

**EXHIBIT B**  
**Form of Waiver of Sales Tax Confidentiality**

**Date:**

I authorize the Comptroller of Public Accounts to release sales tax information pertaining to the taxpayer indicated below to 1941 Ltd., a Texas limited partnership, its successors or assigns, and the City of Liberty Hill, Texas. I understand that this waiver applies only to our business located near Parmer Lane or Ronald Reagan Boulevard and Highway 29 in Liberty Hill, Texas.

Please print or type the following information as shown on your Texas Sales and Use Tax permit:

**Name of Taxpayer Listed on Texas Sales Tax Permit**

---

**Name under which Taxpayer is doing business (d/b/a or Outlet Name)**

---

**Taxpayer mailing address:**

**Texas Taxpayer ID Number:**

**Tax Outlet Number:**

**Authorized Signature+**

**Printed Name:**

**Title:**

**Phone:**

**Date:**

**+The authorized signature must be an owner, officer, director, partner, or agent authorized to sign a Texas Sales Tax Return.**

DESCRIPTION FOR 1941 LTD. TRACT 1

BEING 146.60 ACRES IN WILLIAMSON COUNTY, TEXAS; SITUATED IN THE WM. H. MONROE SURVEY, A-8, IN THE NOAH SMITHWICK SURVEY A-590, AND IN THE G. FISK SURVEY A-5. THIS TRACT IS PART OF A 530.45 ACRE TRACT WHICH IS DESCRIBED IN A DEED TO 1941 LTD. OF RECORD IN DOC. 2000024139; AND WAS SURVEYED ON THE GROUND IN JUNE OF 2003, BY WILLIAM F. FOREST, JR., R.P.L.S. NO. 1847.

BEGINNING AT AN IRON PIN WHICH WAS FOUND IN THE NORTH LINE OF STATE HIGHWAY 29, AT THE SOUTHWEST CORNER OF THE SAID 530.45 ACRE TRACT.

THENCE WITH THE WEST LINE OF THE 530.45 ACRE TRACT AND THE EAST LINE OF A LANE WHICH WAS CALLED 25 FEET WIDE IN VOL. 599, PG. 911, N 15°32'15" E 1933.84' TO AN IRON PIN FOUND; AND N 06 DEG. 01 MIN. 28 SEC. W 2027.18' TO AN IRON PIN FOUND.

THENCE WITH THE PROPOSED BOUNDARY OF PARMER LANE AS MONUMENTED ON THE GROUND (SEE PRIOR SURVEY BY HAYNIE CONSULTING INC. IN MARCH OF 2003), FINDING IRON PINS AS FOLLOWS; (C3) 520.20' WITH THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 8217.06 FEET, THE CHORD BEARS S 37°34'13" E 520.11' TO THE END OF THE CURVE; S 39°23'02" E 1743.63' TO THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 3400.00'; (C1) 295.13' WITH THE ARC OF THE CURVE, THE CHORD BEARS S 36°53'49" E 295.04' TO THE END OF THE CURVE; (L8) S 55°46'10" W 144.94'; 1481.01' WITH THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 3344.14', THE CHORD BEARS S 21°47'45" E 1468.94' TO THE END OF THE CURVE; S 09 DEG. 06 MIN. 31 SEC. E 262.21'; (L7) S 07°43'22" E 200.04'; (L6) S 02°00'03" E 201.57'; (L5) S 02°01'20" E 201.93'; (L4) S 04°50'07" E 200.64'; (L3) S 09°09'30" E 199.91'; (L2) S 09°07'47" E 176.24'; AND (L1) S 35°47'57" W 124.71'.

THENCE WITH THE NORTH RIGHT-OF-WAY LINE OF STATE HIGHWAY 29, (L19) N 89°54'13" W 12.53' TO A CONCRETE RIGHT-OF-WAY MONUMENT FOUND AT THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 2761.73'; CONTINUING WITH THE ARC OF THE CURVE 1003.90', THE CHORD BEARS N 79°29'24" W 998.38' TO AN IRON PIN FOUND AT THE S.E. CORNER OF A 5 AC. TRACT WHICH WAS CONVEYED TO C.M. KAUFFMAN, ET. UX., IN VOL. 599, PG. 911.

THENCE WITH THE BOUNDARY OF THE SAID 5 ACRE TRACT, N 36°41'45" E 342.26' TO AN IRON PIN SET; AND N 59°19'48" W 602.70' TO AN IRON PIN FOUND AT THE NORTHEAST CORNER OF A 5 ACRE TRACT WHICH WAS CONVEYED TO JACK KAUFFMAN IN VOL. 599, PG. 914.

THENCE WITH THE BOUNDARY OF THE JACK KAUFFMAN 5 ACRE TRACT, N 59°19'48" W 570.04' TO AN IRON PIN FOUND; AND S 30°39'24" W 378.44' TO AN IRON PIN FOUND.

THENCE WITH THE NORTH LINE OF STATE HIGHWAY 29, N 58°42'44" W 596.01' TO THE POINT OF BEGINNING.

THE UNDERSIGNED DOES HEREBY CERTIFY THAT THIS SURVEY WAS THIS DAY MADE ON THE GROUND ON THE PROPERTY LEGALLY DESCRIBED HEREON AND IS CORRECT, AND THAT THERE ARE NO SIGNIFICANT BOUNDARY LINE CONFLICTS, SHORTAGES IN AREA, PROTRUSIONS, INTRUSIONS, OVERLAPPING OF IMPROVEMENTS, EXCEPT AS SHOWN ON THE SURVEY PLAT. TO CERTIFY WHICH, WITNESS MY HAND AND SEAL THIS THE 3RD DAY OF JUNE, 2003.

EXHIBIT A

  
William F. Forest, Jr. R.P.L.S. 1847



TRACT 2

DESCRIPTION FOR C.M. KAUFFMAN ET. UX.

BEING 4.99 ACRES OF THE WM. H. MONROE SURVEY, ABSTRACT NO. 453 IN WILLIAMSON COUNTY, TEXAS; THE SAME TRACT WHICH WAS CALLED 5 ACRES (FIRST TRACT) AS DESCRIBED IN A DEED TO C.M. KAUFFMAN ET. UX., OF RECORD IN VOL. 599, PG. 911, DEED RECORDS OF WILLIAMSON COUNTY, TEXAS. SURVEY MADE ON THE GROUND IN AUGUST OF 2003, BY WILLIAM F. FOREST, JR., R.P.L.S. No. 1847.

BEGINNING AT AN AUTO AXLE WHICH WAS FOUND AT THE SOUTHWEST CORNER OF THE SAID 5 ACRE C.M. KAUFFMAN TRACT, IN THE NORTH LINE OF STATE HIGHWAY 29.

THENCE WITH THE WEST LINE OF THE C.M. KAUFFMAN 5 ACRE TRACT AND WITH THE EAST LINE OF A 5 ACRE TRACT CONVEYED TO JACK KAUFFMAN IN VOL. 599, PG. 914, N 30 ° 43' 14" E 384.82' TO AN AUTO AXLE FOUND.

THENCE WITH THE NORTH LINE OF THE SAID 5 ACRE TRACT AND WITH THE BOUNDARY OF A 146.60 ACRE TRACT 1 WHICH WAS SURVEYED IN JUNE OF 2003, S 59°19'48" E 602.70 FEET TO AN IRON PIN SET.

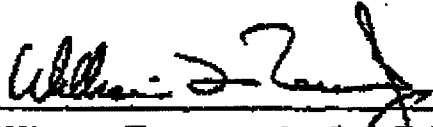
THENCE WITH THE EAST LINE OF THE SAID 5 ACRE TRACT AND WITH THE BOUNDARY OF THE 146.60 ACRE TRACT 1, S 36°41'45" W 342.26' TO AN IRON PIN FOUND IN THE CURVED N. LINE OF STATE HIGHWAY 29.

THENCE WITH THE NORTH LINE OF STATE HIGHWAY 29, 526.49 FEET WITH THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 2719.81 FEET, THE CHORD BEARS N 64 DEG. 14 MIN. 02 SEC. W 525.67 FEET TO AN IRON PIN SET AT THE END OF THE CURVE.

THENCE WITH THE NORTH LINE OF STATE HIGHWAY 29, N 58 DEG. 41 MIN. 18 SEC. W 43.37 FEET TO THE POINT OF BEGINNING.

THE UNDERSIGNED DOES HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND OF THE PROPERTY LEGALLY DESCRIBED HEREON AND IS CORRECT, AND THAT THERE ARE NO SIGNIFICANT BOUNDARY LINE CONFLICTS, SHORTAGES IN AREA, PROTRUSIONS, INTRUSIONS, OVERLAPPING OF IMPROVEMENTS, EXCEPT AS SHOWN ON THE SURVEY PLAT.

TO CERTIFY WHICH, WITNESS MY HAND AND SEAL THIS THE 22ND DAY OF AUGUST, 2003.

  
William F. Forest, Jr. R.P.L.S. 1847



TRACT 3

DESCRIPTION FOR 1941 LTD.

BEING 137.49 ACRES IN WILLIAMSON COUNTY, TEXAS; SITUATED IN THE G. FISK SURVEY A-5. THIS TRACT IS PART OF A 530.45 ACRE TRACT WHICH IS DESCRIBED IN A DEED TO 1941 LTD. OF RECORD IN DOC. 2000024139. THIS DESCRIPTION HAS BEEN PREPARED FROM A SURVEY MADE ON THE GROUND IN JUNE OF 2003 BY WILLIAM F. FOREST, JR., R.P.L.S. No. 1847.

BEGINNING AT AN IRON PIN WHICH WAS SET IN JUNE OF 2003, IN THE NORTH LINE OF STATE HIGHWAY 29, AT THE LOWER SOUTHEAST CORNER OF THE SAID 530.45 ACRE TRACT.

THENCE WITH THE NORTH LINE OF STATE HIGHWAY 29, N 89°54'13"W 488.86' TO AN IRON PIN FOUND AT THE SOUTHEAST CORNER OF A 36.12 ACRE PROPERTY DESCRIBED IN DOC. 2003048639 (PROPOSED FARMER LANE EXTENSION).

THENCE WITH THE EAST BOUNDARY OF THE 36.12 ACRE PROPERTY, (L18) N 54°09'19"W 171.74' TO AN IRON PIN SET, CONTINUING WITH THE BOUNDARY OF THE SAID 36.12 ACRE PROPERTY AS MONUMENTED ON THE GROUND (SEE PRIOR SURVEY BY HAYNIE CONSULTING INC. IN MARCH OF 2003), FINDING IRON PINS AS FOLLOWS; (L17) N 09°09'53"W 247.10'; (L16) N 09°06'16"W 199.96'; (L15) N 17°38'22"W 202.64'; (L14) N 16°17'52"W 201.50'; (L13) N 14°49'04"W 201.02'; (L12) N 10°33'49"W 200.06'; N 09°08'37"W 262.30'; AND (C8) 65.30' WITH THE ARC OF THE CURVE TO THE LEFT HAVING A RADIUS OF 3645.89', THE CHORD BEARS N 09°34'41"W 55.30' TO AN IRON PIN FOUND AT THE S.W. CORNER OF A 2.79 ACRE TRACT DESCRIBED IN DOC. 2003048639 (PROPOSED WATER QUALITY TRACT).

THENCE WITH THE BOUNDARY OF THE 2.79 ACRE TRACT FINDING IRON PINS AS FOLLOWS; N 77°46'33"E 435.90'; N 12°14'30"W 280.07'; AND S 77°47'59"W 435.77'.

THENCE WITH THE EAST BOUNDARY OF THE PROPOSED FARMER LANE (36.12 AC. TRACT) AS MARKED BY IRON PINS FOUND; (C6) 305.66' WITH THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 3645.89', THE CHORD BEARS N 16°49'11"W 305.57' TO THE END OF THE CURVE; (L11) S 70°53'40"W 14.93'; CONTINUING WITH THE ARC OF A CURVE (TO THE LEFT HAVING A RADIUS OF 3624.88') 1273.13', THE CHORD BEARS N 29°20'40"W 1266.59' TO THE END OF THE CURVE; AND N 39°24'22"W 1159.04' TO AN IRON PIN FOUND IN THE SOUTH BOUNDARY OF A 2.46 ACRE TRACT DESCRIBED IN DOC. 2003048639 (PROPOSED WATER QUALITY TRACT).

THENCE WITH THE BOUNDARY OF THE 2.46 ACRE TRACT FINDING IRON PINS AS FOLLOWS; N 50°37'12"E 205.15'; N 39°23'12"W 363.65'; AND N 84°20'55"W 318.21 FEET TO THE MOST NORTHERLY OF TWO STAKES FOUND (HAYNIE STAKE FOUND N 42°22'17" W 4.18' FROM P.B.S. & J. STAKE FOUND).

THENCE WITH THE EAST BOUNDARY OF THE PROPOSED FARMER LANE (36.12 AC.), 869.41' WITH THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 7749.02', THE CHORD BEARS N 36°12'07" W 868.95 FEET TO AN IRON PIN FOUND.

THENCE WITH THE WEST BOUNDARY OF THE 530.45 ACRE TRACT, N 08°10'29"W 186.47' TO A 2 INCH PIPE POST FOUND.

TRACT 3

DESCRIPTION FOR 1941 LTD. (137.54 AC.)

PAGE TWO


THENCE WITH THE NORTH BOUNDARY OF THE SAID 530.45 ACRE TRACT, AS FOUND MONUMENTED ON THE GROUND, (ALONG OR NEAR THE GENERAL LINE OF AN EXISTING FENCE) AND WITH THE SOUTH LINE OF AN EXISTING 60 FOOT WIDE EASEMENT ROAD KNOWN AS CROSS CREEK LANE (PROVIDES ACCESS TO ADJACENT PROPERTIES TO THE NORTH), N 69°34'16"E 1110.48' TO AN IRON PIN TO BE SET.

THENCE WITH THE WEST BOUNDARY OF A PROPOSED 203.99 ACRE TRACT (SETTING IRON PINS AS FOLLOWS: S 20°23'19" E 1288.89'; S 75°20'23" E 288.63'; N 62°44'41" E 395.28' TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 730', CONTINUING WITH THE ARC OF THE CURVE 484.10 FEET, THE CHORD BEARS N 43°44'48" E 475.28 FEET TO THE END OF THE CURVE; S 57°41'11"E 55.09'; S 31°19'32"E 287.94'; AND S 08°20' E 514.97' TO AN IRON PIN FOUND AT A CORNER OF THE SAID 530.45 ACRE TRACT.

THENCE WITH THE BOUNDARY OF THE 530.45 ACRE TRACT, ALONG OR NEAR THE GENERAL LINE OF AN EXISTING FENCE; S 08°53'08"E 4422.18' TO THE POINT OF BEGINNING.

THE UNDERSIGNED DOES HEREBY CERTIFY THAT THIS SURVEY WAS THIS DAY MADE ON THE GROUND ON THE PROPERTY LEGALLY DESCRIBED HEREON AND IS CORRECT, AND THAT THERE ARE NO SIGNIFICANT BOUNDARY LINE CONFLICTS, SHORTAGES IN AREA, PROTRUSIONS, INTRUSIONS, OVERLAPPING OF IMPROVEMENTS, EXCEPT AS SHOWN ON THE SURVEY PLAT.

TO CERTIFY WHICH, WITNESS MY HAND AND SEAL THIS THE 19TH DAY OF JUNE, 2003.



William F. Forest, Jr. R.P.L.S. 1847



DESCRIPTION FOR 1941 LTD.

BEING 204.79 ACRES IN WILLIAMSON COUNTY, TEXAS; SITUATED IN THE G. FISK SURVEY A-5. THIS TRACT IS PART OF A 530.45 ACRE TRACT WHICH IS DESCRIBED IN A DEED TO 1941 LTD. OF RECORD IN DOC. 2000024139. THIS DESCRIPTION HAS BEEN PREPARED FROM A SURVEY MADE ON THE GROUND IN JUNE OF 2003, BY WILLIAM F. FOREST, JR., R.P.L.S. No. 1847.

BEGINNING AT AN IRON PIN WHICH WAS FOUND AT THE NORTHEAST FENCE CORNER OF THE SAID 530.45 ACRE TRACT, IN THE SOUTH LINE OF A 60 FOOT WIDE EASEMENT ROAD THAT PROVIDES ACCESS TO PROPERTIES TO THE NORTH (CROSS CREEK LANE).

THENCE WITH THE BOUNDARY OF THE SAID 530.45 ACRE TRACT AS FOUND MONUMENTED ON THE GROUND; (ALONG OR NEAR THE GENERAL LINE OF AN EXISTING FENCE), S 21°04'03" E 491.77' TO AN IRON PIN FOUND; AND S 20°47'54"E 1411.27' TO AN IRON PIN SET NEAR THE SOUTHEAST EDGE OF A FENCE CORNER POST; AND S 69°31'42" W 3846.42' TO AN IRON PIN FOUND AT A CORNER OF THE 530.45 ACRE TRACT.

THENCE WITH THE EAST BOUNDARY OF A PROPOSED 137.54 ACRE TRACT (SETTING IRON PINS AS FOLLOWS); N 08°20' W 514.97'; N 31°19'32" W 287.94'; N 57°41'11" W 55.09 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 730'; CONTINUING WITH THE ARC OF THE CURVE, 484.10 FEET, THE CHORD BEARS S 43°44'48" W 475.28 FEET TO THE END OF THE CURVE; S 62°44'41" W 395.28'; N 75°20'23" W 288.63'; AND N 20°23'19" W 1288.89'.

THENCE WITH THE NORTH BOUNDARY OF THE SAID 530.45 ACRE TRACT, AS FOUND MONUMENTED ON THE GROUND; (ALONG OR NEAR THE GENERAL LINE OF AN EXISTING FENCE) AND WITH THE SOUTH LINE OF AN EXISTING 60 FOOT WIDE EASEMENT ROAD KNOWN AS CROSS CREEK LANE (PROVIDES ACCESS TO ADJACENT PROPERTIES TO THE NORTH), FINDING MONUMENTATION AS FOLLOWS; N 69°34'16"E 1436.60' (IRON PIN); N 69°23'29"E 666.69' (2" PIPE POST); N 69°23'46"E 655.18 FEET (TO AN IRON PIN); CONTINUING WITH THE EASEMENT LINE, S 22°01'41"E 133.61 FEET (TO AN IRON PIN); AND N 69°27'05"E 2105.08' TO THE POINT OF BEGINNING.

THE UNDERSIGNED DOES HEREBY CERTIFY THAT THIS SURVEY WAS THIS DAY MADE ON THE GROUND ON THE PROPERTY LEGALLY DESCRIBED HEREON AND IS CORRECT, AND THAT THERE ARE NO SIGNIFICANT BOUNDARY LINE CONFLICTS, SHORTAGES IN AREA, PROTRUSIONS, INTRUSIONS, OVERLAPPING OF IMPROVEMENTS, EXCEPT AS SHOWN ON THE SURVEY PLAT.

TO CERTIFY WHICH, WITNESS MY HAND AND SEAL THIS THE 19TH DAY OF JUNE, 2003.

  
William F. Forest, Jr. R.P.L.S. 1847



EXHIBIT A

DESCRIPTION FOR 1941 LTD.

ANNEXATION TRACT 2

BEING 1.30 ACRES IN WILLIAMSON COUNTY, TEXAS; SITUATED IN THE NOAH SMITHWICK SURVEY A-590, AND IN THE G. FISK SURVEY A-5. THIS TRACT IS PART OF A 530.45 ACRE TRACT WHICH IS DESCRIBED IN A DEED TO 1941 LTD. OF RECORD IN DOC. 2000024139, OFFICIAL RECORDS OF WILLIAMSON COUNTY, TEXAS (ORWCT). THIS DESCRIPTION HAS BEEN PREPARED BASED UPON A SURVEY WHICH WAS MADE ON THE GROUND IN JUNE OF 2003, BY WILLIAM F. FOREST, JR., R.P.L.S. No. 1847. THIS TRACT IS A PART OF THE 146.60 ACRE WILLIAMSON COUNTY MUD No. 17 (WCMUD # 17). THE BEARING BASIS FOR THIS DESCRIPTION IS THE PREVIOUS SURVEY FOR THE SAID 146.60 AC. TRACT.

BEGINNING AT AN IRON PIN WHICH WAS FOUND IN THE WEST LINE OF THE PROPOSED RIGHT OF WAY FOR FARMER LANE AT THE MOST WESTERLY NORTHWEST CORNER OF A 36.12 ACRE TRACT WHICH IS DESCRIBED IN DOC. 2003048638 (ORWCT). THIS CORNER IS THE NORTHWEST CORNER OF THE SAID 146.60 ACRE TRACT WHICH IS A PART OF THE SAID WCMUD # 17. THIS CORNER EXISTS IN THE EAST LINE OF A LANE CALLED 25 FEET WIDE IN VOL. 599, Pg. 911, DEED RECORDS.

THENCE WITH THE PROPOSED BOUNDARY OF FARMER LANE AS MONUMENTED ON THE GROUND (SEE PRIOR SURVEY BY HAYNIE CONSULTING INC. IN MARCH OF 2003), FINDING IRON PINS AS FOLLOWS; (C3) 520.20' WITH THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 8217.06 FEET, THE CHORD BEARS S 37°34'13"E 520.11' TO THE END OF THE CURVE; S 39°23'02"E 1743.63' TO THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 3400.00'; (C1) 295.13' WITH THE ARC OF THE CURVE, THE CHORD BEARS S 36°53'49"E 295.04' TO THE END OF THE CURVE; (L8) S 55°46'10" W 44.94'; 1481.01' WITH THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 3344.14', THE CHORD BEARS S 21°47'45" E 1468.94' TO THE END OF THE CURVE; S 09 DEG. 06 MIN. 31 SEC. E 262.21'; (L7) S 07°43'22"E 200.04'; (L6) S 02°00'03" E 201.57'; (L5) S 02°01'20" E 201.93'; (L4) S 04°50'07"E 200.64'; (L3) S 09°09'30"E 199.91'; (L2) S 09°07'47" E 176.24'; AND (L78) S 35°47'57" W 112.39'.

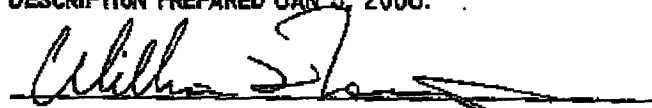
THENCE WITH THE NORTH LINE OF ANOTHER ANNEXATION TRACT CONTAINING 2.15 AC. (TRACT 1), (L79) N 89°54'13"W 12.31'.

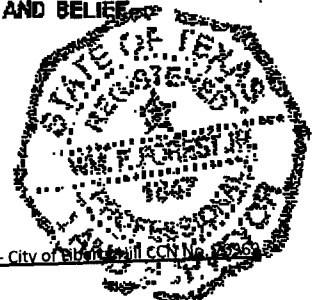
THENCE (L59); N 35°47'57"E 115.44'; (L60) N 09°07'47"W 172.10'; (L61) N 09°09'30"W 200.28'; (L62) N 04°50'07" W 201.26'; (L63) N 02°01'20"W 202.18'; (L64) N 02°00'03" W 201.07'; (L65) N 07°43'22"W 199.42'; AND (L66) N 09°06'31"W 262.09' TO THE BEGINNING OF A CURVE (C16) TO THE LEFT HAVING A RADIUS OF 3334.14 FEET; CONTINUING WITH THE ARC OF THE CURVE, 1486.63 FEET, THE CHORD BEARS N 21°52'56" W 1474.34 FEET TO AN IRON PIN AT THE END OF THE CURVE.

THENCE (L67) N 55°46'10"E 44.95 FEET; TO A POINT IN A CURVE (C17) TO THE LEFT HAVING A RADIUS OF 3390.0', CONTINUING WITH THE ARC OF THE CURVE, 284.23 FEET, THE CHORD BEARS N 36°58'54" W 284.15 FEET TO THE END OF THE CURVE; N 39°23'02"W 1743.63 FEET TO THE BEGINNING OF A CURVE (C18) TO THE RIGHT HAVING A RADIUS OF 7958.72 FEET, CONTINUING WITH THE ARC OF THE CURVE, 503.33 FEET, THE CHORD BEARS N 37°38'01" W 503.25 FEET TO THE WEST LINE OF THE SAID 146.60 AC. TRACT.

THENCE WITH THE WEST BOUNDARY OF THE SAID 146.60 ACRE TRACT, (L80) N 06° 01'28" W 20.16 FEET TO THE POINT OF BEGINNING.

THE UNDERSIGNED DOES HEREBY CERTIFY THAT THIS DESCRIPTION WAS PREPARED BASED ON A SURVEY WHICH WAS MADE ON THE GROUND IN 2003 AND IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.  
DESCRIPTION PREPARED JAN 5, 2006.

  
WILLIAM F. FOREST, JR. R.P.L.S. 1847



## WHOLESALE WASTEWATER SERVICE AGREEMENT

This WHOLESALE WASTEWATER SERVICE AGREEMENT (this "Agreement") is made and entered into by and between the CITY OF LEANDER, home rule municipality ("Leander") and the CITY OF LIBERTY HILL, general-law municipality ("Liberty Hill"), collectively ("Parties").

### RECITALS

WHEREAS, Liberty Hill is currently permitted to treat 1.2 million gallons per day (MGD) of wastewater effluent, and upon approval of a pending permit application, Liberty Hill expects to have capacity to treat 4.0 MGD of wastewater effluent; and

WHEREAS, Liberty Hill has adequate capacity to provide wastewater service to Leander's city limits and extraterritorial jurisdiction north of the South San Gabriel River, an area more particularly described by ("Exhibit A"); and

WHEREAS, Liberty Hill desires to provide wastewater to Leander on a wholesale basis and Leander desires to be a wholesale wastewater customer to meet its growing wastewater demand; and

WHEREAS, the Parties desire to enter into an agreement setting forth terms and conditions pursuant to which Liberty Hill shall provide wholesale wastewater service to Leander, which in turn shall compensate Liberty Hill for the service as described in this Agreement; and

WHEREAS, this Agreement is made and entered into pursuant to the provisions of the Interlocal Cooperation Act, Government Code, Chapter 791; Water Code Chapter 30; and other applicable law.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Liberty Hill and Leander 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) Active Connection: means a connection for which there is an open utility account with Leander during any portion of a monthly billing period. Each connection is the equivalent of one LUE, provided that the property served by the connection is a single family residence. The LUE



equivalency for connections served that are not a single family residence shall be determined in accordance with the Austin Water Utility Living Unit Equivalent Guidance Document attached hereto as **Exhibit B**. For example, a large retail property of approximately 40,000 square feet will be considered to have 24 LUEs per Active Connection.

- b) **CCN:** means certificate of convenience and necessity granted by the Public Utilities Commission or successor agency.
- c) **Commercial Customers:** means all non-residential retail Wastewater customers of Leander in the Wholesale Wastewater Service Area.
- d) **Connecting Facilities:** means facilities connecting any Internal Facilities to a Point of Entry (excluding any Interceptors).
- e) **Connection Fees:** 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. Presently, the Connection Fee is \$1,550.00 per LUE.
- f) **Costs of the System:** means all of Liberty Hill's costs of acquiring, constructing, developing, permitting, implementing, expanding, improving, enlarging, bettering, extending, replacing, repairing, maintaining, and operating the Liberty Hill 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 Liberty Hill's City Council.
- g) **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.
- h) **Effective Date:** means the last date of execution by all of the Parties.
- i) **ETJ:** means extraterritorial jurisdiction.

- j) **Environmental Protection Agency or EPA:** means the United States Environmental Protection Agency.
- k) **Excess System Reservation Fees:** means the product of the System Reservation Fee and: (i) the difference between the number of LUE's shown on a phase of a preliminary plat and the final plat for that phase, if the subdivision is developed in phases; or (ii) the number of LUE's shown on a preliminary plat and the final plat, if the property is not developed in phases.
- l) **Infiltration:** means water that enters Leander's System through defects such as cracks or breaks in the piping, manholes or other appurtenances.
- m) **Inflow:** means water that enters the Leander System through direct sources such as drain spouts, manholes, clean-outs, or other appurtenances.
- n) **Interceptors:** means any Wastewater interceptors previously constructed by LCRA and conveyed to Liberty Hill, together with any Wastewater mains, lift stations and other wastewater facilities constructed by or on behalf of Liberty Hill after the Effective Date of this Agreement that connect the South San Gabriel Plant to a Point of Entry.
- o) **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 Leander for the Leander System.
- p) **Leander's System or Leander System:** means the Wastewater facilities of Leander for collection and transportation of Wastewater from its retail customers to the Points of Entry into the Liberty Hill System. The Leander System includes the existing Connecting Facilities, and internal collection system, as well as any additional Internal Facilities and Connecting Facilities constructed pursuant to this Agreement.
- q) **Liberty Hill's Wastewater System or Liberty Hill System:** means all of the Wastewater equipment and facilities of Liberty Hill that are used for the collection, transportation, treatment, or disposal of Wastewater received from the Leander System.
- r) **Lift Stations:** The lift stations and force main located in Liberty Hill's ETJ, which are more particularly described in **Exhibit C** and which Liberty Hill is seeking to acquire.

- s) **LUE:** means Living Unit Equivalent, which one wastewater LUE, for City design purposes, is 200 gallons per day of wastewater service. The parties may amend the definition of LUE in this Agreement as appropriate based on increased efficiencies in the Liberty Hill System and future impact fee studies.
- t) **LUE-Multiplier:** means the number of LUE's to be multiplied by Flat Rate or Connection Fee, as appropriate for each Active Connection served that is not a single family residence in accordance with the Austin Water Utility Living Unit Equivalent Guidance Document 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 Leander. The Liberty Hill System shall include each Metering Facility.
- v) **Peak Hour Flow Rate:** means the highest metered and calculated flow rate delivered from Leander to Liberty Hill's System at a Point of Entry under any operational condition, including inflow and infiltration.
- w) **Points of Entry:** means the locations, to be approved by Leander and Liberty Hill, in Liberty Hill's System at which all Wastewater will pass from Leander's Connecting Facilities to Liberty Hill's System. The initial Point of Entry shall be the South San Gabriel Plant ("Initial Point of Entry"). Future Points of Entry shall be agreed upon by Leander and Liberty Hill in connection with the acquisition or construction and commencement of operation of new Connecting Facilities after the Effective Date that connect to Liberty Hill's System.
- x) **Prohibited Waste:** means those substances and wastes prohibited from being discharged into Liberty Hill's System and Leander's System, identified on **Exhibit D** attached hereto.
- y) **Reclaimed Water:** means domestic or municipal wastewater that has been treated to a quality suitable for a Type I Reclaimed Water Use pursuant to the requirements of the TCEQ under 30 Texas Administrative Code 290, as amended from time to time.
- z) **Residential Customers:** means retail residential Wastewater customers of Leander in the Wholesale Wastewater Service Area.
- aa) **Single Family Residence:** means the use of a site for only one dwelling unit, where a dwelling unit is a building, or portion thereof, designed or

used exclusively for residential occupancy (not including hotels and motels).

- bb) South San Gabriel Plant: means the wastewater treatment plant, including outfall lines and other appurtenances previously constructed by LCRA and conveyed to Liberty Hill.
- cc) 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.
- dd) System Reservation Fee: means the portion of the Connection Fee paid in accordance with Section 5.06, to reserve capacity in the Liberty Hill System.
- ee) TCEQ: means the Texas Commission on Environmental Quality, or any predecessor or successor agencies.
- ff) Waste or Wastewater: means liquid or water borne waste, including, without limitation, sewage, commercial waste, industrial waste or other wastes, whether separate or commingled.
- gg) Wholesale Wastewater Rate: means the monthly rate charged by Liberty Hill to Leander for providing Wholesale Wastewater Service under this Agreement, which is calculated as set forth in Article V.
- hh) Wholesale Wastewater Service Area: means the territory within Leander's ETJ and city limits in the South San Gabriel River Basin. The current boundaries of the service area are attached hereto as **Exhibit A**.
- ii) Wholesale Service Commitment: means the 8,100 LUEs of Wholesale Wastewater Service to be made available by Liberty Hill to Leander under this Agreement for the Wholesale Wastewater Service Area, subject to agreed amendments to the Wholesale Wastewater Service Area and/or the Wastewater Service Commitment as provided in Section 2.01(b).
- jj) Wholesale Wastewater Service: means the reception, transportation, treatment, and disposal of Wastewater to be provided by Liberty Hill to Leander 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, Liberty Hill agrees to provide Wholesale Wastewater Service to Leander for the Wholesale Wastewater Service Area in a quantity not to exceed the Wholesale Service Commitment.
- b) Leander may request that Liberty Hill increase the Wholesale Wastewater Service Area and/or the Wastewater Service Commitment. In such event, Liberty Hill and Leander will enter into good faith negotiations to amend this Agreement to increase the Wholesale Service Commitment and/or the Wholesale Wastewater Service Area, as appropriate.

**2.02 Phasing of Wholesale Wastewater Service.**

- a) Subject to the provisions of the foregoing paragraph 2.01, Liberty Hill shall make Wholesale Wastewater Service available within the Wholesale Wastewater Service Area on a phased basis as follows:
  - 1) Phase 1: 1,500 LUEs of Wholesale Wastewater Service shall be made available to the Wholesale Wastewater Service Area upon the earlier to occur of a) 18 months after the Effective Date of this Agreement; or b) completion and acceptance of Connecting Facilities to a Point of Entry.
  - 2) Subsequent Phases: Leander shall give Liberty Hill written notice at such time that Leander determines that additional Wholesale Wastewater Service is needed in the Wholesale Wastewater Service Area. Such notice will include the number of LUE's that will require Wholesale Wastewater Service. Such notice shall be given at the time of preliminary plat approval in accordance with Section 5.06, provided that Leander may give written notice that additional Wholesale Wastewater Service is needed at other times as determined appropriate in Leander's discretion. Liberty Hill shall make Wholesale Wastewater Service available for the number of LUE's requested within 18 months of the date of the request, up to the Wholesale Wastewater Commitment, and payment of the System Reservation Fee for the number of LUE's stated in the notice. Payment of the System Reservation Fee shall guarantee capacity within the South San Gabriel Plant and other parts of the Liberty Hill System, as applicable, for the number of LUEs for which the System Reservation Fee is paid.
- b) Leander shall notify Liberty Hill in writing of the number of lots approved in a preliminary plat for property within the Wholesale Wastewater Service Area within thirty days of approval of the preliminary plat as provided in Section 5.06.

**2.03 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 (gpm) for each LUE allocated to all Phases served by such Point of Entry.
- b) The Peak Hour Flow Rate for Phase 1 shall not exceed 975 gpm.
- c) The Peak Hour Flow Rate for all subsequent phases shall be calculated in accordance with this subsection.

Peak Hour Flow Rate (gpm) = (0.65 gpm) x (number of LUEs requested per phase)

- d) The Parties agree that any increase in the agreed Peak Hour Flow Rate or the daily BOD of Wholesale Wastewater Service that Liberty Hill provides to Leander under this Agreement will require a written amendment of this Agreement duly authorized by the governing bodies of the Parties.

**2.04 Wastewater Strength Limitations.**

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

The daily BOD 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 Phase. The daily BOD Loading for Phase 1 shall not exceed 638 pounds (BOD-5). The daily BOD Loading for all subsequent phases shall be calculated in accordance with this subsection.

Daily BOD Loading (BOD-5) = (0.425 pounds) x (number of LUEs requested per phase)

**2.05 Conditions Precedent for Commencement of Wholesale Wastewater Service.**

Subject to the provisions of this Agreement, Liberty Hill shall make Wholesale Wastewater Service available as follows:

- a) The commencement of Wholesale Wastewater Service to Leander will be contingent on the extension of Connecting Facilities to a Point of Entry.

- b) Leander agrees not to contest any other future permit applications filed by Liberty Hill that are necessary to provide service to the Wholesale Wastewater Service Area, as long as Liberty Hill provides Wholesale Wastewater Service in compliance with this Agreement. Liberty Hill agrees that it shall not apply for a sewer certificate of convenience and necessity for the Wholesale Wastewater Service Area within the Leander city limits or ETJ.

**2.06 Sole Provider; Waste Disposal Permit Application.**

- a) For so long as Liberty Hill meets its obligations under this Agreement, Liberty Hill will be the sole source of Wholesale Wastewater Service to Leander for the Wholesale Wastewater Service Area unless: i) Liberty Hill consents in writing to Leander's conversion to another wholesale provider; or, ii) Liberty Hill refuses or fails to provide Wholesale Wastewater Service in accordance with the terms of this Agreement, in which event Leander shall be free to find an alternative Wholesale Wastewater Service provider; provided that Leander may provide retail wastewater service within the Wholesale Wastewater Service Area using the Leander System on a temporary basis and allow for temporary connections to the Leander System pending completion of Connecting Facilities. Upon completion of the Connecting Facilities, Liberty Hill shall provide Wholesale Wastewater Service to any connections temporarily served by Leander in the Wholesale Wastewater Service Area.
- b) Under the terms and conditions set forth herein, Liberty Hill shall be entitled to provide Wholesale Wastewater Service to Leander for the Wholesale Wastewater Service Area from any source of treatment capacity available to Liberty Hill.

**2.07 Wholesale Service Commitment Not Transferable.**

- a) Liberty Hill's commitment to provide Wholesale Wastewater Service under this Agreement is solely to Leander and solely for the Wholesale Wastewater Service Area. Leander may not assign or transfer in whole or in part Liberty Hill's service commitment to any person or entity without Liberty Hill's approval, and any assignment will be subject to the terms and conditions of this Agreement.
- b) Liberty Hill may assign or transfer in whole or in part its obligations under this Agreement to any other person or entity, with Leander's prior written consent, which consent shall not be unreasonably withheld.

**2.08 Leander Responsible for Retail Connections.**

Leander 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 Leander's policies and regulations governing connection to the Leander System.

**2.09. Retail Billing and Collection.**

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

**2.10. Curtailment of Service.**

The Parties agree that, if Wastewater Service is curtailed by Liberty Hill to other customers of the Liberty Hill System due to the need to conduct maintenance operations or due to an emergency, Liberty Hill may impose a like curtailment, with notice to Leander, on Wholesale Wastewater Service delivered to Leander under this Agreement. Liberty Hill will impose such curtailments in a nondiscriminatory fashion. The Parties agree that they will not construe this Agreement to prohibit Liberty Hill 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.

**2.11. Cooperation During Maintenance or Emergency.**

Leander will reasonably cooperate with Liberty Hill during periods of emergency or required maintenance. If necessary, upon prior notice, Leander 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.

**2.12. Retail Service and CCN.**

The Parties acknowledge and agree that Leander shall be the retail provider of sewer service to lands within the Wholesale Wastewater Service Area. Liberty Hill agrees that it will not oppose or protest an application by Leander to obtain a sewer CCN for the Wholesale Wastewater Service Area within the Leander city limits or ETJ. Liberty Hill will not provide retail sewer service within the Wholesale Wastewater Service Area, and shall amend any agreements providing for Liberty Hill to provide retail wastewater service within the Wholesale Wastewater Service Area to be consistent with the retail sewer service area boundaries and the agreements regarding inspection of Internal Facilities set forth in this Agreement.



### **ARTICLE III: DESIGN AND CONSTRUCTION OF FACILITIES**

#### **3.01 Design and Construction of the Internal Facilities.**

- a) Leander will be responsible for design and construction of, or for causing one or more third parties to design and construct, the Internal Facilities within the Leander System.
- b) Leander agrees to be responsible for, and pay for all costs of rights-of-way, easements, design, engineering, contracting, construction and inspection of the Internal Facilities; provided that Leander may require developers or owners of land within the Wholesale Wastewater Service Area to be responsible and pay for all or a portion of the costs of right-of-way, easements, design, engineering, contracting, construction, and inspection of the Internal Facilities.
- c) The Internal Facilities will be designed and constructed in accordance with applicable regulations and specifications of Liberty Hill or Leander, whichever is more stringent, the State of Texas and United States, and with the terms and conditions of this Agreement.
- d) Leander will provide or cause to be provided to Liberty Hill 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.

#### **3.02 Design and Construction of the Connecting Facilities.**

- a) Leander shall be responsible for design and construction of, or for causing one or more third parties to design and construct, any Connecting Facilities, or modification to the existing Connecting Facilities, required for the transmission of Wastewater to the Liberty Hill System.
- b) Subject to the terms and conditions of this Agreement, Leander 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 Liberty Hill's design criteria and construction standards in effect at the time the plans and specifications are submitted to Liberty Hill for approval, or in accordance with Leander's design criteria and construction

standards if such are more stringent; provided that the parties shall reasonably cooperate to determine the design standards that will control. The plans and specifications will address the sizing, routing, material selection, service method, cost estimates, proposed construction schedule, easements, and such other and further information as Liberty Hill deems necessary or advisable for proper review and assessment of the plans and specifications. The design for the Connecting Facilities shall be procured at Leander's sole expense; provided that Leander may cause one or more developers or owners of land within the Wholesale Wastewater Service Area to be responsible for designing the Connecting Facilities, and the cost thereof. The plans and specifications for the Connecting Facilities will be submitted to Liberty Hill for review and comment before Leander approves said plans and specifications. Liberty Hill shall provide written comments within thirty (30) days of the date of the receipt of the plans. Leander shall cause any comments provided by Liberty Hill to be addressed. If Liberty Hill does not provide comments within thirty (30) days, Leander may approve the plan and specifications, subject to compliance with Leander's ordinances and regulations.

- c) The Parties agree that the Connecting Facilities shall be designed and constructed so that they will not deliver Wastewater to the Liberty Hill System at a Peak Hour Flow Rate in excess of the Peak Flow Rate limitations set forth in this Agreement. Leander agrees to design and construct, or cause the design and construction of, the Connecting Facilities so that any wastewater flows to a Metering Facility can be accurately measured, in the event the Wholesale Wastewater Rate is calculated based on volumetric charges.
- d) Leander solely shall be responsible for the construction of the Connecting Facilities, or for causing one or more third party developers or owners of land within the Wholesale Wastewater Service Area to be responsible for the construction of the Connecting Facilities. Leander solely shall be responsible for funding construction, and all costs related thereto, of the Connecting Facilities, or for causing one or more third party developers or owners of land within the Wholesale Wastewater Service Area to be responsible for funding construction, and all costs related thereto, of the Connecting Facilities.
- e) Leander 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 to the Liberty Hill System, or for causing one or more third party developers or owners of land within the Wholesale Wastewater Service Area to be responsible for and to pay all costs of rights-of-way, easements, design, engineering, contracting, construction and inspection

of the Connecting Facilities required to be constructed for the connection to the Liberty Hill System.

- f) The parties will cooperate in good faith to determine the location of Connecting Facilities that are located in Liberty Hill's city limits or ETJ. Liberty Hill agrees to make good faith efforts to cause the dedication of easements or right-of-way that may be necessary for the location and installation of Connecting Facilities within the city limits and ETJ of Liberty Hill from property owners or developers seeking development approvals from Liberty Hill. Pursuant to separate written instruments, Liberty Hill will further allow Leander to access and use rights-of-way and easements owned or controlled by Liberty Hill for the purpose of installing, constructing, repairing, replacing, maintaining, and operating or causing to be installed, constructed, repaired, replaced, maintained and operated, Connecting Facilities.
- g) If Liberty Hill acquires the Lift Stations, Leander will have the option to purchase 170 LUEs of Wholesale Wastewater Service from Liberty Hill. Liberty Hill shall notify Leander within thirty (30) days of the acquisition of the Lift Stations. Leander may exercise the option to purchase the 170 LUE's by paying Liberty Hill a Connection Fee of \$2,950.00 for each of the 170 LUE's within ninety (90) days of the date that Leander receives notice that Liberty Hill acquired the Lift Stations. If Leander exercises the option under this subsection, the Lift Stations will be a Point of Entry, payment of the Connection Fees in this subsection will guarantee capacity for the Wholesale Service Area in the Lift Stations, the South San Gabriel Plant, and other parts of the Liberty Hill System, as appropriate and Leander may receive Wholesale Wastewater Service from the Point of Entry at the Lift Stations upon completion of Connecting Facilities and Metering Facilities for such Point of Entry. Liberty Hill will give notice of an expansion to the Liberty Hill System 18 months prior to any expansions to the system and Leander shall have the option to sell back any unused LUEs to Liberty Hill prior to the expansion.

### **3.03 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, Leander will provide, or cause to be provided, written notice to Liberty Hill of the date on which construction of the Connecting Facilities is scheduled to commence. Liberty Hill must receive this written notice at least 5 days before the scheduled construction date.

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

The Parties agree that Liberty Hill has the right to make periodic inspections during the construction phase of the Connecting Facilities. Acceptance of the Connecting Facilities by Leander is subject to final inspection by Liberty Hill.

**3.05 Agreement to Submit As-Built or Record Drawings and Final Plats.**

Leander agrees to provide, or cause to be provided, to Liberty Hill: a) as-built or record drawings of all Internal Facilities and Connecting Facilities that contribute directly to the Liberty Hill System; and b) final plats for property located within the Wholesale Wastewater Service Area; within 30 days of Leander receiving them, not to exceed 60 days following completion and acceptance of the construction of such facilities or recording of the final plat, as appropriate.

**3.06 Ownership and Operation of Connecting Facilities.**

Except as set forth below or otherwise agreed, Leander shall own and operate all Connecting Facilities located on its side of a Point of Entry after completion of construction by Leander or the third party, and acceptance of the Connecting Facilities by Leander.

**3.07 Design and Construction of Interceptors.**

- a) Except as otherwise agreed by the Parties, Liberty Hill 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) Liberty Hill agrees that the Interceptors shall be designed and constructed with sufficient capacity to make wholesale service available to Leander in an amount not less than required for Liberty Hill to fulfill its obligations under this Agreement.
- c) Under no circumstances shall Liberty Hill construct any Interceptors that would connect to, or contribute Wastewater into, the Leander System without Leander's prior written approval.

**3.08 Design and Construction of Improvements to the Liberty Hill System and the South San Gabriel Plant**

- a) Liberty Hill shall be responsible for the design and construction of improvements and expansions to South San Gabriel Plant and the portions

of the Liberty Hill System that serve the Wholesale Wastewater Service Area.

- b) For the term of this Agreement, Liberty Hill agrees that it will provide Wholesale Wastewater Service to Leander up to the Wholesale Wastewater Commitment under the terms and conditions of this Agreement and payment of the System Reservation Fee shall guarantee capacity in the South San Gabriel Plant and the Liberty Hill System for the number of LUE's for which the System Reservation Fee is paid.

#### **ARTICLE IV: METERING OF WASTEWATER FLOWS**

##### **4.01 Wastewater Flow Meters.**

All Wastewater Flows from the Wholesale Wastewater Service Area must be metered through Metering Facilities that are designed and constructed by Leander, and are subject to Liberty Hill's review and approval. Upon completion of installation, the Metering Facilities shall be dedicated to Liberty Hill. The parties acknowledge and agree that the initial Wholesale Wastewater Rate is a flat rate charge as set forth in Article V. This Article shall also govern metering of Wastewater flows for the purpose of calculating the Volumetric Rate in the event that the Wholesale Wastewater Rate is a volume-based rate. The Metering Facilities shall be tested and calibrated to ensure said facilities are operative and measuring accurately prior to instituting and charging Leander a volume-based Wholesale Wastewater Rate.

##### **4.02 Wastewater Flow Meter Calibration and Testing.**

It will be the duty of the Parties to this Agreement to notify the other Party 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 conducting 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 Liberty Hill, Liberty Hill will own and operate and maintain the Metering Facilities. Liberty Hill 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 Liberty Hill's standard methods.

Liberty Hill will notify Leander in writing of proposed calibrations in advance of such occurrences so that Leander may observe if desired.

**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), Liberty Hill will calibrate the meter to measure within five percent (5%) accuracy. In addition, Liberty Hill 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 Leander, Liberty Hill may provide such credit against future billings to Leander. If adjustment results in additional amounts due to Liberty Hill, Leander will pay such amounts to Liberty Hill in accordance with the billing terms provided in this Agreement.

**4.05 Wastewater Flow Monitoring.**

If Liberty Hill discovers a wastewater flow problem, as determined in its reasonable discretion, associated with a Point of Entry, Liberty Hill may, at any time, with notice to Leander, 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 Liberty Hill's System, then Liberty Hill will solely pay for all investigation costs. If the cause of the problem is determined to be solely in Leander's System, then Leander will solely pay for all investigation costs. If the cause of the problem is determined to be in both Leander and Liberty Hill Systems, then investigation costs will be proportionally distributed based upon the number of connections investigated for each Party. Leander agrees to reimburse Liberty Hill for Leander's portion of this investigation costs within 30 days of receipt of invoice, which invoice shall include supporting data in reasonable detail. Leander agrees 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 Rate, Fees and Charges.**

- a) In accordance with the terms and conditions of this Agreement, Liberty Hill, through its City Council, will establish, and Leander (as set forth below) will pay Liberty Hill 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. the Wholesale Wastewater Rate, which shall consist of either: (1) a Flat Rate as set forth in Section 5.02; or (2) a Volume Charge and Monthly Minimum Charges as set forth in Section 5.04; and
  - ii. Connection Fees.
- b) Liberty Hill may charge either a metered Volume Charge and Monthly Minimum Charges or a Flat Rate Charge for Wholesale Wastewater Service at the discretion of its governing body and after two months prior notice to Leander. Liberty Hill specifically agrees that the Volume Charge and Minimum Monthly Charges or Flat Rate Charges will be calculated so that all Costs of the System on which the charges are based are properly allocated between Leander, any other wholesale customers of the System, and Liberty Hill's retail customers in a just, reasonable and nondiscriminatory manner and in accordance with this Agreement.
- c) Any subsequent changes in rates shall be established by a rate study conducted by a person or company qualified to conduct a wastewater rate study, and rates (whether the Wholesale Wastewater Rate is comprised of a Flat Rate or a Volume Charge and Monthly Minimum Charges) shall be set in accordance with the following principles:
- i. The Wholesale Wastewater Rate shall be calculated in accordance with industry standards;
  - ii. Rates 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;
  - iii. The Wholesale Wastewater Rate shall not include any capital costs recovered through the Connection Fee or System Reservation Fee;
  - iv. Costs attributable to Liberty Hill's retail customers only will be identified and not included in the rates charged for Wholesale Wastewater Service under this Agreement; and
  - v. The Wholesale Wastewater Rate shall be calculated based on cash-basis.
- d) Liberty Hill agrees that it will review the Costs of the System that form the basis for the Wholesale Wastewater Rate not less than once every 3 years; provided, however, that Liberty Hill shall not be required to employ persons other than Liberty Hill employees for purposes of doing so unless Liberty Hill wishes to increase the Wholesale Wastewater Rate, or unless the Liberty Hill employee is qualified to conduct a wastewater rate study.

**5.02 Flat Rate.**

Liberty Hill agrees that the initial Wholesale Wastewater Rate will be a Flat Rate in the amount of \$39.54 per month per Active Connection multiplied by the LUE-Multiplier, if applicable, billed monthly. For example, the Wholesale Wastewater Rate for one month for three Active Connections – one for a property with a single family residence; one for a 48-unit apartment complex that is less than 25 units per acre, and one for a 600 square foot restaurant—would be calculated as follows:  $\$39.54 + (48 \times 0.7 \times \$39.54) + ((600/200) \times \$39.54) = \$1,486.70$ . The Flat Rate is calculated by subtracting an amount that represents the portion of Liberty Hill's cost of retail customer service, billing, and line maintenance (the "Retail-Only Service Costs") from Liberty Hill's retail flat rate. The current flat rate is based on the following calculation:  $\$48.15$  (Liberty Hill's retail flat rate) -  $\$8.61$  (the "Retail-Only Service Costs").

**5.03 Notice to and Review by Leander.**

- a) Liberty Hill will provide Leander with at least two (2) months prior written notice of any changes to the Wholesale Wastewater Rate or Connection Fees. Written notice shall include the proposed new rates and/or fees, and an updated cost of service study with reasonable detail that allows Leander to identify the methodology used to revise the rates (including enough detail to allow Leander to evaluate the exclusion of retail-only service costs from the Wholesale Wastewater Rate), the Costs of the System that necessitate the change, along with the allocation of Costs of the System between Leander, and all other customers of the Liberty Hill System (wholesale and retail). Liberty Hill 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), other than the notice described in this Section 5.03(a).
- b) Leander will have the right to inspect and copy, at its expense, Liberty Hill's books and records to verify any statement, billing, charge, computation or demand made to Leander by Liberty Hill. Liberty Hill agrees to make all such information available to Leander for inspection and copying with reasonable promptness during normal business hours.

**5.04 Volume Charges and Monthly Minimum Charges.**

- a) This Section shall govern and be in effect in the event that Liberty Hill establishes a Wholesale Wastewater Rate based on volume charges.
- b) Liberty Hill will measure Wastewater flows at the Meter(s) monthly and will bill Leander as provided in Article VI this Agreement for the Volume Charges based on the Wastewater flows measured.



- c) In addition to the Volume Charges, Liberty Hill's City Council may establish Minimum Monthly Charges to recover that portion of the capital-related Costs of the System incurred by Liberty Hill related to that portion of the Liberty Hill System that is used or useful for the provision of Wholesale Wastewater Service hereunder and that are not otherwise financed through the collection of Connection Fees or System Reservation Fees. Liberty Hill specifically agrees that the Minimum Monthly Charge will be calculated so that all capital-related Costs of the System are allocated between Leander, any other wholesale customers of the System, and Liberty Hill's retail customers in a fair, equitable, non-discriminatory and impartial manner and in accordance with this Agreement. 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.
- d) Prior to revision of the Monthly Minimum Charge, Liberty Hill shall provide written notice thereof to Leander, and provide a reasonable period for review and comment. A period of two months shall be deemed a reasonable period for review and comment. The notice shall specify the lands within the Wholesale Wastewater Service Area for which Liberty Hill has received or credited payment of Connection Fees.
- e) Each updated cost of service study shall identify the capital-related costs previously paid by payment of the Monthly Minimum Charge and Connection Fees to Liberty Hill.
- f) Liberty Hill 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 and the most recent rate study conducted by Liberty Hill.
- g) Leander agrees to provide payment to Liberty Hill for the Minimum Monthly Charges associated with the provision of Wholesale Wastewater Service.

**5.05 Liberty Hill Connection Fees.**

- a) The provision of Wholesale Wastewater Service to Leander under this Agreement is subject to payment to Liberty Hill of Connection Fees as adopted by Liberty Hill's City Council for customers in the same service

area under Chapter 395, Texas Local Government Code. The Connection Fee as of the Effective Date of this Agreement for the Wholesale Wastewater Service Area is \$1,550.00 per LUE. For those properties served that are not a single family residence, the LUE Multiplier that corresponds to the type of property as described in Exhibit B will be applied to the Connection Fee. For example, the Connection Fee for a duplex property would be calculated as follows:  $\$1,550.00 \times 2 = \$3,100.00$ . The Parties acknowledge that the Connection Fees may be subject to the procedures and requirements of the Texas Impact Fee Law.

- b) The Connection Fee less the System Reservation Fee (if a System Reservation Fee was paid and remitted to Liberty Hill as provided in Section 5.06) (the "Connection Fee Balance") or the Connection Fee (if a System Reservation Fee was not paid and remitted to Liberty Hill as provided in Section 5.06) shall be collected by Leander at the time of application for a building permit or, if no building permit is required, at the time of a request to connect to Leander's System for each lot within the Wholesale Wastewater Service Area. Leander shall pay the Connection Fee Balance or Connection Fee, as appropriate, to Liberty Hill within thirty days of receipt. Leander agrees that it will not issue a building permit or approve a request for connection to Leander's System, as appropriate, for a lot until the Connection Fee or Connection Fee Balance, as appropriate, is paid. In the event Liberty Hill amends the Connection Fee, the amended Connection Fee will apply for purposes of this Agreement only to lands within the Wholesale Wastewater Service Area that receive final plat approval after the amendment of the Connection Fees, or for properties that develop without platting, at the time of an application for building permit or plumbing permit as applicable, or for properties which have not otherwise been given Connection Fee credits; provided that in the case of such properties for which a System Reservation Fee was paid prior to amendment of the Connection Fee, the Connection Fee will be fixed at the Connection Fee in effect at the time the System Reservation Fee was paid and will not be subject to adjustment if the Connection Fee is increased, but will be subject to adjustment if the Connection Fee is decreased. The Connection Fees or Connection Fee Balance, as appropriate, shall be calculated for each subdivision plat based on the number of lots and the uses within that plat, as required by Liberty Hill's ordinance establishing Connection Fees. Liberty Hill shall maintain a current copy of Liberty Hill's Connection Fee ordinance with Leander. If Connection Fees are paid prior to the time of connection, Liberty Hill will provide Leander with certificates for the number of wastewater connections, i.e., LUEs, for which Leander paid Connection Fees. Said certificates shall be based on credits available and credited at time of platting, limited to specific platted lots within the Wholesale Wastewater Service Area. Certificates shall be issued for one

LUE per lot, unless Liberty Hill receives payment for a larger numbers of LUEs per lot. Assuming that Liberty Hill has received Connection 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, Leander shall, within forty-five (45) days of provision of retail wastewater service to the platted lot, pay or cause to be paid to Liberty Hill Connection Fees for the remaining LUEs of service.

- c) The Liberty Hill City Council may amend the Connection Fee applicable to the Wholesale Wastewater Service Area from time to time in accordance with the process set forth in Chapter 395, Texas Local Government Code, provided that Liberty Hill shall give Leander at least 60 days prior written notice before amending the Connection Fee.

**5.06 System Reservation Fee.**

- a) Leander shall pay, or cause to be paid, a portion of the Connection Fee to Liberty Hill to guarantee capacity in the Liberty Hill System, which portion shall be \$350.00 per LUE (the "System Reservation Fee") for land that is platted in the Wholesale Wastewater Service Area. Owners of property that develop without platting shall not be charged a System Reservation Fee; provided that such owners will be required to pay a Connection Fee as provided in Section 5.05. Owners of property in the Wholesale Wastewater Service Area that do not pay a System Reservation Fee shall not have capacity reserved in the Liberty Hill System, until such time that the Connection Fee is paid. Payment of the System Reservation Fee will secure the right to capacity in the Liberty Hill System for the number of LUEs for which fees are paid. Upon payment of the System Reservation Fee, a credit shall be applied to the Connection Fee for each LUE for which the System Reservation Fee was paid. Leander will pay, or cause to be paid, to Liberty Hill a System Reservation Fee for each LUE shown in a preliminary plat approved by Leander within thirty (30) days after approval of the preliminary plat. The payment of the System Reservation Fee shall be accompanied by a copy of the preliminary plat, and, if not clearly apparent on the preliminary plat, written notice of the number of LUE's on the property subject to the preliminary plat. If Leander has paid System Reservation Fees at a time other than in connection with a preliminary plat, then Leander may apply all or a portion of said fees towards the System Reservation Fees owed for a preliminary plat, and shall notify Liberty Hill of such application at the time that a System Reservation Fee is owed.
- b) Upon the Effective Date of this Agreement, an initial System Reservation Fee of \$.                      is owed from Leander to Liberty Hill for the reservation of Phase 1 LUEs of the Wholesale Service Commitment (the

"Initial System Reservation Fee"). The Initial System Reservation Fee shall be paid in two installments. The first installment shall be a payment in the amount of \$ \_\_\_\_\_ which Leander shall pay to Liberty Hill on or before the thirtieth day from the Effective Date. The second installment shall be a payment in the amount of \$ \_\_\_\_\_ which Leander shall pay to Liberty Hill on or before the thirtieth day following written notice from Liberty Hill that Liberty Hill has entered a construction agreement for the expansion of the South San Gabriel Plant to a capacity of 1.2MGD. Leander may require developers or owners of land within the Wholesale Wastewater Service Area pay for or to reimburse Leander for the Initial System Reservation Fee and the System Reservation Fee:

- c) If a preliminary plat is amended to reduce the number of LUE's, or if a final plat is approved that contains fewer LUE's than shown in a preliminary plan or a phase thereof, Liberty Hill shall refund to Leander the Excess System Reservation Fees within thirty days of request by Leander, unless Leander requests in writing that Liberty Hill apply the Excess System Reservation Fee to another preliminary plat, another phase of the preliminary plat, or another property. Such request shall identify the preliminary plat, preliminary plat phase, or property to which the Excess System Reservation Fees will be applied. A refund for an Excess System Reservation Fee is not applicable for the payment of the Initial System Reservation Fee as required in Section 5.06(b).
- d) In the event that a preliminary plat expires, Leander may apply the System Reservation Fees paid in related to said preliminary plat to another preliminary plat or property. Leander shall notify Liberty Hill in writing if a preliminary plat has expired and the preliminary plat, preliminary plat phase, or property to which the System Reservation Fees will be applied.
- c) In the event that a building permit is not issued or an application for connection to Leander's System is not approved within three years of payment of a System Reservation Fee for an LUE, Leander shall pay, or cause to be paid, an additional \$350.00 for said LUE. The additional payment shall be credited against the Connection Fee for said LUE.
- d) Liberty Hill and Leander shall each keep accurate records of the System Reservation Fees paid. For each payment of System Reservation Fees made by Leander, Liberty Hill shall give Leander a certificate stating the total System Reservation Fees paid and the number of LUE's guaranteed by such payment. The parties may inspect each others' records during normal business hours.

#### 5.07 Right of Appeal.

Leander shall retain such rights as it may possess under applicable law to appeal or contest Liberty Hill's Connection Fees, Volume Charges and Monthly Minimum Charges. Without limitation, Liberty Hill specifically agrees that Leander may seek a judicial determination regarding whether Liberty Hill has calculated its fees and charges in accordance with the terms and conditions of this Agreement and Chapter 395, Texas Local Government Code, as applicable. If it is subsequently determined by agreement or court decision that the disputed amount paid by Leander should have been less or more, Liberty Hill shall promptly revise the amount in a manner such that Leander or Liberty Hill shall recover the amount due.

5.08 Other Service Fees.

Leander acknowledges and agrees that Liberty Hill, 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 are limited to review fees and inspection fees related to review and inspection of plans for the Connecting Facilities, and these charges or fees shall be just and reasonable, and nondiscriminatory and are not to exceed the lower of the actual costs of review and inspection fees or \$5,000.00 per Connecting Facility. 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.

5.09 Leander Wastewater Rates and Charges.

Leander will determine and charge its retail Wastewater customers such rates as are determined by its governing body. During the term of this Agreement, Leander 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 Leander, to produce the amount necessary to operate, repair, and maintain the Leander System, and to pay the cost of Wholesale Wastewater Service from Liberty Hill. Leander will establish retail rates consistent with industry standards. Leander will be solely responsible for ensuring that its retail rates and charges are determined and collected in accordance with applicable law.

5.10 Leander Fees.

The Parties acknowledges that Leander has 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 Liberty Hill Connection Fee. This Agreement will not be construed to require, limit, or restrict the governmental power of Leander to implement the same. Leander 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 Leander elects to charge are in compliance with applicable law.

**5.11 Verification of Leander Connections.**

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

**ARTICLE VI: WHOLESALE BILLING METHODOLOGY**

**6.01 Monthly Statement.**

- a) For each monthly billing period, Liberty Hill will forward to Leander a bill providing a statement of the total Wholesale Wastewater Rate owed by Leander for Wholesale Wastewater Service provided to Leander during the previous monthly billing period. The invoice shall contain sufficient detail to allow Leander to verify the charges. Leander shall not be charged for Wholesale Wastewater Services until such services commence. Leander will pay Liberty Hill for each bill submitted by Liberty Hill to Leander by check or bank-wire on or before thirty (30) days from the date of the invoice.
- b) Payments by Leander shall be mailed to the address indicated on the invoice, or can be hand-delivered to Liberty Hill's City Hall in Liberty Hill, Williamson County, Texas, upon prior arrangement. If payments will be made by bank-wire, Leander shall verify wiring instructions with Liberty Hill's Finance Department. Payment must be received at Liberty Hill's bank by the due date in order not to be considered past due or late, unless Leander timely contests a bill, or a portion thereof, in accordance with Section 6.05. In the event Leander fails to make payment of an uncontested bill within said thirty (30) day period, Leander shall pay a one-time late payment charge of five percent (5%) of the unpaid balance of the invoice. In addition, Leander shall pay interest on the unpaid uncontested balance at a rate equal to one and one-half percent (1.5%) per month.

**6.02 Monthly Billing Calculations.**

- a) This subsection 6.02(a) shall govern and be in effect in the event that Liberty Hill establishes a Wholesale Wastewater Rate based on volume charges. Liberty Hill 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 Liberty Hill City Council, will be used to compute the monthly bill for the Volume Charge.
- b) This subsection 6.02(b) shall govern and be in effect when the Wholesale Wastewater Rate is a Flat Rate. Liberty Hill will calculate the Wholesale Wastewater Rate by multiplying the Flat Rate set forth in this Agreement, as amended by the Liberty Hill City Council, by the number of LUEs per Active Connection set forth in the monthly report provided by Leander under Section 6.02(c). Leander agrees to bill customers in the Wholesale Wastewater Service Area on a monthly basis.
- c) Each calendar month, Leander shall deliver to Liberty Hill the number of Active Connections within the Wholesale Wastewater Service Area, and the number of LUEs associated with each Active Connection. Liberty Hill shall use the number of Active Connections and the associated LUEs stated in the report to calculate the Wholesale Wastewater Rate for the billing period in which the report was filed.

**6.03 Infiltration and Inflow.**

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

**6.04 Effect of Nonpayment.**

With respect to monthly billings – including billings for the Wholesale Wastewater Rate, and any other fees or charges applicable under this Agreement – if Liberty Hill has not received payment from Leander by the due date, the bill will be considered delinquent, unless contested in good faith. In such event, Liberty Hill will notify Leander in accordance with this Agreement, of such

delinquency in writing. If Leander fails to make payment of the delinquent billing within 30 calendar days from the date of transmittal of such written notice of delinquency from Liberty Hill, then Liberty Hill may, at its discretion, suspend or reduce the level of Wastewater service to Leander until payment is made. Leander may exercise its right to dispute its obligation to pay all or a portion of a bill during the cure period following the procedure set forth in Section 6.05.

**6.05 Billing Disputes.**

Should Leander dispute its obligation to pay all or any part of the amount stated in any statement or notice, Leander may pay such amount along with a written notice of protest, in which event such amount shall be deposited by Liberty Hill in a separate interest bearing account mutually acceptable to both Liberty Hill and Leander pending final resolution of such dispute in accordance with this Agreement. Liberty Hill 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 Leander pays such amount under protest.

**ARTICLE VII: WASTEWATER QUALITY**

**7.01 Condition of Wastewater Delivered.**

- a) Leander shall have the right to discharge Wastewater into the Liberty Hill 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 D** of this Agreement.
- b) Discharges into the Liberty Hill System shall consist only of domestic Wastewater and Wastewater that the Liberty Hill System is capable of handling:
  - i. So that the effluent and sludge from the Liberty Hill 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 Liberty Hill 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) 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 Liberty Hill and that **Exhibit D** be revised by Liberty Hill in accordance with the latest standards of EPA, TCEQ or any federal or state agency having regulatory authority over discharges made to the Liberty Hill System. **Exhibit D** 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 Liberty Hill System pretreatment program. Any required revisions shall be made by Liberty Hill only after notice and opportunity to comment has been provided to Leander. Thereafter, the revisions shall become effective. Leander 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 Leander System to the Liberty Hill System fails to meet the standards specified in this Agreement, and Liberty Hill reasonably determines that the addition of oxidizing chemicals or another acceptable method of pretreatment of Wastewater or operation of the Leander System is necessary in order for Wastewater delivered to the Liberty Hill System to be non-corrosive and non-injurious to the Liberty Hill System, Leander agrees to install such facilities within 24 hours of receiving notice from Liberty Hill or immediately implement such methods of operation and maintenance, at its sole expense, as are reasonably deemed by Liberty Hill to be necessary for the Wastewater delivered by Leander to meet the requirements of this Article.
- b) In the event Wastewater delivered from the Leander System to the Liberty Hill System fails to meet the standards specified in this Agreement, Leander shall pay to Liberty Hill, 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:

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

"S" means the surcharge that will appear on Leander's 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 Liberty Hill City Council for wastewater service from the Liberty Hill System, as amended from time to time; which unit charge is \$0.49 per pound as of the Effective Date; provided that increases in such charge shall not be effective as to Leander until notice of the increase has been given to Leander;

"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 Liberty Hill City Council for wastewater service from the Liberty Hill System, as amended from time to time, which unit charge is \$0.1049 per pound as of the Effective Date; provided that increases in such charge shall not be effective as to Leander until notice of the increase has been given to Leander; 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 Liberty Hill, Liberty Hill will provide written notice of the sampling results prior to charging the Treatment Surcharge to Leander and shall give Leander an opportunity to be present during the testing.
- c) In the event Leander delivers to Liberty Hill Wastewater that fails to meet the standards specified in this Agreement, Leander agrees to pay Liberty Hill for all damages and costs of repair to the Liberty Hill System and/or regulatory fines reasonably incurred by Liberty Hill that were caused by Leander's delivery of Wastewater that fails to meet the standards specified in this Agreement. Liberty Hill 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 Leander's flows to the extent necessary to protect Liberty Hill's System, file suit to recover for any and all damages to the Liberty Hill System caused by such failure on the part of Leander, or seek such other and further relief, at law or in equity, as Liberty Hill will deem advisable.

#### 7.03: Sampling and Testing.

- a) Leander will perform sampling of Wastewater at the Point(s) of Entry and provide an analysis to Liberty Hill 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. Leander 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. Leander will be responsible for the cost of sampling and analysis.
  - iv. Leander will provide written notice to Liberty Hill or Liberty Hill's current plant operator at least five (5) business days prior to conducting Wastewater sampling and shall allow Liberty Hill or Liberty Hill's current plant operator representatives to observe the sampling.
  - v. In the event Leander fails to perform sampling by the deadlines provided in this section, after notice and an opportunity to cure within thirty (30) days, Leander shall pay to Liberty Hill a sampling surcharge in the amount of two hundred fifty dollars (\$250.00) per event. In addition, Leander will pay Liberty Hill for Liberty Hill's actual costs to perform the sampling if Liberty Hill does so during the next thirty (30) days after the expiration of the cure period if Leander does not perform the sampling within the cure period.
- b) Leander agrees that Liberty Hill or Liberty Hill's current operator will have the right, at its option and expense, to sample Wastewater discharges within the Leander System at:
  - i. the site of discharge;
  - ii. Points of Entry to the Liberty Hill System; and

- iii. other locations as required for the purpose of determining the source, type, and strength of discharge.
- c) Leander will use reasonable efforts to make necessary arrangements for and provide assistance to Liberty Hill in obtaining lawful access to sampling points within areas served by Leander. Liberty Hill will provide written notice to Leander at least five (5) business days prior to conducting Wastewater sampling and shall allow one or more Leander representatives to observe the sampling.
- d) Leander 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 Leander and Liberty Hill's Wastewater System in accordance with applicable regulations of Leander or Liberty Hill and federal law.
- e) Notwithstanding any other provision in this Agreement to the contrary, the Parties agree as follows:
  - i. no 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;
  - ii. no Party shall be obligated to perform any sampling of Wastewater except at Points of Entry constructed with sampling ports; and
  - iii. all future sampling ports at Points of Entry shall be identified on plans and specifications for Connecting Facilities to be approved by Liberty Hill.

#### **ARTICLE VIII: STANDARDS FOR CONNECTIONS TO LEANDER SYSTEM**

##### **8.01 Leander Prevention of Infiltration and Inflow.**

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

##### **8.02 Construction and Testing Criteria for Leander Sewer Connections.**

- a) All tests required by the design criteria and specifications of the State of Texas for connections to the Leander System within the Wholesale Wastewater Area will be at Leander's or its customer's expense.
- b) Leander agrees that the physical connection of each service line to the local Wastewater facility within the Wholesale Wastewater Area will be the responsibility of Leander 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 Leander's authorized representative.
- c) Connections made to the Leander 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. Leander will inspect all connections to its System in accordance with its own rules and regulations in order to insure compliance with it.
- d) A failure on the part of Leander to provide and enforce such regulations governing connections to the Leander System will, at the option of Liberty Hill after (i) notice to Leander 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 Liberty Hill to restrict or limit Wastewater flows, or immediately terminate this Agreement, to such extent Liberty Hill deems reasonably necessary in order to protect the Liberty Hill System from damage or excessive flows.

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

### **9.01 Liability of Leander.**

As between the Parties and except as otherwise provided herein, Leander shall bear responsibility for damages, if any, claimed by third persons arising from the reception, transportation, delivery, and disposal of all Wastewater discharged while it remains within the Leander System, and Leander, to the extent authorized by law, holds Liberty Hill harmless therefrom. Notwithstanding the foregoing, Liberty Hill shall bear responsibility for damages, if any, claimed by third persons because Liberty Hill does not accept Wastewater at a Point of Entry in a quantity that it is contractually obligated to accept under this Agreement, and Liberty Hill, to the extent authorized by law, agrees to hold Leander harmless therefrom.

### **9.02 Liability of Liberty Hill.**

Liberty Hill 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. However, the Parties agree that they will not construe this Agreement to cause Liberty Hill to bear responsibility for damages to the Liberty Hill System or to third persons arising from: i) the delivery by Leander of Prohibited Wastes or Wastewater that is in violation of this Agreement and corrosive or otherwise damaging to the Liberty Hill 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.

## **ARTICLE X: RECLAIMED WATER**

The Parties agree that it is to their mutual best interest and in the best interest of the public to provide for the beneficial re-use of reclaimed water. The Parties agree to cooperate to cause the delivery of reclaimed water to the properties described in **Exhibit E** (the "Property"), and to such other properties as the parties may agree upon from time to time. At such time that Liberty Hill applies for a 210 Reuse Permit, Liberty Hill shall include the Property described in **Exhibit E** in such application as a property upon which reclaimed water may be applied (irrigated). Leander shall construct, or cause to be constructed the facilities necessary for delivering effluent to the Property, which shall include ground storage, a pumping station, transmission pipeline, and a metering facility at a point of delivery on the Property, in a location agreed upon by the parties, to measure the effluent discharged on the Property. Liberty Hill may at its option, require the section or portion of the transmission pipeline, located within its corporate limits, ETJ or certificated service area of Liberty Hill, to be oversized to provide capacity for Liberty Hill to use for transmission and delivery of reclaimed water to areas within Liberty Hill's System. Liberty Hill shall only be responsible for the difference in cost between the price to construct the facilities necessary to serve Leander under this Agreement and the facilities necessary for Liberty Hill's oversizing. The rate for the reclaimed water delivered to Leander shall be the rate applicable to Liberty Hill's customers adopted by the Liberty Hill City Council from time to time; provided that Leander will be charged for reclaimed water that is delivered to Leander during a calendar month that exceeds 200,000 gallons. Upon adoption of a treatment rate by the Liberty Hill City Council, Liberty Hill's operation and maintenance costs to treat the reclaimed water shall be billed monthly to Leander, provided that prior to the first billing an itemized description of treatment costs is provided to Leander. The parties shall cooperate in good faith to execute such additional agreements, or amendments to this Agreement, to address any other terms and conditions reasonably determined to be necessary or desirable by the parties regarding the delivery of reclaimed water as provided in this Article.

## **ARTICLE XI: RIGHT OF ENTRY**

**11.01 Right of Entry.**

In cooperation with and after notice to the Party that owns the Connecting Facilities, Leander agrees to provide Liberty Hill 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 XII: DATA AND INFORMATION**

**12.01 Customer Reports by Leander.**

Leander will notify, in writing, Liberty Hill on a monthly basis whether any new retail Wastewater connections were made within the Wholesale Wastewater 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 addition, for each calendar year, Leander will forward to Liberty Hill not later than January 21 of the following year an annual report containing the following data:

- a) actual number of active Leander retail Wastewater connections, measured in LUEs, ultimately discharging into Liberty Hill'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 Liberty Hill'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.

## 12.02 Customer Reports by Liberty Hill.

For each calendar year, Liberty Hill or Liberty Hill's current plant operator will provide to Leander an annual report containing the following data not later than March 1 of the following year; Liberty Hill will request the following data from its wholesale customers of the Liberty Hill System in all wholesale contracts for Wastewater Service from the Liberty Hill System, and Liberty Hill'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 Liberty Hill'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 Liberty Hill'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 XIII: FORCE MAJEURE

### 13.01 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 XIV: REGULATORY COMPLIANCE**

##### **14.01 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.

##### **14.02 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.

##### **14.03 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 Wastewater 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.

##### **14.04 Responsibility for Events Inside Leander's 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 Leander System, Leander 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, Leander agrees to hold Liberty Hill harmless for violations that occur within the Leander System for which Leander is responsible hereunder.

**14.05 Responsibility for Events Inside Liberty Hill'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 Liberty Hill System, Liberty Hill 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 Liberty Hill reserves all of its rights under this Agreement in the event Leander delivers to the Liberty Hill System Prohibited Wastes or Wastewater that is corrosive or otherwise damaging to the Liberty Hill System or to persons or property. To the extent permitted by law, Liberty Hill agrees to hold Leander harmless for violations that occur within the Liberty Hill System except to the extent those violations arise from Leander's delivery to the Liberty Hill System of Prohibited Wastes or Wastewater that is corrosive or otherwise damaging to the Liberty Hill System or to persons or property.

**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 40 years after the Effective Date. At the end of the term,

- a) this Agreement shall automatically renew for additional one-year terms, unless terminated in accordance with this Agreement; or
- b) 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; or
- c) this Agreement will expire upon written notice to allow the agreement to expire on the termination date received by either Party within 12 months (one year) of the termination date.

**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 Liberty Hill is limited in its ability to terminate this Agreement in the event of default by Leander, whether such default is monetary default or otherwise, without advance notice because Leander 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 Leander of obligations under this Agreement could not be adequately compensated in money damages alone and may result in regulatory enforcement against Liberty Hill, Leander agrees that in the event of any default on their part under this Agreement that Liberty Hill shall have available to it equitable remedies including, without limitation, the right of Liberty Hill to obtain a writ of mandamus or an injunction against Leander: (i) requiring Leander to levy and collect rates and charges sufficient to pay the amounts owed to Liberty Hill by such entity under this Agreement; and, (ii) enjoining Leander 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 Wastewater Service Area. Similarly, Leander shall have available to it equitable remedies including, without limitation, the right to obtain a writ of mandamus or an injunction against Liberty Hill

requiring Liberty Hill to comply with their respective obligations under this Agreement, including the obligation to provide Wholesale Wastewater Service to the Wholesale Wastewater Service Area in accordance with 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 & Venue.**

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, and venue for any action arising under this Agreement will be 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 EXTENT PERMITTED BY LAW, THE PARTIES AGREE TO RELEASE AND INDEMNIFY, DEFEND, AND HOLD HARMLESS EACH OTHER, AND THEIR RESPECTIVE OFFICERS, AGENTS, AND EMPLOYEES AGAINST ALL CLAIMS, SUITS, DEMANDS, JUDGMENTS, EXPENSES, INCLUDING ATTORNEY'S FEES, OR OTHER LIABILITY FOR PERSONAL INJURY, DEATH, OR DAMAGE TO ANY PERSON OR PROPERTY, WHICH ARISES FROM OR IS IN ANY MANNER CONNECTED TO OR CAUSED IN WHOLE OR IN PART BY DESIGN AND/OR CONSTRUCTION AND/OR OPERATION OF ANY THE PARTIES' RESPECTIVE FACILITIES NECESSARY TO PROVIDE WHOLESALE WASTEWATER SERVICE UNDER THIS AGREEMENT.

**ARTICLE XVII: GENERAL PROVISIONS**

17.01 Interpretation.

The Parties recognize 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.

17.02 Assignability.

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 Party, whose consent shall not be unreasonably withheld or delayed.

17.03 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.

17.04 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.

17.05 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 Liberty Hill to the Wholesale Wastewater Service Area.

17.06 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.

17.07 Duplicate Originals.

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

17.08 Notices.

Any notice required under this Agreement may be given to the respective Parties by facsimile transmission, registered or certified mail, return receipt requested, or by hand-delivery to the address of the other party shown below:

Leander:  
City of Leander  
Attn: City Manager  
PO Box 319  
Leander, TX 78646  
(512) 259-1605

Liberty Hill:  
City of Liberty Hill  
Attn: City Manager  
P.O. Box 1920  
Liberty Hill, Texas 78646  
(512) 778-5449

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.

**17.09 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.

**17.10 Exhibits.**

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

Exhibit A: Wholesale Wastewater Service Area  
Exhibit B: Austin Water Utility Living Unit Equivalent Guidance Document  
Exhibit C: Lift Stations Location Map  
Exhibit D: Prohibited Wastes  
Exhibit E: Property to Receive Reclaimed Water

**17.11 Effective Date.**

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

*(Signature Page(s) follow.)*

CITY OF LIBERTY HILL:

By: Cornie Fuller  
Mayor

Date of execution:

5-27-15

ATTEST:

By: Barbara Zuernemann  
City Secretary

CITY OF LEANDER:

By: [Signature]  
Mayor

Date of execution:

6/4/15

ATTEST:

By: Debbie Haile  
City Secretary



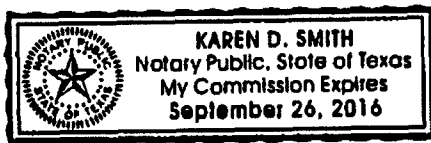
THE STATE OF TEXAS

§  
§  
§

COUNTY OF WILLIAMSON

THIS INSTRUMENT was acknowledged before me on this the 27<sup>th</sup> day of May, 2015, by Connie Fuller, Mayor of the City of Liberty Hill, a Texas general law municipality, on behalf of said municipality.

(SEAL)



Karen D. Smith  
Notary Public, State of Texas

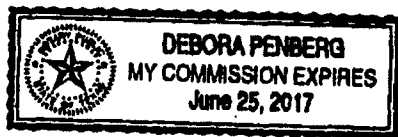
THE STATE OF TEXAS

§  
§  
§

COUNTY OF WILLIAMSON

THIS INSTRUMENT was acknowledged before me on this the 4<sup>th</sup> day of June, 2015, by Christopher Fielder, Mayor of the City of Leander, a Texas home rule municipality, on behalf of said municipality.

(SEAL)



Debora Penberg  
Notary Public, State of Texas

## **Exhibit A**

### **Wholesale Wastewater Service Area**

STATE HWY 29

KALMAN LOOP

RONALD REAGAN BLVD

CR 267


CR 266

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



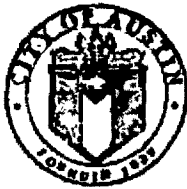
## EXHIBIT A CITY OF LEANDER WHOLESale SERVICE AREA

### Legend

-  City of Leander Wholesale Service Area

## **Exhibit B**

# **Austin Water Utility Living Unit Equivalent Guidance Document**



**AUSTIN WATER UTILITY**  
Utility Development Services Division  
625 East 10<sup>th</sup> Street, Suite 715  
Austin, Texas 78701  
(512) 972-0207 fax: (512) 972-0251



## **LIVING UNIT EQUIVALENT (LUE) GUIDANCE DOCUMENT**

**Definition:** A living unit equivalent (LUE) is defined as the typical flow that would be produced by a single family residence (SFR) located in a typical subdivision. An LUE is assumed to represent 3.5 people living in a residence. For water requirements, this includes consumptive uses, such as lawn watering and evaporative coolers. The wastewater system does not receive all of these water flows, so the calculated flows differ between water and wastewater. The number of LUEs for a project is constant; only the water and wastewater flows are different.

### **WATER**

Details on calculating the Water Utility Requirements for a project can be found in the Utilities Criteria Manual (UCM 2.9.2). The UCM is available online at:  
<http://www.amlegal.com/library/tx/austintech.shtml>

### **WASTEWATER**

Details on calculating the Wastewater Utility Requirements for a project can be found in the Utilities Criteria Manual (UCM 2.9.4)  
For Service Extension Request (SER) projects the following Wastewater Peak Flow Factor can be used:

**Peak Flow Factor =  $[18 + (0.0206 \times F)^{0.5}] / [4 + (0.0206 \times F)^{0.5}]$ , Maximum = 4**

The following LUE Conversions can be used to estimate flows for various development types (Use is Not Mandatory; if using other factors please explain how the factors better represent a specific development).

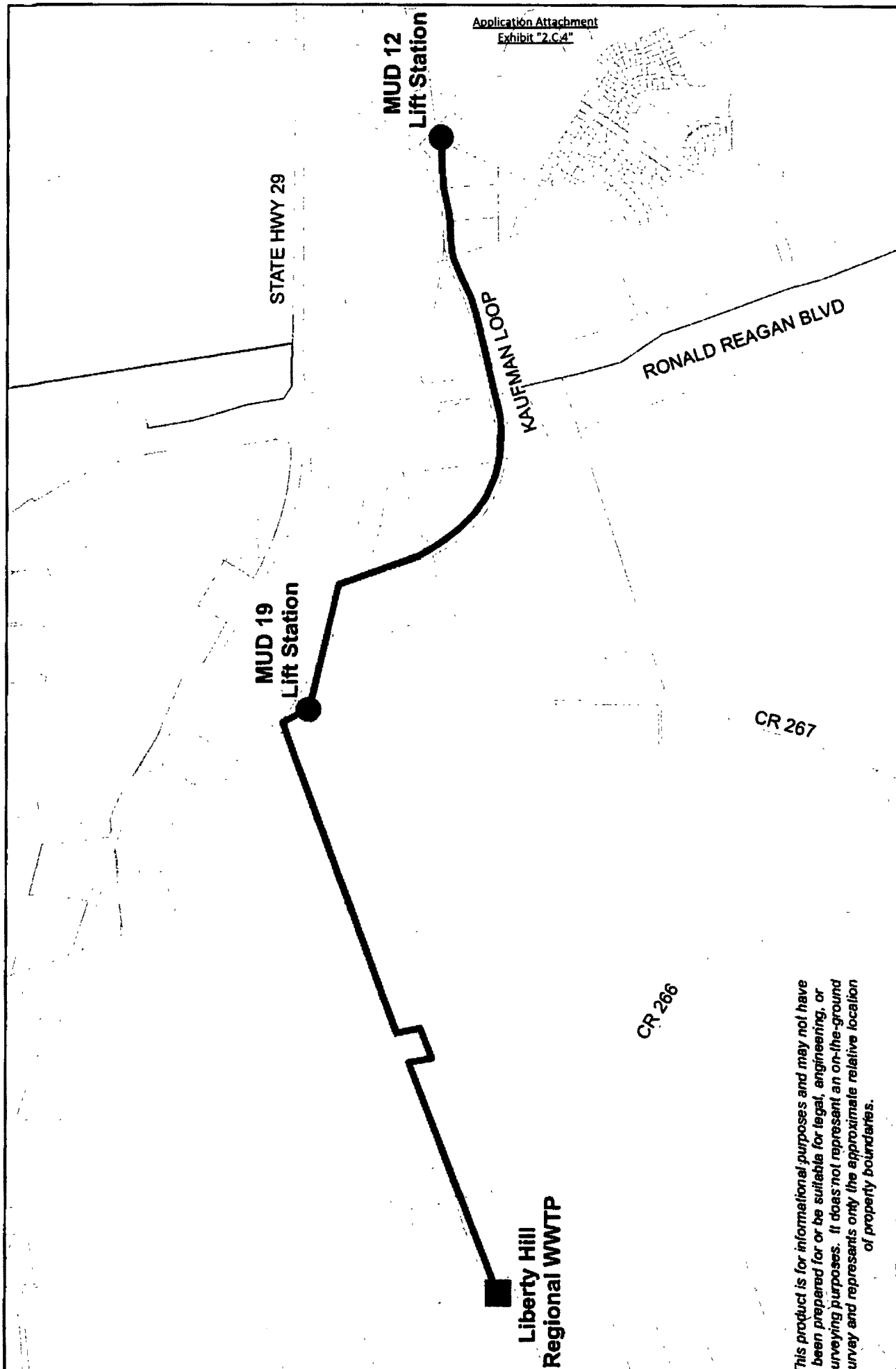
<b>Proposed Development Intended Use (Residential)</b>	<b>LUE CONVERSION (L.U.E. per Unit)</b>
Single Family Residence; Modular Home; Mobile Home:	1
Duplex:	2
Triplex; Fourplex; Condominium Unit; P.U.D., Apartment Unit (6+ Units/Acre to 24 Units/Acre):	0.7
Condominium or Apartment Unit (24+ Units/Acre):	0.5
Hotel or Motel Room:	0.5

<b>Proposed Development Intended Use (Commercial)</b>	<b>LUE CONVERSION (Units per L.U.E.)</b>
Office (Square Feet of Floor)	3000
Office Warehouse (Square Feet of Floor)	4000
Retail; Shopping Center (Square Feet of Floor)	1660
Restaurant; Cafeteria (Square Feet of Floor)	200
Hospital (Beds)	1
Rest Home (Beds)	2
Church (Worship Services Only) (seats)	70
High / Middle School (Includes Gym and Cafeteria) (Students)	13
Elementary School (Includes Gym and Cafeteria) (Students)	15

DRAFT: September 30, 2011

## **Exhibit C**

### **Lift Station Location Map**



This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

### Legend

● Lift Stations

— Force Mains

■ Waste Water Treatment Plants

## LIFT STATION EXHIBIT CITY OF LEANDER WHOLESALE SERVICE AREA



## Exhibit D

### Prohibited Wastes

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

- (1) Pollutants which create a fire or explosive hazard in the Liberty Hill 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 Liberty Hill 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 Liberty Hill 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 Liberty Hill 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 Liberty Hill 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 Liberty Hill 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 Liberty Hill'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 Liberty Hill System; or
- (17) Fats, oils, or greases of animal or vegetable origin in concentrations greater than 200 mg/l. Leander acknowledges and agrees that grease traps may be needed for commercial customers such as grocery stores or restaurants in order to ensure compliance with this requirement.

## **Exhibit E**

### **Property to Receive Reclaimed Water**

# SURVEY SKETCH

5.854 ACRES OF LAND SITUATED IN THE JOHN B. ROBINSON SURVEY, ABSTRACT No. 521 AND WILLIAM MANSIL SURVEY, ABSTRACT No. 437 IN WILLIAMSON COUNTY, TEXAS, BEING DESCRIBED AS 6.669 ACRES OF LAND DESCRIBED IN DOCUMENT No. 199941118, SAVE AND EXCEPT 0.811 ACRES OF LAND DESCRIBED IN DOCUMENT No. 2013035735 IN THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS.

0 150 300  
APPROXIMATE  
SCALE IN FEET

## LEGEND

- IRON ROO FOUND
- CONCRETE MDNMENT FOUND
- \* COTTON SPINDLE FOUND
- △ CALCULATED POINT

## TOPD/BEARING/CODRINATE BASIS

ELIPSOID: WGS 1984/GRS 1980  
PROJECTION: TEXAS CENTRAL NAD 83  
GEOID MODEL: GEOID 99

EMOGENE CHAMPION

595/288

33.514 AC.

(43.0 Acres)

5.854 Acres

(6.669 Acres)

South San Gabriel River

HIGH GABRIEL SUBDIVISION

COMMENTS TO SCHEDULE B  
AS STATED IN GF NO. 1423570-LBH  
EFFECTIVE DATE: 9/15/14

CERTIFIED TO: FIRST AMERICAN TITLE  
AND INDEPENDENCE TITLE  
BORROWER:  
INSURED: CITY OF LEANOR

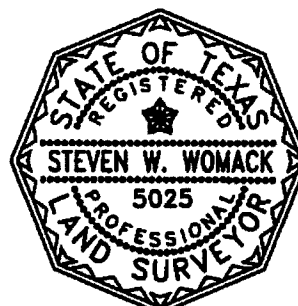
COMMENTS:  
10. e. ELECT ESMT south of the San  
Gabriel River - DOES NOT AFFECT  
THIS TRACT.

A PORTION OF THE SURVEY SHOWN HEREON LIES WITHIN THE LIMITS OF A FLOOD HAZARD AREA OR WITHIN THE LIMITS OF THE 100 YEAR FLOOD AS IDENTIFIED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY, FEDERAL INSURANCE ADMINISTRATION, AS SHOWN ON COMMUNITY PANEL NO. 48491CD455E, DATED 9/26/08, FOR WILLIAMSON COUNTY, TEXAS AND INCORPORATED AREAS.

THIS SURVEY SUBSTANTIALLY COMPLIES WITH THE CURRENT TEXAS SOCIETY OF PROFESSIONAL SURVEYORS ASSOCIATION STANDARDS AND SPECIFICATIONS FOR A CATEGORY 1A, CONDITION II, LAND TITLE SURVEY AS DESCRIBED IN THE MANUAL OF PRACTICE FOR LAND SURVEYING IN THE STATE OF TEXAS.

Steven Warner Womack, RPLS, PLS, NCEES  
National Council of Examiners for Engineering and Surveying #1928  
Texas Registered Professional Land Surveyor #5025  
North Carolina Professional Land Surveyor # L-5043  
E-Mail: SWRPLS@Gmail.com or AmericanSurveyor@aol.com

12 Nov 2014



DATE: 11-12-2014  
DRAWN BY: Staff  
FILE NAME: 14-005.dwg

PROJ. NO.: 14-005

Steven Warner Womack, RPLS, PLS, NCEES

National Council of Examiners for Engineering and Surveying #1928  
 Texas Registered Professional Land Surveyor #5025  
 North Carolina Professional Land Surveyor #L-5043  
 E-Mail: [SWRPLS@Gmail.com](mailto:SWRPLS@Gmail.com)  
 (512) 638-0220

**METES AND BOUNDS DESCRIPTION**

5.854 ACRES OF LAND SITUATED IN THE JOHN B. ROBINSON SURVEY, ABSTRACT No. 521, AND WILLIAM MANSIL SURVEY, ABSTRACT No. 437, BEING DESCRIBED AS 6.669 ACRES OF LAND DESCRIBED IN DOCUMENT No. 199941118, SAVE AND EXCEPT 0.811 ACRES OF LAND DESCRIBED IN DOCUMENT No. 2013035735 IN THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS, SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS METES AND BOUNDS AS FOLLOWS;

**BEGINNING** at a TXDoT concrete monument found on the easterly right-of-way of US 183 at engineers station 210+52.54 (200' left) at the southwest of a 38.131(43.0) acre tract recorded in volume 595, page 288 OPRWC, being also at the northeast corner of a 0.811 acre tract conveyed to the State of Texas by instrument of record in Document No. 2013035735 OPRWC, for the northwest corner of the herein described tract and **POINT-OF-BEGINNING**;

Thence with the south line of the said 43.0 tract the following courses and distances:

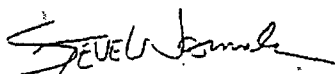
N 71 deg 09 min 13 sec E 27.20 feet to a called iron rod;  
 N 76 deg 57 min 13 sec E 334.10 feet to a called iron rod;  
 N 79 deg 18 min 13 sec E 326.50 feet to a called iron rod;  
 S 85 deg 36 min 47 sec E 95.40 feet to a called iron rod;  
 S 86 deg 20 min 47 sec E 621.30 feet to a called iron rod;  
 N 88 deg 36 min 13 sec E 245.20 feet to an iron rod found at the southeast corner of the said 43.0 acre tract and the northeast corner of the referenced 6.669 acre tract;

Thence S 19 deg 22 min 02 sec E 199.04 feet to the center of the South San Gabriel River, for the southeast corner of the herein described tract;

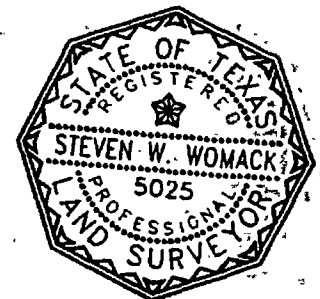
Thence with the said center of the South San Gabriel River the following courses and distances:

N 82 deg 42 min 45 sec W 389.82 feet;  
 S 89 deg 32 min 11 sec W 526.12 feet;  
 S 89 deg 31 min 24 sec W 184.57 feet;  
 S 86 deg 43 min 36 sec W 180.87 feet;  
 S 80 deg 20 min 28 sec W 228.29 feet;  
 S 77 deg 02 min 22 sec W 98.23 feet;  
 S 72 deg 44 min 50 sec W 41.84 feet to a point on the east right-of-way of US 183 at the southeast corner of a 0.811 acre tract conveyed to the State of Texas by instrument of record in Document No. 2013035735 OPRWC for the southwest corner of the herein described tract;

Thence with the said right-of-way N 25 deg 48 min 16 sec W 136.95 feet to the **POINT-OF-BEGINNING** containing 5.854 acres of land, more or less.

  
 Steven W. Womack  
 Registered Professional Land Surveyor  
 No. 5025, State of Texas

12 June 2014  
 Date



Page 1 of 1

E:\Work\PROJECTS\14-005 City of Leander Park at San Gabriel River n US183\FieldNotes 6ac.docx

The Texas Board of Professional Land Surveying regulates all Registered Professional Land Surveyors in the State of Texas. They may be contacted at Building A, Suite 156, 12100 Park 35 Circle, Austin, Texas 78753, (512) 239-5263.

**Steven Warner Womack, RPLS, PLS, NCEES**

National Council of Examiners for Engineering and Surveying #1928  
Texas Registered Professional Land Surveyor #5025  
North Carolina Professional Land Surveyor #L-5043  
E-Mail: [SWRPLS@Gmail.com](mailto:SWRPLS@Gmail.com)  
(512) 638-0220

**METES AND BOUNDS DESCRIPTION**

**38.131 ACRES OF LAND SITUATED IN THE JOHN B. ROBINSON SURVEY AND WILLIAM H. MONROE SURVEY, ABSTRACT No. 453 IN WILLIAMSON COUNTY, TEXAS, BEING DESCRIBED AS 43.0 ACRES OF LAND RECORDED IN VOLUME 595, PAGE 288, SAVE AND EXCEPT 4.902 ACRES OF LAND DESCRIBED IN DOCUMENT No. 2008061803 IN THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS, SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS METES AND BOUNDS AS FOLLOWS;**

**BEGINNING** at a TXDoT concrete monument found on the easterly right-of-way of US 183 at engineers station 203+10.24 (200' left) at the southwest of a 33.514 acre tract conveyed to Emogene Champion by instrument of record in volume 595, page 288 OPRWC, for the northwest corner of the herein described tract and **POINT-OF-BEGINNING**;

**Thence** N 70 deg 06 min 07 sec E 1953.54 feet to an iron rod found at the southeast corner of the said 33.514 acre tract, being also on the westerly line of a 150.879 acre tract conveyed to Lance Caughfield by instrument of record in Document N. 2013046424 OPRWC, for the northeast corner of the herein described tract;

**Thence** S 06 deg 59 min 55 sec E 555.32 feet to a calculated point and S 04 deg 16 min 54 sec E 679.86 feet to an iron rod found at the southeast corner of the referenced 43.0 acre tract, for the southeast corner of the herein described tract;

**Thence** with the south line of the said 43.0 tract the following courses and distances:

S 88 deg 36 min 13 sec W 245.20 feet to a called iron rod;

N 86 deg 20 min 47 sec W 621.30 feet to a called iron rod;

N 85 deg 36 min 47 sec W 95.40 feet to a called iron rod;

S 79 deg 18 min 13 sec W 326.50 feet to a called iron rod;

S 76 deg 57 min 13 sec W 334.10 feet to a called iron rod;

S 71 deg 09 min 13 sec W 27.20 feet to a TXDoT concrete monument found on the east right-of-way of US 183 at the northeast corner of a 0.811 acre tract conveyed to the State of Texas by instrument of record in Document No. 2013035735 OPRWC for the southwest corner of the herein described tract;

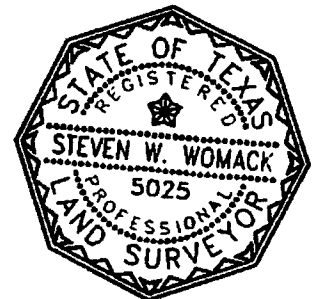
**Thence** with the said right-of-way N 25 deg 48 min 16 sec W 742.17 feet to the **POINT-OF-BEGINNING** containing 38.131 acres of land, more or less.



Steven W. Womack  
Registered Professional Land Surveyor  
No. 5025, State of Texas

12 June 2014

Date



**SURVEY SKETCH**

38.131 ACRES OF LAND SITUATED IN THE JOHN B. ROBINSON SURVEY, ABSTRACT No. 521 AND WILLIAM H. MONROE SURVEY, ABSTRACT No. 453 IN WILLIAMSON COUNTY, TEXAS, BEING DESCRIBED AS 43.0 ACRES OF LAND RECORDED IN VOLUME 595, PAGE 288, SAVE AND EXCEPT 4.902 ACRES OF LAND DESCRIBED IN DOCUMENT No. 2DD80618D3 IN THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS.

0 150 300  
APPROXIMATE  
SCALE IN FEET

**LEGEND**

- IRON ROD FOUND
- CONCRETE MONUMENT FOUND
- \* COTTON SPINDLE FOUND
- △ CALCULATED POINT

**TOPO/BEARING/COORDINATE BASIS**

ELIPSOID: WGS 1984/GRS 1980  
PROJECTION: TEXAS CENTRAL NAD 83  
GEOID MODEL: GEOID 99

EMOGENE CHAMPION  
595/288  
33514 AC.

LANCE CAUGHFIELD  
201046424  
150879 AC.

38.131 Acres

(43.0 Acres)

South San Gabriel River

COMMENTS TO SCHEDULE B  
AS STATED IN GF NO. 1423562-LBH  
EFFECTIVE DATE: 9/10/14

CERTIFIED TO: FIRST AMERICAN TITLE  
AND INDEPENDENCE TITLE  
BDRROWER:  
INSURED: CITY OF LEANDER

COMMENTS:  
1D. e. "BLANKET" 15' WIDE WATERLINE  
EASEMENT CENTERED ON PIPELINE -  
NOT LOCATED, DOES AFFECT THIS  
TRACT.  
1D. f. BUFFER ZONE at Brushy Creek  
- DOES NOT AFFECT THIS TRACT.

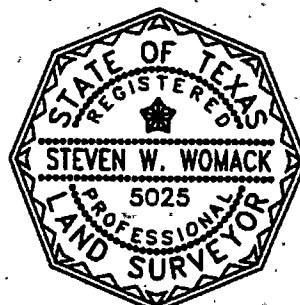
HIGH GABRIEL SUBDIVISION

A PORTION OF THE SURVEY SHOWN HEREON LIES WITHIN THE LIMITS OF A FLOOD HAZARD AREA OR WITHIN THE LIMITS OF THE 100 YEAR FLOOD AS IDENTIFIED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY, FEDERAL INSURANCE ADMINISTRATION, AS SHOWN ON COMMUNITY PANEL NO. 48491CD45SE, DATED 9/26/05, FOR WILLIAMSON COUNTY, TEXAS AND INCORPORATED AREAS.

THIS SURVEY SUBSTANTIALLY COMPLIES WITH THE CURRENT TEXAS SOCIETY OF PROFESSIONAL SURVEYORS ASSOCIATION STANDARDS AND SPECIFICATIONS FOR A CATEGORY 1A, CONDITION II, LAND TITLE SURVEY AS DESCRIBED IN THE MANUAL OF PRACTICE FOR LAND SURVEYING IN THE STATE OF TEXAS.

12 Nov 2014

Steven Warner Womack, RPLS, PLS, NCEES  
National Council of Examiners for Engineering and Surveying #1928  
Texas Registered Professional Land Surveyor #5025  
North Carolina Professional Land Surveyor # L-5D43  
E-Mail: [SWRPLS@gmail.com](mailto:SWRPLS@gmail.com) Phone/Fax: (512) 638-0220



DATE: 11-12-2014  
DRAWN BY: Staff  
FILE NAME: 14-00S.dwg

PROJ. NO.: 14-00S

**Exhibit “2.B.i “**

**(1 of 1)**

**Need for Service –** The proposed sewer service area for the City Liberty Hill consists of existing Williamson County MUD #12, #17, #18, #19, #19A, #19B, #23, #31, #32, and Williamson-Liberty Hill MUD. Liberty Hill currently provides wholesale wastewater service for these existing MUDs.

**Reason for CCN Amendment –**

Proposed Service Area – City of Liberty Hill currently has sewer lines in this area. City of Liberty Hill is interested including the proposed service area into its existing water CCN No. 20969 as it is currently providing wholesale sewer service to 249 customers in the proposed service area.

City of Liberty Hill  
926 Loop 332  
Liberty Hill, TX 78642

**Exhibit "3.C."**

(1 of 3)

**Description of Proposed Service Areas –**

TRACT 1 – Beginning at the southwest corner of 18.181 Acre tract identified in Instrument # 2007021744 of the Official Public Records of Williamson County, Texas. This point of beginning is fronting US 183, and approximately 1,600' north from the centerline of the South Fork of The San Gabriel River in Williamson County.

From this point, the proposed service area heads in a northwesterly direction following the ROW of US 183 for approximately 645' before turning 90° heading east for approximately 140', then turning 90° and continuing in a northwesterly direction for approximately 256' where the proposed service area turns 90° and heads east for approximately 40' where it will turn 90° and continues in a northwesterly direction for approximately 495' before turning 90° and heading west towards US 183 for 181'.

Thence, the proposed service area will head in a northwesterly direction along the ROW of US 183 for 160' before turning 90° and heading in an easterly direction 1890', then turning 90° and heading in a northwesterly direction for approximately 350' and then turning 90° and heading in an easterly direction approximately 900' to the western ROW of County Road 266.

The proposed service area then follows the western ROW of County Road 266 in a northwesterly direction for 2,500' where it turns 90° and heads in an easterly direction for 3,725'. At this point, the proposed service turns 90° and heads in a northwesterly direction 600' where it intersects State Highway 29, and then continues for approximately 4,700' where it turns 90° and continues east 3,000' before turning 90° and heads in a northwesterly direction for 6,350'.

From this point, the proposed service area turns and heads in an easterly direction for 2,000', then turning left and heading in a northwesterly direction 1,500' to the center of a drainage way. Thence, the proposed service area turns and heads in an easterly direction, meandering and following the drainage way 850' to the centerline of US 183. From here the proposed service area continues a distance of 3,544' where it intersects Tower Road, and then an additional 200' before turning in a southeasterly direction 1,350' where it intersects Tower Road.

The proposed service area thence follows the western ROW of Tower Road 325' before turning and heading in an easterly direction 3,540' then turning and heading in a southeasterly direction 2,580'. Thence, the proposed service area turns 90° and heads in an easterly direction 860' before arching in a southwesterly direction for 3,325'.

The proposed service area boundary then heads east approximately 750' before turning in a southerly direction following Cross Creek Road for 6,120' where it passes Lightning Ranch Road and then turns 90° to head in a southwesterly direction for 2,070' where it then turns 90° and heads in a southeasterly direction for 1,650'.



## **Exhibit “3.C.”**

**(2 of 3)**

The proposed service area then turns 90° and heads in a southwesterly direction for 3,750' before turning 90° and heading in a southeasterly direction for 3,120' before turning and heading due south 235' to the northernmost ROW for State Highway 29.

Thence, the proposed service area heads east following the northern ROW of State Highway 29 for 1,100' before turning and heading in a southeasterly direction for approximately 1,100', then turning in a northeasterly direction approximately 1,500', and then turning due east for an additional 585'.

The proposed service area then turns in a northeasterly direction for approximately 400' before turning and heading east approximately 86' before changing course and heading in a southwesterly direction for approximately 1,450'.

Thence, the proposed service area heads in a northwesterly direction for approximately 1,140' before turning and heading due east 900'. From this point, the proposed service area heads in a southeasterly direction 4,140' before turning again and heading in a northeasterly direction for approximately 440' before turning in a southeasterly direction for 1,180', then turning and heading in a southwesterly direction for 550', then turning and heading in a northwesterly direction for 240'.

Thence, heading in a southwesterly direction for 3,885' to the ROW of Ronald Reagan Boulevard. From this point, the proposed service area follows the eastern ROW of Ronald Reagan Boulevard and heads in a northwesterly direction for approximately 4,140' until the intersection of the southern ROW County Road 268. Thence, the proposed ROW follows the eastern ROW of County Road 268 in a northeasterly direction for approximately 3,325'.

The proposed service area then turns and heads east for approximately 1,075' before turning and heading in a northeasterly direction for approximately 1,620' before turning and following the southern ROW of State Highway 29 for 5,512. Thence, the proposed service area turns and heads in a southwesterly direction for 1,010' before turning and heading in a southeasterly direction 2,640'.

Thence, the proposed service area turns in a southeasterly direction for 4,200' before turning 90° and heading in a northeasterly direction for 1,300' to the western ROW of County Road 267 before following the ROW in a southwesterly direction for 3,850'.

Thence the proposed service area turns west and follows the north bank of the South Fork of the San Gabriel River for 4,500' before turning and heading in a northwesterly direction for approximately 1,800', then turning west for approximately 400', then turning in northeasterly direction for 140' before turning and heading in a southwesterly direction for approximately 1,692' to the point of beginning.

**Exhibit "3.C."**

**(3 of 3)**

**TRACT 2** – Begins 2,673' north of the point of beginning for Tract 1 along the eastern ROW of US 183. From this point, the proposed service area heads in a northwesterly direction along the eastern ROW of US 183 for approximately 1,865' to the southern ROW of Crider Lane.

From here, the proposed service area follows the western ROW of S Baker Circle for approximately 400' and then continuing for additional 490' before turning and heading in an easterly direction for 673' and then turning in a northeasterly direction for 545' before following the southern ROW of S Baker Circle and heading in a northeasterly direction for 600'.

Thence the proposed service area heads in a northwesterly direction, and crosses S Baker Circle, for approximately 42' before turning and heading along the northern ROW of S Baker Circle, in a southwesterly direction, for approximately 300'.

From this point, the proposed service area heads in a northwesterly direction along the eastern ROW of Burba Lane for approximately 730' before turning and heading in a northeasterly direction of 275', and thence turning and heading in a northwesterly direction for 520'.

The proposed service area then turns 90° and heads in a northeasterly direction for 420' before turning 90° and heads in a southeasterly direction for approximately 890' before turning in a southwesterly direction for approximately 90'.

Thence the proposed service area heads in a southeasterly direction for 1,930' before turning 90° and heading in a southeasterly direction for 1,790' to the point of beginning of Tract 2.

The City of Liberty Hill  
PO Box 1920  
Liberty Hill, TX 78642

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niermann, *Commissioner*  
Richard A. Hyde, P.E., *Executive Director*

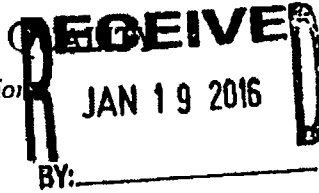


**COPY**

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

January 13, 2016



Mr. Greg Boatright, City Manager  
City of Liberty Hill  
P.O. Box 1920  
Liberty Hill, TX 78642

Re: Notice of Compliance with Notice of Violation (NOV) dated February 6, 2015:  
City of Liberty Hill WWTF, Liberty Hill (Williamson County), Texas  
RN104102132, TCEQ Additional ID: WQ#0014477-001, Investigation No.:1305267

Dear Mr. Boatright:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Austin Regional Office has received adequate compliance documentation on April 7, 2015, to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on December 10, 2014, and January 16, 2015. Based on the information submitted, no further action is required concerning this investigation.

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

Sincerely,

A handwritten signature in black ink that reads "Shawn Stewart".

Shawn Stewart  
Water Program Work Leader  
Austin Region Office

SS/mjd

Enclosure: Summary of Investigation Findings

cc: Mr. Wayne Bonnet, Public Works Director, City of Liberty Hill, PO Box 1920,  
Liberty Hill, TX 78642 (include Summary of Investigation Findings)

# Summary of Investigation Findings

LIBERTY HILL REGIONAL WWTP

Investigation #

1305267

Investigation Date: 01/08/2016

, WILLIAMSON COUNTY,

Additional ID(s): TX0126195

WQ0014477001

## ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 560050

30 TAC Chapter 307.4(b)(4)

### Alleged Violation:

Investigation: 1215564

Comment Date: 02/05/2015

Wastewater discharge caused a violation of TCEQ Surface Water Quality Standards, General Criteria, Aesthetic Parameters 30 TAC 307.4(b)(4), surface waters must be maintained in an aesthetically attractive condition. On January 16, 2015, a significant algal growth was observed in the South Fork San Gabriel River from the wastewater treatment plant outfall point and continuing downstream for approximately 500 feet.

Investigation: 1305267

Comment Date: 01/08/2016

A follow-up file review investigation was conducted on January 8, 2016, to determine compliance status of this alleged violation.

**Recommended Corrective Action:** Take actions to ensure surface waters around the outfall are maintained in an aesthetically attractive condition. Provide compliance documentation to the TCEQ Austin Region Office.

**Resolution:** Adequate compliance documentation (photos) was received on April 7, 2015, to resolve this violation.

Track No: 560069

30 TAC Chapter 305.125(1)

PERMIT WQ0014477001, Page 2a, Item 1  
Effluent Limitations

### Alleged Violation:

Investigation: 1215564

Comment Date: 01/30/2015

Failed to meet single grab effluent limits for e. coli 8 times during the past 12 months. The single grab limit for e. coli is 394 colonies per 100 ml. The exceedance were;

- (1) 1,553 colonies per 100 ml on April 24, 2014,
- (2) 727 colonies per 100 ml on May 19, 2014,
- (3) >2,420 colonies per 100 ml on September 3, 2014,
- (4) 8,360 colonies per 100 ml on September 4, 2014,
- (5) 1,990 colonies per 100 ml on September 5, 2014,
- (6) >2,420 colonies per 100 ml on September 17, 2014,
- (7) 649 colonies per 100 ml on October 8, 2014, and
- (8) >2,420 colonies per 100 ml on October 17, 2014.

Investigation: 1305267

Comment Date: 01/08/2016

A follow-up file review investigation was conducted on January 8, 2016 to determine compliance status of this alleged violation.

**Recommended Corrective Action:** Take actions to ensure consistent compliance with e coli limits. Provide documentation to the TCEQ Austin Region Office that shows 3 consecutive months of compliance with e coli limits, and documentation verifying that the facility's ultraviolet disinfection system was installed, operated and maintained according to TCEQ Design Requirements for Ultraviolet Light Disinfection.

## **Exhibit “5.G.”**

**(1 of 1)**

### **The Effect of Granting a Certificate Amendment –**

The granting of a certificate amendment will secure the opportunity for Liberty Hill to provide essential sewer service to both proposed customers within the proposed service areas. In the proposed areas, Liberty Hill is currently not providing sewer service to existing customer and this CCN amendment would allow the City of Liberty Hill to officially certificate existing sewer utility assets within the area. If the certificate amendment is granted, current and future landowners could have the option to choose between private septic tanks or Liberty Hill sewer service when considering sewer service for their individual lot.

***ANNUAL FINANCIAL REPORT***  
**of the**  
**CITY OF**  
**LIBERTY HILL, TEXAS**

**For the Year Ended**  
**September 30, 2015**

(This page intentionally left blank.)

# CITY OF LIBERTY HILL, TEXAS

## TABLE OF CONTENTS

September 30, 2015

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis (Required Supplementary Information)</b>	7
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	17
Statement of Activities	18
<b>Fund Financial Statements</b>	
<b>Governmental Funds Financial Statements</b>	
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	27
<b>Proprietary Funds Financial Statements</b>	
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	31
Statement of Cash Flows – Proprietary Funds	33
<b>Notes to Financial Statements</b>	35
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	57
Liberty Hill Economic Development Corporation Fund	59
Street Maintenance Fund	61
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	63
Schedule of Contributions – Texas Municipal Retirement System	65
<b><u>OTHER SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	69



(This page intentionally left blank.)



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
City Council Members of the  
City of Liberty Hill, Texas:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Liberty Hill, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

In 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**BELT HARRIS PECHACEK, LLP**

Belt Harris Pechacek, LLP  
*Certified Public Accountants*  
Houston, Texas  
March 14, 2016

(This page intentionally left blank.)

***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

(This page intentionally left blank.)

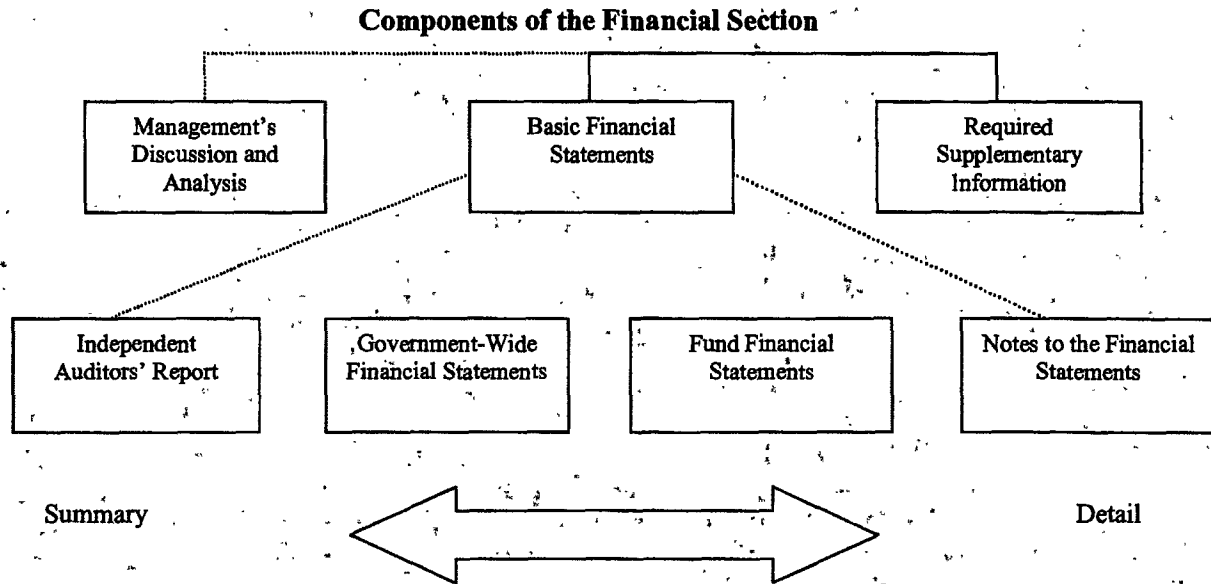
# CITY OF LIBERTY HILL, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Liberty Hill, Texas (the "City") for the year ended September 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

### THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.



**CITY OF LIBERTY HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

The Statement of Net Position and the Statement of Activities divide the City into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here, which include general government, public safety, and public works. Interest payments on the City's governmental debt are also reported here. Sales taxes, property taxes, franchise taxes, and other revenue finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water, wastewater, and sewer operations. Interest payments on the City's business-type debt are also reported here.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains four governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and debt service fund, which are considered to be major funds. While the street maintenance fund and Liberty Hill Economic Development Corporation (LHEDC) fund did not technically meet the criteria of being reported as a major fund, the City has elected to present these funds as a major fund due to their significance.

The City adopts an annual appropriated budget for each of its four governmental funds. Budgetary comparison schedules have been provided for each fund to demonstrate compliance with these budgets.

### **Proprietary Funds**

The City maintains three proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City reports water, wastewater treatment, and sewer funds, which are considered to be major funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds account for

**CITY OF LIBERTY HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

water, sewer and wastewater operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund, LHEDC fund, street maintenance fund and the schedule of changes in net position liability and related ratios, and a schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities by \$10,792,590 as of September 30, 2015. A portion of the City's net position (48 percent) reflects its investment in capital assets (e.g., land and City hall, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	September 30, 2015			
	Governmental Activities	Business-Type Activities	Reconciliation	Total
Current and other assets	\$ 2,691,592	\$ 15,577,058	\$ -	\$ 18,268,650
Capital assets, net	1,248,543	15,688,885	-	16,937,428
<b>Total Assets</b>	<b>3,940,535</b>	<b>31,265,543</b>	<b>-</b>	<b>35,206,078</b>
Deferred outflows - pensions				
<b>Total Deferred Outflows of Resources</b>	<b>33,908</b>	<b>-</b>	<b>-</b>	<b>33,908</b>
Long-term liabilities	5,610,057	17,640,000	-	23,250,057
Other liabilities	176,740	1,020,599	-	1,197,339
<b>Total Liabilities</b>	<b>5,786,797</b>	<b>18,660,599</b>	<b>-</b>	<b>24,447,396</b>
<b>Net Position:</b>				
Net investment in capital assets	1,248,543	9,518,635	(5,570,000)	5,197,178
Restricted	1,292,172	346,055	-	1,638,227
Unrestricted	(4,353,069)	2,740,254	5,570,000	3,957,185
<b>Total Net Position</b>	<b>\$ (1,812,354)</b>	<b>\$ 12,604,944</b>	<b>\$ -</b>	<b>\$ 10,792,590</b>

**CITY OF LIBERTY HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

September 30, 2014				
	Governmental Activities	Business-Type Activities	Reconciliation	Total
Current and other assets	\$ 2,087,799	\$ 5,008,508	\$ -	\$ 7,096,307
Capital assets, net	889,465	12,108,719	-	12,998,184
<b>Total Assets</b>	<b>2,977,264</b>	<b>17,117,227</b>	<b>-</b>	<b>20,094,491</b>
Deferred outflows - pensions				
<b>Total Deferred Outflows of Resources</b>	<b>8,008</b>	<b>-</b>	<b>-</b>	<b>8,008</b>
Long-term liabilities	5,956,215	5,520,000	-	11,476,215
Other liabilities	87,656	139,349	-	227,005
<b>Total Liabilities</b>	<b>6,043,871</b>	<b>5,659,349</b>	<b>-</b>	<b>11,703,220</b>
<b>Net Position:</b>				
Net investment in capital assets	884,765	8,623,534	(6,285,000)	3,223,299
Restricted	1,228,973	1,072,932	-	2,301,905
Unrestricted	(5,172,337)	1,761,412	6,285,000	2,874,075
<b>Total Net Position</b>	<b>\$ (3,058,599)</b>	<b>\$ 11,457,878</b>	<b>\$ -</b>	<b>\$ 8,399,279</b>

A portion of the City's net position, \$1,638,227, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$3,957,185, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$2,393,311 during the current fiscal year, an increase of 28 percent over the prior year. The overall condition of the City improved during the year primarily due to lower operating expenses to revenues for charges for service during the current fiscal year.

The City has issued and repaid debt in its governmental activities for which the proceeds were used to construct capital assets for business-type activities. With one activity carrying the capital asset and another carrying the debt, the result is an unusual net position presentation. The City has included a reconciliation column in the Statement of Net Position adjusting the net investment in capital assets. Outstanding debt associated with governmental activities, in the amount of \$5,570,000, is being used to finance capital assets reported in business-type activities. Accordingly, this amount has been added back to unrestricted net position and deducted from net investment in capital assets in total for the primary government.

There was an increase in the beginning net position of \$14,759 for governmental activities due to the implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. More detailed information about this restatement is presented in note III.G. to the financial statements.

In the current fiscal year, GASB Statement Nos. 68 and 71 requires the City to recognize a net pension liability and deferred outflows/inflows of resources as discussed in note IV.C. to the financial statements. The net change in the pension liability increased by \$14,577 for the governmental activities during the current fiscal year. The net change in deferred outflows/inflows increased the net position by \$25,900 for governmental activities.

**CITY OF LIBERTY HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

**Statement of Activities**

The following table provides a summary of the City's changes in net position.

	For the Year Ended September 30, 2015			For the Year Ended September 30, 2014		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 697,683	\$ 3,937,514	\$ 4,635,197	\$ 299,387	\$ 2,935,049	\$ 3,234,436
Operating grants and contributions	72,698	-	72,698	52,556	12,110	64,666
General revenues:						
Property taxes	659,661	-	659,661	623,844	-	623,844
Sales taxes	947,098	-	947,098	760,999	-	760,999
Franchise and local taxes	106,269	-	106,269	106,154	-	106,154
Other	121,579	397	121,976	235,609	393	236,002
<b>Total Revenues</b>	<b>2,604,988</b>	<b>3,937,911</b>	<b>6,542,899</b>	<b>2,078,549</b>	<b>2,947,552</b>	<b>5,026,101</b>
<b>Expenses</b>						
General government	689,482	-	689,482	534,045	-	534,045
Municipal court	141,855	-	141,855	124,265	-	124,265
Public safety	388,893	-	388,893	342,284	-	342,284
Public works	146,314	-	146,314	80,218	-	80,218
Water, sewer, and wastewater collections	-	2,330,658	2,330,658	-	1,646,855	1,646,855
Interest and fiscal agent fees on long-term debt	154,565	297,821	452,386	161,946	211,339	373,285
<b>Total Expenses</b>	<b>1,521,109</b>	<b>2,628,479</b>	<b>4,149,588</b>	<b>1,242,758</b>	<b>1,858,194</b>	<b>3,100,952</b>
<b>Increase in Net Position Before Transfers</b>	<b>1,083,879</b>	<b>1,309,432</b>	<b>2,393,311</b>	<b>835,791</b>	<b>1,089,358</b>	<b>1,925,149</b>
Transfers in (out)	162,366	(162,366)	-	285,863	(285,863)	-
<b>Change in Net Position</b>	<b>1,246,245</b>	<b>1,147,066</b>	<b>2,393,311</b>	<b>1,121,654</b>	<b>803,495</b>	<b>1,925,149</b>
Beginning net position	(3,058,599)	11,457,878	8,399,279	(4,180,253)	10,654,383	6,474,130
<b>Ending Net Position</b>	<b>\$ (1,812,354)</b>	<b>\$ 12,604,944</b>	<b>\$ 10,792,590</b>	<b>\$ (3,058,599)</b>	<b>\$ 11,457,878</b>	<b>\$ 8,399,279</b>

Overall, governmental activities revenue increased. Sales taxes revenue increased by \$186,099 or 24 percent due to a rising economy. Charges for services also increased over the prior year by \$398,296 due primarily to an increase in permit fees due to more development in the City. Governmental expenses increased by \$278,351 from prior year due primarily to increases in salaries in general government and public works.

Revenue for business-type activities increased by \$990,359 or 34 percent from the prior year, mainly due to impact fees for the City's wastewater collection services in developing areas. Similarly, business-type expenses increased by \$770,285 or 41 percent as a result of the increases in operating the wastewater treatment plant.

**CITY OF LIBERTY HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2015

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$2,513,639. At the end of the current year, \$1,221,467 was unassigned. Total restricted fund balance for various purposes is \$1,250,471.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$1,221,467, while total fund balance reached \$1,300,744. Of this amount, \$37,576 is restricted for municipal court security and technology and \$41,701 is restricted for communication equipment that is related to Public Education Government fees collected from cable companies. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 93 percent of total general fund expenditures, while total fund balance represents 99 percent of the same amount. The general fund in total demonstrated an overall increase of \$467,986 due to a transfer in from the enterprise fund and revenue received for permits due to a higher volume of development.

The debt service fund balance of \$98,263 is restricted for future debt payments of principal and interest. The debt service fund slightly increased by \$16,032.

The economic development corporation fund balance increased \$23,718 as a result of more sales tax revenue than expenditures during the year. The ending fund balance of \$734,066 is restricted for economic development.

The street maintenance fund reported a fund balance of \$380,566, which was an increase of \$12,869. The street maintenance fund is restricted for repair and maintenance expenditures on streets in the City.

**Proprietary Funds** – The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgeted general fund revenues exceeded actual revenues by \$483,647 during the year. This net negative variance includes the positive variance of \$99,818 for sales tax and permit and licenses revenues due to a better economy and more development. The net negative variance is primarily due to less revenue from intergovernmental activities than expected. General fund expenditures were under the final budget by \$578,075 mainly due to a positive variance of \$424,225 in general administration expenditures. This positive variance comes from less spending on payroll and capital outlay than expected.

**CAPITAL ASSETS**

At the end of the year, the City's governmental and business-type activities had invested \$1,248,543 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$158,715 from the prior year. The City's business-type activities funds had invested \$15,688,885 in capital assets and infrastructure (net of accumulated depreciation). This represents a decrease of \$210,238 from the prior year.

**CITY OF LIBERTY HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

Major capital asset events during the year included the following:

- A total of four vehicles for the police and public works department \$134,318
- Purchase of land \$158,334
- Construction in progress related to the Phase 3B wastewater and sewer system for \$3,061,411
- Construction in progress for waterworks system for \$728,992

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

**LONG-TERM DEBT**

At the end of the current year, the City's governmental funds had total certificates of obligation outstanding of \$5,570,000. Business-type activities had total revenue bonds outstanding of \$17,640,000 at year end. The City issued its 2014 water system revenue bonds and 2014 wastewater treatment facility bonds for \$2,500,000 and \$10,000,000, respectively. More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City Council approved a \$2.3 million budget for the 2015/2016 year. The total property tax rate for 2015 decreased to \$0.527842. The maintenance and operation rate will decrease to \$0.100312 and debt service rate will increase to \$0.427530.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Amber Lewis, City Finance Director, City Hall, 1120 Loop 332, Liberty Hill, Texas, 78642; telephone (512) 778-5449.

(This page intentionally left blank.)

## ***BASIC FINANCIAL STATEMENTS***



(This page intentionally left blank.)

# CITY OF LIBERTY HILL, TEXAS

## STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Reconciliation	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,487,811	\$ 15,333,124	\$ -	\$ 17,820,935
Receivables, net	203,781	243,934	-	447,715
Internal balances	400	(400)	-	-
	<u>2,691,992</u>	<u>15,576,658</u>	<u>-</u>	<u>18,268,650</u>
Capital assets:				
Nondepreciable capital assets	410,350	4,893,819	-	5,304,169
Net depreciable capital assets	838,193	10,795,066	-	11,633,259
	<u>1,248,543</u>	<u>15,688,885</u>	<u>-</u>	<u>16,937,428</u>
<b>Total Assets</b>	<u>3,940,535</u>	<u>31,265,543</u>	<u>-</u>	<u>35,206,078</u>
<b>Deferred Outflow of Resources</b>				
Deferred outflows - pensions	33,908	-	-	33,908
<b>Liabilities</b>				
Accounts payable and accrued liabilities	164,420	912,147	-	1,076,567
Customer deposits	-	59,550	-	59,550
Accrued interest	12,320	48,902	-	61,222
	<u>176,740</u>	<u>1,020,599</u>	<u>-</u>	<u>1,197,339</u>
Noncurrent liabilities:				
Long-term liabilities due within one year	404,008	900,000	-	1,304,008
Long-term liabilities due in more than one year	5,206,049	16,740,000	-	21,946,049
	<u>5,610,057</u>	<u>17,640,000</u>	<u>-</u>	<u>23,250,057</u>
<b>Total Liabilities</b>	<u>5,786,797</u>	<u>18,660,599</u>	<u>-</u>	<u>24,447,396</u>
<b>Net Position</b>				
Net investment in capital assets	1,248,543	9,518,635	(5,570,000)	5,197,178
Restricted	1,292,172	346,055	-	1,638,227
Unrestricted	(4,353,069)	2,740,254	5,570,000	3,957,185
<b>Total Net Position</b>	<u>\$ (1,812,354)</u>	<u>\$ 12,604,944</u>	<u>\$ -</u>	<u>\$ 10,792,590</u>

See Notes to Financial Statements.

# CITY OF LIBERTY HILL, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>Governmental Activities</b>			
General government	\$ 689,482	\$ 565,546	\$
Municipal court	141,855	-	-
Public safety	388,893	132,137	-
Public works	146,314	-	72,698
Interest and fiscal agent fees on long-term debt	154,565	-	-
<b>Total Governmental Activities</b>	<u>1,521,109</u>	<u>697,683</u>	<u>72,698</u>
<b>Business-Type Activities</b>			
Water, sewer, and wastewater collections	2,330,658	3,937,514	
Interest and fiscal agent fees on long-term debt	297,821	-	-
<b>Total Business-Type Activities</b>	<u>2,628,479</u>	<u>3,937,514</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 4,149,588</u>	<u>\$ 4,635,197</u>	<u>\$ 72,698</u>
<b>General Revenues:</b>			
Taxes:			
Property taxes			
Sales taxes			
Franchise and local taxes			
Other			
Transfers			
<b>Total General Revenues and Transfers</b>			
<b>Change in Net Position</b>			
<b>Beginning net position</b>			
<b>Ending Net Position</b>			

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (123,936)	\$ -	\$ (123,936)
(141,855)	-	(141,855)
(256,756)	-	(256,756)
(73,616)	-	(73,616)
(154,565)	-	(154,565)
(750,728)	-	(750,728)
-	1,606,856	1,606,856
-	(297,821)	(297,821)
-	1,309,035	1,309,035
(750,728)	1,309,035	558,307
659,661	-	659,661
947,098	-	947,098
106,269	-	106,269
121,579	397	121,976
162,366	(162,366)	-
1,996,973	(161,969)	1,835,004
1,246,245	1,147,066	2,393,311
(3,058,599)	11,457,878	8,399,279
<u>\$ (1,812,354)</u>	<u>\$ 12,604,944</u>	<u>\$ 10,792,590</u>

# CITY OF LIBERTY HILL, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2015

	General	Debt Service	Liberty Hill Economic Development Corporation	Street Maintenance
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,412,420	\$ 45,993	\$ 672,835	\$ 356,563
Receivables, net	123,077	11,275	46,286	23,143
Due from other funds	400	52,270	22,446	2,228
<b>Total Assets</b>	<b>\$ 1,535,897</b>	<b>\$ 109,538</b>	<b>\$ 741,567</b>	<b>\$ 381,934</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 155,551	\$ -	\$ 7,501	\$ 1,368
Due to other funds	76,944	-	-	-
<b>Total Liabilities</b>	<b>232,495</b>	<b>-</b>	<b>7,501</b>	<b>1,368</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	2,658	11,275	-	-
<b><u>Fund Balances</u></b>				
Restricted:				
Municipal court	37,576	-	-	-
Communication equipment	41,701	-	-	-
Street maintenance	-	-	-	380,566
Debt service	-	98,263	-	-
LHEDC	-	-	734,066	-
Unassigned	1,221,467	-	-	-
<b>Total Fund Balances</b>	<b>1,300,744</b>	<b>98,263</b>	<b>734,066</b>	<b>380,566</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,535,897</b>	<b>\$ 109,538</b>	<b>\$ 741,567</b>	<b>\$ 381,934</b>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$	2,487,811
	203,781
	77,344
\$	<u>2,768,936</u>

\$	164,420
	76,944
	<u>241,364</u>

	<u>13,933</u>
--	---------------

	37,576
	41,701
	380,566
	98,263
	734,066
	1,221,467
	<u>2,513,639</u>

\$	<u>2,768,936</u>
----	------------------

(This page intentionally left blank.)

**CITY OF LIBERTY HILL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

September 30, 2015

Total fund balances for governmental fun		\$ 2,513,639
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets - non-depreciable	410,350	
Capital assets - net depreciable	<u>838,193</u>	
		-1,248,543
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		13,933
Deferred outflows related to the net pension liability are not reported in the governmental funds.		
Deferred outflows		33,908
Some liabilities, including bonds payable, compensated absences, accrued interest, and net pension liability, are not reported as liabilities in the governmental funds.		
Accrued interest	(12,320)	
Non-current liabilities due in one year	(5,206,049)	
Non-current liabilities due in more than one year	<u>(404,008)</u>	
		(5,622,377)
<b>Net Position of Governmental Activities</b>		<b>\$ <u>(1,812,354)</u></b>

See Notes to Financial Statements.



**CITY OF LIBERTY HILL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2015

			Liberty Hill Economic Development Corporation	Street Maintenance
<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>		
Property taxes	\$ 122,903	\$ 535,571	\$ -	\$ -
Sales taxes	546,472	-	258,124	142,502
Franchise and local taxes	106,269	-	-	-
Fines and forfeitures	132,137	-	-	-
Licenses and permits	565,546	-	-	-
Other	141,237	94	3,035	49,911
<b>Total Revenues</b>	<b>1,614,564</b>	<b>535,665</b>	<b>261,159</b>	<b>192,413</b>
<u>Expenditures</u>				
<b>Current:</b>				
General administration	555,269		237,441	
Municipal court	141,353		-	
Police department	504,167		-	-
Parks and recreation and street maintenance	108,155	-		179,544
<b>Debt service:</b>				
Principal	-	365,000	-	-
Interest expense	-	154,633	-	-
<b>Total Expenditures</b>	<b>1,308,944</b>	<b>519,633</b>	<b>237,441</b>	<b>179,544</b>
<b>Excess of Revenues Over Expenditures</b>	<b>305,620</b>	<b>16,032</b>	<b>23,718</b>	<b>12,869</b>
<u>Other Financing Sources (Uses)</u>				
Transfers in	162,366	-	-	-
<b>Total Other Financing Sources</b>	<b>162,366</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>467,986</b>	<b>16,032</b>	<b>23,718</b>	<b>12,869</b>
Beginning fund balances	832,758	82,231	710,348	367,697
<b>Ending Fund Balances</b>	<b>\$ 1,300,744</b>	<b>\$ 98,263</b>	<b>\$ 734,066</b>	<b>\$ 380,566</b>

See Notes to Financial Statements.

<b>Total Governmental Funds</b>	
\$	658,474
	947,098
	106,269
	132,137
	565,546
	194,277
	<u>2,603,801</u>
	792,710
	141,353
	504,167
	287,699
	365,000
	154,633
	<u>2,245,562</u>
	<u>358,239</u>
	162,366
	<u>162,366</u>
	520,605
	<u>1,993,034</u>
\$	<u>2,513,639</u>

(This page intentionally left blank.)

**CITY OF LIBERTY HILL, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ 520,605
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset acquisitions and retirements	386,813
Depreciation expense	(27,735)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Net change in unavailable revenue - property taxes	1,187
Change in pension activity does not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. Changes in pension activity that affect the City's net position are as follows:	
Net pension liability	(14,577)
Deferred outflows	25,900
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal paid on long-term debt	369,700
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest expense	68
Compensated absences	(15,716)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,246,245</b>

See Notes to Financial Statements.