBINE	6"	92.0
COMPOUND	8"	80.0
TURBINE	8"	160.0
COMPOUND	10"	115.0
TURBINE	10"	250.0
TURBINE	12"	330.0

3\WC MUD No. 19A\ar-wholesale-svcagr-tclatest-v3
2/12/14

Exhibit C

Prohibited Wastes

Specific Prohibitions. No user shall introduce or cause to be introduced into the City SYSTEM the following pollutants, substances, or wastewater:

- (1) Pollutants which create a fire or explosive hazard in the City SYSTEM, including, but not limited to, wastestreams with a closed-cup flashpoint of less than 140°F (60°C) using the test methods specified in 40 CFR 261.21;
- (2) Wastewater having a pH less than 6.0 or more than 10.0, or otherwise causing corrosive structural damage to the City SYSTEM or equipment;
- (3) Wastewater containing a sulfide concentration greater than two milligrams per liter (2.0 mg/L);
- (4) Solid or viscous substances in amounts which will cause obstruction of the flow in the City SYSTEM resulting in interference;
- (5) Pollutants, including oxygen-demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which, either singly or by interaction with other pollutants, will cause interference with the City SYSTEM;
- (6) Wastewater having a temperature greater than 140°F (60°C), or which will inhibit biological activity in the treatment plant resulting in interference, but in no case wastewater which causes the temperature at the introduction into the treatment plant to exceed 104°F (40°C);
- (7) Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin, in amounts that will cause interference or pass through;
- (8) Pollutants which result in the presence of toxic gases, vapors, or fumes within the City SYSTEM in a quantity that may cause acute worker health and safety problems;
- (9) Any trucked or hauled pollutants without the express permission of the City Water/Wastewater Services Manager or his/her designee;
- (10) Noxious or malodorous liquids, gases, solids, or other wastewater which, either singly or by interaction with other wastes, are sufficient to create a public nuisance or a hazard to life, or to prevent entry into the sewers for maintenance or repair;

- (11) Wastewater which imparts color which cannot be removed by the treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, which consequently imparts color to the treatment plant's effluent, thereby violating the City's NPDES and/or TPDES permits;
- (12) Wastewater containing any radioactive wastes or isotopes except in compliance with applicable State or Federal regulations;
- (13) Storm water, surface water, ground water, artesian well water, roof runoff, subsurface drainage, swimming pool drainage, condensate, deionized water, noncontact cooling water, and unpolluted wastewater, unless specifically authorized by the Water/Wastewater Services Manager or his/her designee;
- (14) Sludges, screenings, or other residues from the pretreatment of industrial wastes;
- (15) Wastewater causing, alone or in conjunction with other sources, the treatment plant's effluent to fail a toxicity test;
- (16) Detergents, surface-active agents, or other substances which may cause excessive foaming in the City SYSTEM; or
- (17) Fats, oils, or greases of animal or vegetable origin in concentrations greater than 200 mg/l. The MUDs acknowledge and agree that grease traps may be needed for commercial customers such as grocery stores or restaurants in order to ensure compliance with this requirement.

Application Attachment
"Exhibit 2.C"

Application Attachment
"Exhibit 2.C"

Application Attachment
"Exhibit 2.C"

A. WILSON SURVEY, A.C. 87

1480.71 ACRES

WILLIAM H. BARTY SURVEY, A.C. 87

GEORGE H. BLANKENBURY SURVEY, A.C. 88

399.25 ACRES

B. H. JONES SURVEY, A.C. 88

Exhibit "D"

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity, 9/1/14 (formerly TCEQ form 10362 - City of Liberty Hill CCN No. 20969)

William County Municipal
Utility District No. 18
REVISED BOUNDARY
(SEE DESCRIPTION OF BOUNDARY IN A
SEPARATE ATTACHMENT)

LIBERTY HILL
MUNICIPAL UTILITY DISTRICT NO. 18

LIBERTY HILL
MUNICIPAL UTILITY DISTRICT NO. 18

LIBERTY HILL
MUNICIPAL UTILITY DISTRICT NO. 18

611.41 ACRES

WILLIAMSON COUNTY M.U.D. No. 12 BOUNDARY
(SEE DESCRIPTION ON A SEPARATE ATTACHMENT)

DATE: APR. 21, 2005

SCALE: 1" = 1000'

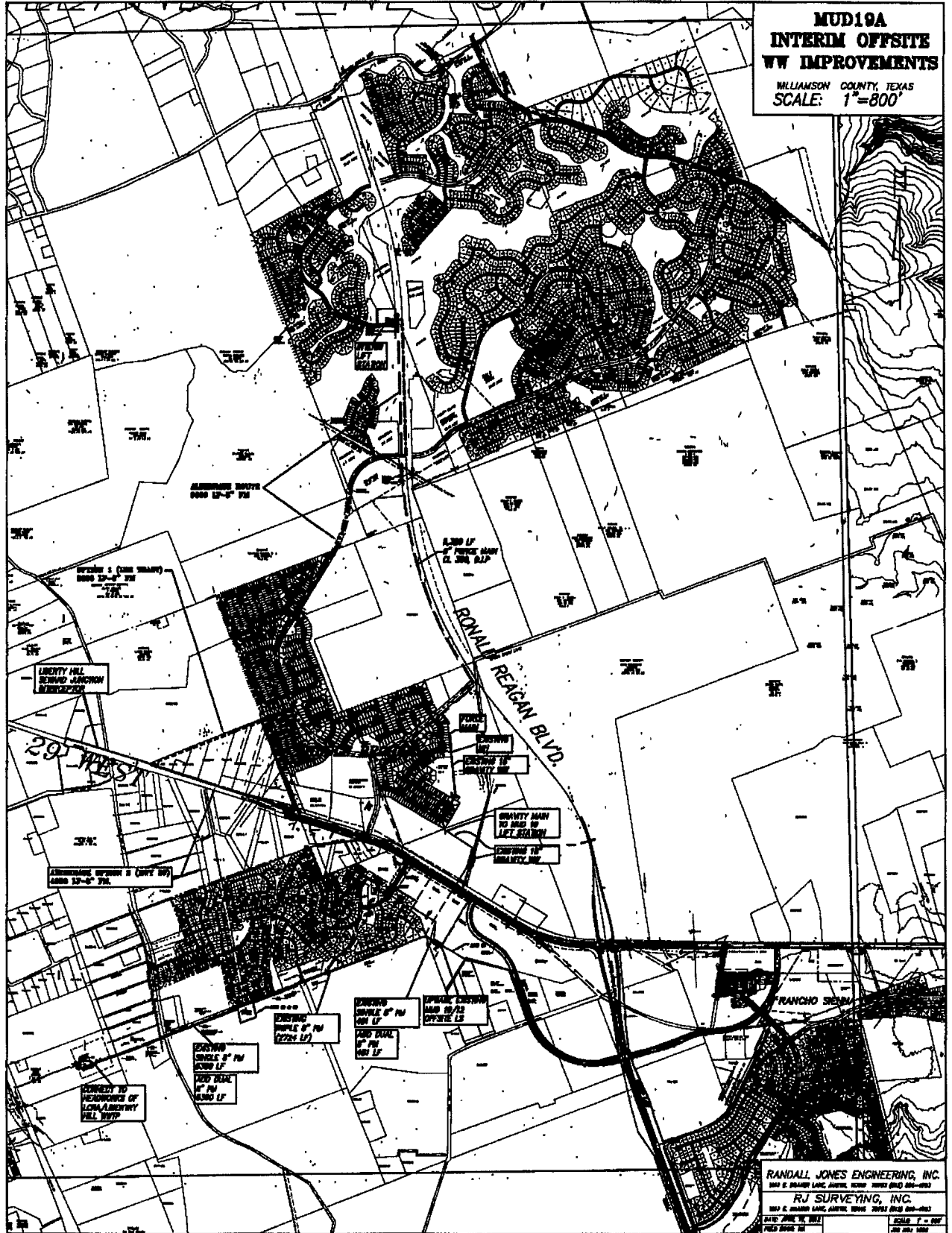
RJ SURVEYING, INC.

1212 E. BRAKER LANE AUSTIN, TEXAS 78753 (512) 836-4793



This document was prepared under 22TAC 66.3.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.





MAINTENANCE BOND

Received at C. C. Carlton

JUL 15 2016

STATE OF TEXAS

by

COUNTY OF

KNOW ALL MEN BY THESE PRESENTS: That we, C. C. CARLTON INDUSTRIES, LTD. of the

City of AUSTIN County of TRAVIS and State of TEXAS as

THE GUARANTEE COMPANY

Principal, and OF NORTH AMERICA USA as Surety, are held and firmly bound unto

CITY OF LIBERTY HILL, as Obligeé, an amount of ONE HUNDRED percent of the
ONE MILLION FOUR HUNDRED THOUSAND

total contract price in the sum of THREE HUNDRED FORTY ONE AND Dollars, \$1,400,341.00

NO/100

), lawful money of the United States, for the payment of which sum well and truly to be
made we hereby bind ourselves, our successors and assigns, jointly and severally, firmly by these
presents.

WHEREAS, the Principal entered into a Contract with CITY OF LIBERTY HILL

dated the 19TH day of JUNE, 2015, to construct KAUFFMAN LOOP
AND MORNINGSTAR PHASE 1, SECTION 1 AND 2 SUBDIVISIONS
WASTEWATER IMPROVEMENTS, INCLUDING UTILITY which contract is hereby referred to and
TRENCH BACKFILL

made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, if the Principal shall repair any and all defects in said work occasioned by
and resulting from defects in materials furnished by, or workmanship of, the Principal in
performing the work covered by said Contract, occurring within a period of one year after date of
acceptance of said work, in accordance with the provisions of the Contract Documents, then this
obligation shall be null and void, otherwise remain in full force and effect.

IN WITNESS WHEREOF, the said PRINCIPAL and SURETY have signed and sealed this instrument 14TH day of JULY, 20 16.

C. C. CARLTON INDUSTRIES, LTD

Principal

[Signature]

Principal

[Signature]

Principal

THE GUARANTEE COMPANY OF NORTH AMERICA USA

Corporate Surety

By:

[Signature]
Attorney-in-Fact HOWARD COWAN

CERTIFICATE AS TO CORPORATE PRINCIPAL:

I, _____, certify that I am the secretary of the Corporation named as PRINCIPAL in the within bond; and that _____

_____. Who signed the said bond on _____

_____ on the behalf of the PRINCIPAL was then _____ of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed and attested for in behalf of said corporation by authority of its governing body.

SEAL

The rate of premium on this is _____ per thousand.

Total amount of premium charged is _____



The Guarantee Company of North America USA
Southfield, Michigan
POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS: That THE GUARANTEE COMPANY OF NORTH AMERICA USA, a corporation organized and existing under the laws of the State of Michigan, having its principal office in Southfield, Michigan, does hereby constitute and appoint

Howard Cowan, Maria Hill
Cowan-Hill Bond Agency, Inc.

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise.

The execution of such instrument(s) in pursuance of these presents, shall be as binding upon THE GUARANTEE COMPANY OF NORTH AMERICA USA as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at the principal office.

The Power of Attorney is executed and may be certified so, and may be revoked, pursuant to and by authority of Article IX, Section 9.03 of the By-Laws adopted by the Board of Directors of THE GUARANTEE COMPANY OF NORTH AMERICA USA at a meeting held on the 31st day of December, 2003. The President, or any Vice President, acting with any Secretary or Assistant Secretary, shall have power and authority:

1. To appoint Attorney(s)-in-fact; and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof; and
2. To revoke, at any time, any such Attorney-in-fact and revoke the authority given, except as provided below
3. In connection with obligations in favor of the Florida Department of Transportation only, it is agreed that the power and authority hereby given to the Attorney-in-Fact includes any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts required by the State of Florida Department of Transportation. It is fully understood that consenting to the State of Florida Department of Transportation making payment of the final estimate to the Contractor and/or its assignee, shall not relieve this surety company of any of its obligations under its bond.
4. In connection with obligations in favor of the Kentucky Department of Highways only, it is agreed that the power and authority hereby given to the Attorney-in-Fact cannot be modified or revoked unless prior written personal notice of such intent has been given to the Commissioner - Department of Highways of the Commonwealth of Kentucky at least thirty (30) days prior to the modification or revocation.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of the Company adopted at a meeting duly called and held on the 6th day of December 2011, of which the following is a true excerpt:

RESOLVED that the signature of any authorized officer and the seal of the Company may be affixed by facsimile to any Power of Attorney or certification thereof authorizing the execution and delivery of any bond, undertaking, contracts of indemnity and other writings obligatory in the nature thereof, and such signature and seal when so used shall have the same force and effect as though manually affixed.



IN WITNESS WHEREOF, THE GUARANTEE COMPANY OF NORTH AMERICA USA has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 23rd day of February, 2012.

THE GUARANTEE COMPANY OF NORTH AMERICA USA

STATE OF MICHIGAN
County of Oakland

Stephen C. Ruschak, President & COO

Randall Musselman, Secretary

On this 23rd day of February, 2012 before me came the individuals who executed the preceding instrument, to me personally known, and being by me duly sworn, said that each is the herein described and authorized officer of The Guarantee Company of North America USA; that the seal affixed to said instrument is the Corporate Seal of said Company; that the Corporate Seal and each signature were duly affixed by order of the Board of Directors of



Cynthia A. Takai
Notary Public, State of Michigan
County of Oakland
My Commission Expires February 27, 2018
Acting in Oakland County

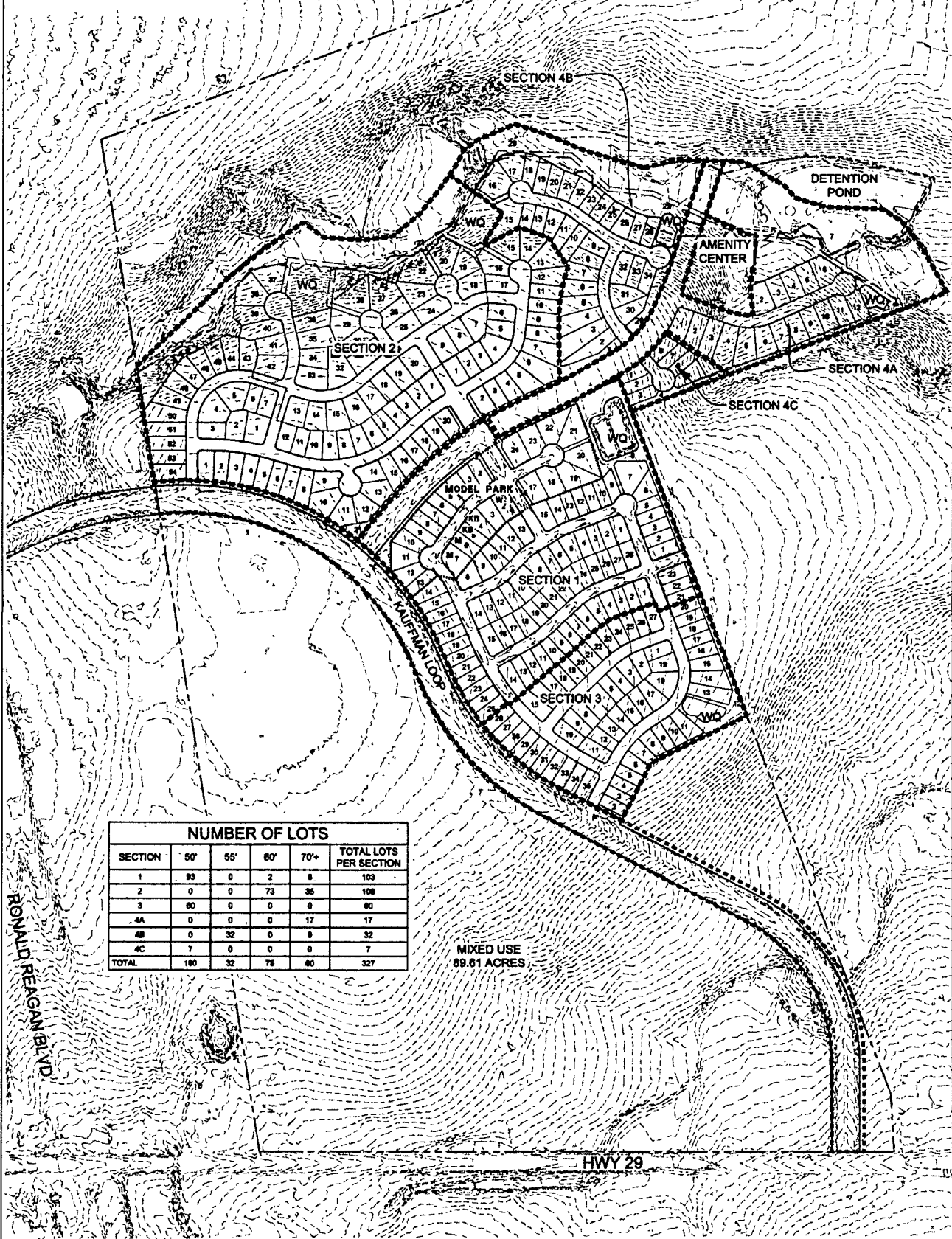
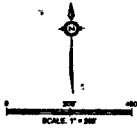
IN WITNESS WHEREOF, I have hereunto set my hand at The Guarantee Company of North America USA offices the day and year above written.

I, Randall Musselman, Secretary of THE GUARANTEE COMPANY OF NORTH AMERICA USA, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by THE GUARANTEE COMPANY OF NORTH AMERICA USA, which is still in full force and effect.



IN WITNESS WHEREOF, I have thereunto set my hand and attached the seal of said Company this 14th day of JULY 2016

Randall Musselman, Secretary



NUMBER OF LOTS					
SECTION	50'	55'	60'	70'+	TOTAL LOTS PER SECTION
1	83	0	2	8	103
2	0	0	73	35	108
3	80	0	0	0	80
4A	0	0	0	17	17
4B	0	32	0	0	32
4C	7	0	0	0	7
TOTAL	160	32	75	60	327

MIXED USE
89.61 ACRES

COPY

STATE OF TEXAS	§	DEVELOPMENT AGREEMENT WITH
	§	1941, LTD.
COUNTY OF WILLIAMSON	§	REGARDING DEVELOPMENT OF
	§	ITS PROPERTY
CITY OF LIBERTY HILL	§	

This Development Agreement (the "Agreement") is entered into by and between the CITY OF LIBERTY HILL, a Texas Municipal Corporation ("City") and 1941, LTD. ("1941").

WHEREAS, 1941 owns that certain 493.87 (+/-) acre tract of land (the "Property") generally located east and west of the proposed Parmer Lane/Ronald Reagan Blvd. north of Highway 29 in the City's extraterritorial jurisdiction, and more specifically described in Exhibit A, which is attached hereto and incorporated herein for all purposes as if set forth in full; and

WHEREAS, 1941 has proposed to construct or cause to be constructed on the Property a retail/office/commercial facility and residential subdivision (the "Project"); and

WHEREAS, the purpose of this Agreement is to promote new economic development as contemplated by Chapter 380 of the Texas Local Government Code, Art. 5190.6 Tex. Rev. Civ. Stat. Ann. (Vernon's 1987 and Vernon's Supp. 2005) and Chapter 311 of the Texas Tax Code, whereby 1941 will construct, develop and operate the Project or cause the Project to be constructed, developed, and operated; and

WHEREAS, City is authorized by Article III, Section 52-a of the Texas Constitution, Section 380.001 and Chapter 395 of the Tex. Loc. Gov't Code, and the Development Corporation Act of 1979, Art. 5190.6 Tex. Rev. Civ. Stat. Ann. (Vernon's 1987 and Vernon's Supp. 2005) to establish economic development programs and to provide grants for economic development; and

WHEREAS, City, after due and careful consideration, has determined that providing economic development incentives will further the public purposes and economic development goals of the City (including growth of the City, increasing the City's real estate tax assessment values and sales tax revenues, and providing increased employment opportunities and jobs); and

WHEREAS, City has further determined that development of the Property will not occur solely through private investment in the reasonably foreseeable future and the Property is predominately open.

NOW THEREFORE, for and in consideration of the promises and mutual agreements set forth therein, the City and 1941 hereby agree as follows:

1. **Acquisition of Property and Notice to Proceed**

1.1 **Acquisition of Property.**

1941 owns fee title to the Property; and

1.2 **Project Commencement**

Within six (6) months of the date of recordation of an approved final plat for the Project, 1941 shall commence construction of the Project.

2. **Rights and Obligations of 1941**

2.1 **Compliance with Development Regulations and Other Ordinances.**

1941 shall comply with the City's development approval processes and shall develop the Property consistent with the City's Unified Development Code (the "UDC"), City-approved development plans, other City development requirements that are uniformly applicable within the City's extraterritorial jurisdiction, and this Agreement. 1941 shall also pay the applicable, normal and ordinary utility connection fees, tap fees, and monthly utility charges for utilities sized for the Project, as set by the applicable utility provider.

2.2 **Utility Services for the Property.** The City shall provide wholesale wastewater treatment capacity to the Project. 1941 will pay for such capacity based on the impact fees that are approved and adopted pursuant to the provisions of Chapter 395, Texas Local Government Code. The City shall make the wastewater treatment capacity required for the Project available within 12 months of 1941's request for capacity. 1941 may assign its rights to wastewater treatment capacity for the Project to Williamson County Municipal Utility District No. 17 or Williamson County Municipal District No. 18 or the retail service provider. The City agrees that the impact fees shall not be collected until the time an application for a retail wastewater service connection is submitted to the retail service provider.

2.3 **Ownership of the Property and Leasing Obligations.** Consistent with the City-identified priority of increased retail selection, with regard to leased portions of the Property, 1941 shall use all commercially reasonable efforts applicable to projects similar in nature, market type, and market share to the Project to keep the leased portions of the Property fully leased, and to use its commercially reasonable efforts to re-lease any terminated or expired leases within a reasonable time after the termination or expiration thereof.

- 2.4 **Extraterritorial Jurisdiction and Annexation.** At the request of 1941 the Property has been included in the City's extraterritorial jurisdiction. However, the City shall not involuntarily annex the property, or any portion thereof, into the City. The City acknowledges that the Property is within Williamson County Municipal Utility District ("MUD") 17 and Williamson County Municipal District ("MUD") 18. Prior to annexation of any portion of the Property by the City, 1941 must first agree to such annexation and file a petition with the City requesting the annexation. Additionally, MUD 17 or MUD 18 must take action to disannex such lands from the MUD prior to annexation of such lands by the City, or, alternatively, the City and MUD 17 or MUD 18 must enter into a strategic partnership agreement pursuant to Section 43.0751 of the Texas Local Government Code regarding land within the MUD.

3. **Rights and Obligations of the City**

In consideration of 1941's compliance with the terms of Sections 1 and 2 of this Agreement, the City agrees as follows:

3.1 **Performance Based Economic Development Incentive Grant Payments**

3.1.1. **Need For Payments.** 1941 has represented to the City, and the City acknowledges that it has been informed, that the development of the Project as provided in this Agreement can only occur in conjunction with the performance based economic incentive grant payments available under this Agreement.

3.1.2. **Source of Funds for the Performance Based Economic Development Incentive Grant Payments.** Subject to the provisions stated herein, the performance-based economic incentive grant payments to be made to 1941 by the City shall be payable, if funds are available, solely from annual sales taxes received by the City as described in this Section and as authorized by Article III, Section 52-a of the Texas Constitution or Chapter 380 of the Texas Local Government Code or any other economic development or financing programs authorized by statute or powers of the City under applicable Texas law, subject to any limitations or procedural requirements contained therein. The amount and source of the performance based economic development incentive grant payment in any year shall be an amount equal to 50% of the 1% sales tax generated and actually received by the City in the then current fiscal year from businesses in the Project located on the Property. 1941 shall obtain Waivers of Sales Tax Confidentiality, substantially in the

form attached as Exhibit B, from businesses located in the Project on the Property, and the sales tax calculations referenced herein shall be based on information provided to the City by the Texas Comptroller of Public Accounts.

3.1.3. Time of Payments. The first performance based economic development payment is due by December 31st following the first fiscal year (ending September 30) of receipt of the sales taxes generated from the businesses located on the Property. Subsequent quarterly payments shall be made by the City to 1941 on or before April 1st, July 1st, October 1st, and December 31st of each succeeding year.

3.1.4 Expiration of Payment Requirement. The City's obligation to make economic development incentive grant payments to 1941 shall expire upon the date that is 20 years following the date of the first payment pursuant to Section 3.1.3 above.

3.1.5. City Accounting. The City shall maintain complete books and records showing sales taxes remitted to the City by the State and disbursements of income incentive grant payments, which books and records shall be deemed complete if kept in accordance with generally acceptable accounting principles as applied to Texas municipalities. Such books and records shall be available for examination by the duly authorized officers or agents of 1941 during normal business hours upon request made not less than ten (10) business days prior to the date of such examination. The City shall maintain such books and records throughout the term of this Agreement and for four (4) years thereafter.

3.1.6 1941 Accounting. 1941 shall maintain complete books and records showing all expenses of any nature that the City is or will reimburse or pay under this Agreement shall be deemed complete if kept in accordance with generally acceptable accounting principles as applied to Texas Corporations. Such books and records shall be available for examination in Williamson County, Texas by the duly authorized officers or agents of the City during normal business hours upon request made not less than ten (10) business days prior to the date of such examination. 1941 shall maintain such books and records throughout the term of this Agreement and for four (4) years thereafter.

4. Default and Termination

4.1 1941 Event of Default. 1941 shall be in default under this Agreement upon the occurrence of one or more of the following events:

4.1.1 1941 fails to comply with any obligations it has under this Agreement; or

4.1.2 A mortgagee's or lienholder's acquisition of 1941's interest in the Property or a portion of the Property, through foreclosure or conveyance in lieu of foreclosure unless, such mortgagee, lienholder, assignee, or other successor in interest to 1941 shall agree in writing to comply with the terms of this Agreement.

The foregoing is each referred to herein as a 1941 Event of Default. The City shall provide to 1941 at least thirty (30) days prior written notice of the occurrence of one or more of the above 1941 Event(s) of Default and an opportunity to cure such default within such 30-day period. In the event the 1941 fails to cure the default, the City shall have all rights and remedies available to it under the applicable law, including, but not limited to, the cancellation of this Agreement and all of the City's obligations hereunder.

4.2. City Event of Default. The City shall be in default under this Agreement upon the occurrence of one or more of the following events:

The City fails to comply with one or more terms of this Agreement.

The foregoing event is referred to herein as a City Event of Default. 1941 shall provide to the City at least thirty (30) days prior written notice of the occurrence of a City Event of Default and an opportunity to cure such default within such 30-day period. Such notice shall include a description of the specific Event of Default. In the event the City fails to cure the default, 1941 shall have all rights and remedies available to it under the applicable law.

5. Miscellaneous.

5.1 Limitation of Liability. It is understood and agreed by the parties that 1941, in the development of the Project and satisfying the conditions of this Agreement, is acting independently, and the City assumes no responsibilities or liabilities to third parties in connection with these actions. 1941 agrees to indemnify and hold harmless the City from all such claims, suits, and causes of actions, liabilities and expenses, including reasonable attorney's fees, of any nature whatsoever arising directly out of their respective obligations (but not the obligations of the other party) under this Agreement, except to the extent caused by the acts of omissions or negligence of the City, or its respective agents,

employees, contractors, representatives and licensees. In addition, by submitting plans or specifications for the County for review, the 1941 PARTIES (as that term is defined below) each agree to waive all claims, fully release, indemnify, defend and hold harmless the City, and all of its officials, officers, agents, consultants, employees, attorneys, and invitees in both their public and private capacities (collectively, the "CITY PARTIES") from any and all liability, claims, lawsuits, demands or causes of action, including all expenses of litigation and/or settlement which may arise by injury to property or person occasioned by error, omission, intentional, or negligent act of the 1941, its officers, agents, engineers, consultants, employees or invitees (collectively, the "1941 PARTIES") arising out of or in connection with submission of drainage plans, construction plans, or any other plans or specifications submitted to the County. The 1941 PARTIES further agree that they each will, at their own cost and at their own expense, defend and protect the CITY PARTIES from any and all such claims, losses, damages, causes of action, suits, and liability of any kind, including all expenses of litigation, court costs and attorneys' fees for injury to or death of any person or for any damage to any property arising out of or in connection with the error, omission, intentional or negligent acts of any of the 1941 PARTIES. Nothing in this provision shall waive the City's defenses or immunities under Section 101.001 et. seq. of the Texas City Practice & Remedies Code or any other applicable statutory or common law.

- 5.2 Release. Approval of the City Engineer or any other of the CITY PARTIES of any plans, designs or specifications submitted pursuant to the requirements of the City's ordinances or technical manuals shall not constitute or be deemed to be a release of the responsibility and liability of any of the 1941 PARTIES (as defined above) for means and methods of constructions or the accuracy and competency of construction of the designs or specifications. Such approval shall not be deemed to be an assumption of such responsibility or liability by the City for any defect in the design or specifications prepared by any of the 1941 PARTIES. Approval by the City Engineer or any other of the CITY PARTIES signifies the City approval of only the general design concept of the public improvements to be constructed or the drainage plan to be implemented. In this regard, the 1941 PARTIES shall each indemnify and hold harmless the CITY PARTIES from any loss damage, liability or expense directly arising out of damage to property and injuries, including death, to any and all persons which directly results from any defect, deficiency or negligence of any of the 1941 PARTIES' designs and specifications to the extent prepared or caused to be prepared by any of the 1941 PARTIES and incorporated into any public improvements constructed in accordance therewith,

or plans implemented thereby, and the 1941 PARTIES shall defend at their own expense any suits or proceedings brought against any of the CITY PARTIES as a direct account hereof, and subject to the CITY PARTIES' extent of liability, defenses or immunities under Section 101.001 et. seq. of the Texas City Practice & Remedies Code or any other applicable law or code to pay all expenses and satisfy all judgments which may be incurred by or rendered against them, collectively or individually, personally or in their official capacity in connection herewith.

- 5.3 **Third Party Rights.** No person or entity who or which is not a party to this Agreement shall have any right of action under this Agreement except as provided in Sections 6.5 and 6.6, nor shall any such person or entity other than the City (including, without limitation, a trustee in bankruptcy) have any interest in or claim to funds drawn on any of the security instruments or amounts held in escrow by the City in accordance with this Agreement.
- 5.4 **No Waiver.** No waiver of any provision of this Agreement will be deemed or constitute a waiver of any other provision, nor will it be deemed or constitute a continuing waiver unless expressly provided for by a written amendment to this Agreement; nor will the waiver of any default under this Agreement be deemed a waiver of any subsequent defaults of the same type. The failure at any time to enforce this Agreement or covenant by the City, Developer, or their respective heirs, successors or assigns, whether any violations thereof are known or not, shall not constitute a waiver or estoppel of the right to do so.
- 5.5 **Attorney's Fees.** Should any party be required to resort to litigation to enforce the terms of this Agreement, the prevailing party, plaintiff or defendant, shall be entitled to recover its costs, including reasonable attorney's fees, court costs, and expert witness fees, from the other party. If the court awards relief to both the City and 1941, all parties will bear its own costs in their entirety.
- 5.6 **Assignability.** 1941 shall not have the right to assign its interest in this Agreement without the prior written consent of the City, which shall not be unreasonably withheld; provided, however, without obtaining the consent of the City, 1941 may assign this Agreement, in whole or in part, to a purchaser and subsequent owner of any portion of the Property.
- 5.7 **Notice.** Any notice or other communication required or permitted by this Agreement is effective when in writing and (a) personally delivered either by facsimile (with electronic information and a mailed copy to follow) or by hand or (b) three (3) days after notice is deposited with the U.S. Postal

Service, postage prepaid, certified with return receipt requested, and addressed as follows:

If to 1941 1941, Ltd.
P.O. Box 688
Georgetown, Texas 78627
Att: Sam L. Pfister
(512) 818-0728 phone
(512) 863-6641 fax

with copy to:

if to City:

City Administrator
City of Liberty Hill
P.O. Box 1920
Liberty Hill, Texas 78642
(512) 778-5449 – phone
(512) 778-5418 – fax

with copy to:

Arturo D. Rodriguez, Jr.
Russell, Moorman & Rodriguez, LLP
102 W. Morrow, Suite 103
Georgetown, Texas 78626
(512) 930-1317 – phone
(512) 930-7742 – fax

- 5.8 **Change of Address for Notice.** The parties may, from time to time, change their respective addresses listed above to any other location in the United States for the purpose of notice under this Agreement. A party's change of address shall be effective when notice of the change is provided to the other party in accordance with the provisions of Section 6.7, above.
- 5.9 **Severability.** If any part, term, or provision of this Agreement is held by the courts to be illegal, invalid, or otherwise unenforceable, such illegality, invalidity, or unenforceability shall not affect the validity of any other part, term, or provision, and the rights of the parties will be construed as if the part, term, or provision was never part of this Agreement.
- 5.10 **Personal Jurisdiction and Venue.** Personal jurisdiction and venue for any civil action commenced by any party to this Agreement, whether arising out of or relating to the Agreement or the Security, will be deemed to be proper only if such action is commenced in District Court for Williamson County, Texas, or the United States District Court for the Western District of Texas, Austin Division.

- 5.11 Captions Immaterial. The numbering, order, and captions or headings of the Sections of this Agreement are for convenience only and shall not be considered in construing this Agreement.
- 5.12 Entire Agreement. This Agreement contains the entire agreement between the parties and correctly sets forth the rights, duties, and obligations of each to the other as of the Effective Date. Any oral representations or modifications or amendments concerning this Agreement shall be of no force or effect excepting a subsequent written modification executed by both parties.
- 5.13 Binding Agreement. The execution and delivery of this Agreement and the performance of the transactions contemplated thereby have been duly authorized by all necessary corporate and governmental action of the City. This Agreement, when duly executed and delivered by each party, constitutes a legal, valid, and binding obligation of each party enforceable in accordance with the terms as of the Effective Date.
- 5.14 Recording. The parties agree that this Agreement shall be recorded in the Real Property Records of Williamson County, Texas at the expense of 1941.
- 5.15 Representations of 1941. 1941 hereby represents and warrants that 1941 has full power to execute and deliver and perform the terms, duties, and obligations of this Agreement and all of the foregoing has been duly and validly authorized by all necessary proceedings. This Agreement constitutes the legal, valid and binding obligations of 1941, enforceable in accordance with its terms.
- 5.16 Representation of City. The City hereby represent and warrant that they have full constitutional and lawful right, power and authority, under current applicable law to execute and deliver and perform the duties and obligations of this Agreement and all of the foregoing have been or will be duly and validly authorized and approved by all necessary proceedings, findings, and actions. Accordingly, this Agreement constitutes the legal, valid and binding obligation of the City, enforceable in accordance with its terms.
- 5.17 Binding Agreement. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto.
- 5.18 No Joint Venture. It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create any partnership or joint venture among parties. The City past, present, and future officers, elected officials, employees and agents of the City do not assume any responsibilities or liabilities to any third party in connection

with the development of the Project of the design, construction or operation of the Project.

- 5.19 Access to Project. 1941 further agrees that the City and its agents and employees shall have a right to reasonable access to the Project upon reasonable advance written notice and subject to any security requirements, if any, to inspect the Project in order to insure that the construction of the Project is in accordance with this Agreement and all applicable Federal, State, and Local laws and regulations.
- 5.20 Amendment. This Agreement may be amended by the mutual written agreement of the parties.
- 5.21 Legal Construction. In the event any one or more of the provisions contained in the Agreement shall for any reason be held to be invalid, illegal, or enforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in term as possible to the provision found to be illegal, invalid, or unenforceable.
- 5.22 Covenants Running With the Property The provisions of this Agreement are hereby declared covenants running with the Property and are fully binding upon 1941, its successors and assigns and each and every subsequent owner, tenant, subtenant, licensee, manager or occupant of all or any portion of the Property, but only during the term of such party's ownership, tenancy, subtenancy, licensee, management or occupancy of the Property (except with respect to defaults that occur during the term of such party's ownership, tenancy, subtenancy, license, management or occupancy of the Property for which party shall remain liable) who acquire any right, title, or interest in or to the Property or any part thereof. Any person who acquires any right, title or interest in or to the Property, or any part hereof, thereby agrees and covenants to abide by and fully perform the provisions of this Agreement with respect to right, title or interest in such Property.
- 5.23 No Conflict of Interest. The City represents and warrants that the Property upon which the Project is to be located is not owned by any officer or employee of the City.
- 5.24 Further Assurances. The City and 1941 agree to take such actions and execute and deliver such documents as may be reasonably necessary or appropriate to effect the provisions of this Agreement.

5.25 Term. Unless this Agreement is earlier terminated as expressly allowed herein or the City and 1941 mutually agree otherwise in writing, this Agreement shall be in effect on and until the date that is twenty (20) years after the date that the City makes the first payment to 1941 pursuant to Section 3.1.2 of this Agreement.

EXECUTED by the parties to be effective on June 14, 2005 (the "Effective Date").

CITY OF LIBERTY HILL, TEXAS

By: Connie Fuller

Connie Fuller, Mayor

ATTEST:

Kathy Clark

Kathy Clark, City Secretary

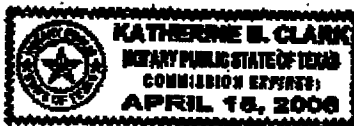
THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

This instrument was acknowledged before me on the 14 day of June 2005, by Connie Fuller, Mayor of the City of Liberty Hill, a Texas municipal corporation, on behalf of the City of Liberty Hill.

Katherine B. Clark

Notary Public in and for the State of Texas



**A Texas limited liability company,
Its General Partner**

C. M. "Pete" Kauffman
Managing Member

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Kathleen B. Clark



EXHIBIT A
Description of Property

The Property consists of four tracts containing 146.60 acres, 4.99 acres, 137.49 acres, and 204.79 acres, which are described by metes and bounds on the following pages.