

make available and that Austin will purchase shall be limited by an agreed upon schedule of Austin's projected 100-year water demands ("Demand Schedule"), which shall be developed by the Water Partnership on or before December 31, 2010, and updated every five years thereafter.

(iv) Austin shall use the supplemental water supply to be made available under the Supplemental Water Supply Agreement only within Austin's Service Area; however, Austin agrees that it will not supply such water on a wholesale basis to any third party entity where the wastewater derived from such water is discharged outside the Colorado River basin unless: (a) such transfer is authorized under state law; and (b) Austin includes in any contracts for new customers or any renewed contracts for entities that are existing customers on the effective date of the Supplemental Water Supply Agreement language giving LCRA the right to retrieve and return to the Colorado River basin, at its own expense, any Return Flows attributed to such transferred water.

(b) Payments. Austin shall pay for the supplemental water supply to be made available according to the following conditions:

(i) Payments Upon Initial Use. Upon initial use of water by Austin under the Supplemental Water Supply Agreement, Austin shall pay the applicable LCRA firm water rate in effect at the time Austin begins to use water under the Demand Schedule, including any charges then in effect and applicable to: (1) diversion and use of the water up to the quantities made available in accordance with the Demand Schedule; (2) setting aside water for Austin's use in accordance with the Demand Schedule, or (3) the

use of water in excess of the amount made available in accordance with the Demand Schedule.

(ii) Payment Prior to Initial Use. The Supplemental Water Supply Agreement shall set forth the circumstances under which Austin would make payments, if any, prior to the initial use of water under the Supplemental Water Supply Agreement.

(c) Regulatory Approvals Required; Future Regulations.

(i) LCRA's commitment to supply water shall be conditioned upon LCRA obtaining any and all regulatory and statutory authorizations, if any, that may be needed to allow LCRA to provide the supplemental water supply from any and all supplies the Water Partnership has identified as appropriate supply alternatives consistent with Section IV.B(2)(d). Austin shall support LCRA's efforts to obtain any such authorizations.

(ii) Notwithstanding the foregoing, the Parties shall also acknowledge and agree that, the failure to secure the legal right to divert and use Return Flows as contemplated by Section V.A of this Agreement will not serve to excuse performance of the Parties' obligations under the Supplemental Water Supply Agreement to be developed and executed, except as such obligations relate to any credit for Indirect Reuse contemplated thereby. In addition, if the Parties fail to obtain the required regulatory approvals, both Parties will use their best efforts to take any necessary actions to effectuate the terms of the Supplemental Water Supply Agreement.

(iii) Further, Austin shall agree to comply with LCRA rules and any legal requirements applicable to raw water contracts that may be in effect when

and after Austin begins to use water under the Supplemental Water Supply Agreement, including but not limited to any additional water conservation and drought contingency measures that may be required by state law.

(d) Source of Supply. Consistent with the 1999 Water Sale Agreement, the water supply to be provided by LCRA may include any source of firm water supply legally and physically available to LCRA at the time Austin's actual demand for the water arises, and may include water available, if any, under Austin's water rights and may also include any Return Flows derived from any water supplies made available to Austin, wherever located, but only as set forth by Section V.B. Water supplies to be provided shall be limited to only those which the LCRA Board has specifically approved for consideration in meeting future water needs within the LCRA service area.

(e) Austin's water rights shall be used first to supply Austin's needs under the Supplemental Water Supply Agreement, unless the Water Partnership determines that some other arrangement would serve to further optimize the water available to the Parties.

(3) No Agreement. Should the Parties fail to reach agreement on or obtain the approvals from their respective governing bodies of the Supplemental Water Supply Agreement as contemplated herein, this Settlement Agreement shall become null and void and of no further effect. In such event of termination, each party retains all rights and duties that existed prior to entering into this Settlement Agreement.

V. SHARED RIGHTS TO THE BENEFICIAL USE OF RETURN FLOWS.

Subject to obtaining any required regulatory approvals as may be necessary, the Parties agree to share rights to the Beneficial Use of Return Flows as part of the Parties' collaborative water

resource management system as set forth in this Section IV.A. If the Parties fail to obtain the required regulatory approvals, both Parties agree to use their best efforts to take any necessary actions to effectuate the terms of this Section.

A. Regulatory Approvals Regarding Ownership and Control of Return Flows

(1) Type of Authorization. To implement the Return Flows sharing arrangement contemplated by this Section V, the Parties agree and acknowledge that water rights permits or permit amendments may be required pursuant to Chapter 11 of the Texas Water Code. Within thirty (30) days after the Effective Date of the Supplemental Water Supply Agreement, the Parties agree to initiate efforts to seek from the Texas Commission on Environmental Quality (TCEQ) the permits, amendments or approvals necessary to allow the sharing arrangement for Return Flows as set forth in this Settlement Agreement. The type of regulatory approval the Parties seek shall be determined after further consultation with the TCEQ. The Parties shall mutually agree on the type of regulatory approval that will most effectively and expeditiously carry out the Return Flows sharing agreement set forth in this Section V. The types of regulatory approvals may include (in order of preference) one or more of the following:

- (a) Issuance of a new water rights permit to divert and use Return Flows whereby LCRA and Austin hold an undivided interest in such permit;
- (b) Confirmation by the TCEQ that Return Flows are state water that may be diverted and used by LCRA and Austin under LCRA's and Austin's water rights, as they exist today or may be amended in the future or hereafter obtained, and specifically including LCRA's Water Management Plan and any water rights permit ultimately issued to LCRA under Application No. 5731; or
- (c) Any other mutually agreeable means identified, upon consultation with the

TCEQ, including any contract between the Parties.

(2) Incorporation into Water Management Plan. The Parties further agree that, regardless of the regulatory mechanism ultimately used to secure the legal rights to implement the Return Flows sharing arrangement set forth in this section, such sharing arrangement will be incorporated as appropriate into LCRA's Water Management Plan, and will include any projected allocation and Beneficial Use of Return Flows by LCRA under its water rights, any dedicated use of Return Flows to meet environmental flow needs, any interruptible Indirect Reuse of such Return Flows by Austin, and an assessment of the anticipated impact of such sharing arrangement on the Combined Firm Yield of Lakes Buchanan and Travis.

B. Interruptible Indirect Reuse by Austin

Austin agrees that its Indirect Reuse of Return Flows will be on an interruptible basis as follows:

(1) Environmental Flow Criteria and Carriage Losses.

Austin shall only divert an amount of water from the Colorado River that can be attributed to Return Flows discharged by Austin upstream of the diversion point, less Carriage Losses, only when the specific environmental flow criteria as set forth in **Exhibit B** are satisfied. These environmental flow criteria are designed to assure that Austin's Indirect Reuse does not directly cause adverse impacts to instream flows or freshwater inflows to Matagorda Bay. To the extent that the Return Flows are dedicated to meeting the environmental flow criteria for bay and estuary inflows set forth in **Exhibit B** when Austin is implementing an Indirect Reuse project, such Return Flows shall not be available to either party for diversion. If, however, the Return Flows are dedicated to meeting only an instream flow criteria set forth in **Exhibit B**, such flows may be diverted in accordance with the sharing arrangement downstream of the location at which

the instream flow criteria applies to the extent that such diversions do not result in flow reductions that cause other downstream environmental flow criteria to be violated.

(2) Location and Purpose of Use.

(a) Austin shall only divert Return Flows for Indirect Reuse as set forth in this Section V.B downstream of one or more of its wastewater treatment plants.

(b) Austin shall only divert Return Flows for Indirect Reuse within Austin's Service Area to meet its own municipal water supply needs and up to 3500 acre-feet of steam electric needs at the Fayette Power Project and Sand Hill Energy Center.

(c) If Austin proposes a project to be located above the confluence of Onion Creek and the Colorado River (but below Walnut Creek Wastewater Treatment Plant), Austin will propose the new location to the Water Partnership. The Water Partnership will develop approaches to the proposed new location that consider the following factors:

- (i) Water quality concerns;
- (ii) Streamflow conditions;
- (iii) Accounting for the source of water for the proposed location; and
- (iv) Any other accounting or environmental issues the Water Partnership deems appropriate.

(3) Implementation Date for Austin's Indirect Reuse.

The Parties agree that Austin's Indirect Reuse of Return Flows at the Sand Hill Energy Center and Fayette Power Project or for municipal purposes will not be implemented until:

- (a) Austin has resumed payments under Article IV.H.4. of the 1999 Agreement; and

(b) any regulatory approvals, if necessary, have been obtained to allow such Indirect Reuse as set forth in Section V.A(1).

(4) Accounting Under Existing Water Supply Agreements and Supplemental Water Supply Agreement.

(a) Existing Water Sale Agreements

Notwithstanding any other interpretation of the Existing Water Sale Agreements, the Parties agree that:

(i) Each acre-foot of Return Flows that Austin Indirectly Reuses in any given year shall be counted towards the total number of acre-feet that LCRA is obligated to supply Austin under the Existing Water Sale Agreements.

(ii) Upon implementation of the sharing arrangement, LCRA agrees to provide Austin with a monetary credit on a per acre-foot basis at a one-to-one ratio, such that for each acre-foot of water diverted for Indirect Reuse LCRA shall provide a credit equivalent to the LCRA's then current firm raw water rate, as follows:

(a) Austin's Indirect Reuse at FPP/SHEC shall be credited towards LCRA's obligation to supply up to 3500 acre-feet of water under the FPP/SHEC Agreement and, for any diversions of water in excess of 3500 acre-feet, unless such diverted water is determined to have been legally available to Austin under Certificate of Adjudication No. 14-5471B, Austin shall pay LCRA for water at the applicable water rate for diversions in excess of the Maximum Annual Quantity as stated in the FPP/SHEC Agreement.

(b) Upon resumption of payments under the 1999 Agreement, for every acre-foot of Indirect Reuse implemented by Austin for purposes other than for steam electric purposes under the FPP/SHEC Agreement, LCRA shall provide a credit against the amounts owed under the 1999 Agreement.

(b) Supplemental Water Supply Agreement.

To the extent Return Flows are available for possible Indirect Reuse by Austin, after accounting for applicable environmental flow needs and Carriage Losses, and any credits provided under the Existing Water Sale Agreements as set forth above in subsection (a), Austin may implement Indirect Reuse and receive an appropriate credit against amounts owed for water use under the Supplemental Water Supply Agreement. The method for determining whether Return Flows are available for possible Indirect Reuse, including appropriate environmental flow criteria, and the appropriate credit to be provided under the Supplemental Water Supply Agreement shall be developed by the Water Partnership prior to initiating Indirect Reuse under the Supplemental Water Supply Agreement and shall give due consideration to the source of supply to be made available for Austin's use, the factors identified in subsection V.B(2)(c) for Indirect Reuse located above the confluence of Onion Creek and the Colorado River (but below Walnut Creek Wastewater Treatment Plant), and any other restrictions that may be imposed by local, state or federal law in effect at the time the water is made available that may affect the overall availability of such Return Flows for Indirect Reuse under the Supplemental Water Supply Agreement.

C. Use of Return Flows by LCRA.

The Parties agree that, whenever and to whatever extent Austin is not Indirectly Reusing Return Flows in accordance with this Settlement Agreement and to the extent Return Flows cannot be

allocated against any obligation LCRA may have to provide water for freshwater inflow or instream flow needs under its water rights, LCRA shall have the right to use Return Flows for any other Beneficial Use and to account for such Return Flows as state water available for diversion or use under its senior water rights. Such right shall not include the right to make such Return Flows available to Austin except as contemplated by Section IV.B(2)(d) and Section V.B(4) of this Agreement whereby LCRA may count such Return Flows in the total diversions made by Austin under the Existing Water Sale Agreements and the Supplemental Water Supply Agreement contemplated by Section IV.B, but has agreed to provide an appropriate credit for Austin's Indirect Reuse of such Return Flows.

D. Direct Reuse.

The Parties agree that nothing in this Agreement shall affect or reduce the Parties' rights to implement Direct Reuse.

VI. WATER NEEDS FOR AUSTIN'S STEAM ELECTRIC OR OTHER POWER PLANTS

Regarding Austin's water needs for steam electric or other power plant purposes, the Return Flows sharing arrangement contained in this Settlement Agreement is applicable only to Austin's existing water supply needs at the Sand Hill Energy Center and Fayette Power Plant. Should Austin need additional water for any of its other power plants, including new or expanded power plants in which Austin may acquire an ownership interest, the manner in which that supplemental water will be secured shall be referred to the Water Partnership for resolution. Until such time, Austin agrees that it will not use the Return Flow sharing arrangement or the Supplemental Water Supply Agreement contemplated by this Settlement Agreement to address the water supply needs of any other Austin power plants, including new or expanded power plants that Austin may add in the future unless:

(1) Austin decides to provide the needed supply from the water made available by LCRA under the 1999 Agreement at a designated Downstream Point of Diversion or other allowed diversion point under the 1999 Agreement, or

(2) Austin otherwise obtains the written consent of LCRA to provide such Return Flows to its new or expanded power plants under the Supplemental Water Supply Agreement contemplated by Section IV.B of this Settlement Agreement or some other written agreement between the Parties.

VII. CLARIFICATION OF OBLIGATIONS UNDER 1999 AGREEMENT.

A. Payment Trigger.

Article IV.H.(4) of the 1999 Agreement provides that, when the annual average amount of water diverted by Austin during any calendar period of two consecutive years exceeds 201,000 AFY for certain municipal, industrial and/or irrigation use, Austin will pay LCRA for all of such water use in excess of 150,000 AFY in all subsequent calendar years (the "Payment Trigger").

(1) The Parties acknowledge and agree that Austin is currently undertaking both aggressive Conservation programs and the construction of necessary infrastructure to implement Direct Reuse that may affect the date on which the Payment Trigger is reached. Further, LCRA acknowledges that future and certain existing Austin wholesale water supply agreements may require that, at Austin's option, Austin's customers must obtain their own raw water supply contract from LCRA in the future as a means of delaying the date on which payments by Austin will be required under the 1999 Agreement.

(2) Except for the strategies outlined in subsection (1) above, Austin agrees that it will not use alternative water supplies or implement Indirect Reuse to meet its municipal

water supply needs in a manner that would delay the date on which the Payment Trigger is reached.

(3) In the event that Austin chooses to use alternative water supplies or implement Indirect Reuse to meet its municipal water supply needs prior to the time at which Austin has resumed payments under the 1999 Agreement, Austin agrees that LCRA shall count any and all such water use as if it were water supplied by LCRA under the 1999 Agreement.

B. Accounting for Water Use under Various Water Rights

(1) The Parties agree that, notwithstanding Section IV.A of the 1999 Water Sale Agreement, all water to be used by Austin shall first be diverted and allocated against water rights held by Austin, with the remaining amounts to be allocated under any of LCRA's water supplies that LCRA may make available for use under the 1999 Water Sale Agreement, except as may otherwise be agreed upon by the Parties as part of the Water Partnership's efforts to collaboratively manage water supplies. The Parties agree and acknowledge that the exact quantity of water to be allocated from LCRA's firm supplies to satisfy LCRA's commitment under its Existing Water Sale Agreements may change over time as improvements and modifications are made to the manner in which water availability is assessed by LCRA, TCEQ, and the Texas Water Development Board.

(2) Consistent with the Parties' commitment to have a more collaborative relationship, and the obligations contained in the 1999 Agreement and state law, the Parties agree to improve communications and exchange of data and information regarding Austin's daily diversions for various beneficial purposes and to develop a

consistent method for reporting annual water use to the TCEQ to ensure that water use is being accurately accounted for under the Parties' respective water rights.

C. Points of Diversion and Diversion Rates.

The Parties agree that both LCRA and Austin have a need for flexibility in making diversions of water under various water rights and water sale agreements, including the 1999 Water Sale Agreement. To enhance this flexibility, the Parties agree as follows:

- (1) Consistent with Article IV.A of the 1999 Agreement, as clarified by VII.B(1) of this Settlement Agreement, LCRA agrees that Austin may increase its allowed maximum daily peak day diversion rate from the Lake Travis Point of Diversion from 150 MGD up to 300 MGD.
- (2) Under Article IV.B of the 1999 Agreement, LCRA acknowledges and agrees that Austin may divert raw water from the Colorado River or its tributaries from any reasonable location within Austin's Service Area, including Lake Travis, Lake Austin, Town Lake, and other Downstream Points of Diversion Austin may add on the Colorado River from Longhorn Dam to the Bastrop County line, without limitations on the daily and annual diversion rates and without further written approval from LCRA, except as set forth above in subsection (1) or as may be necessary to comply with any instream flow requirements set forth in the water rights under which such diversions are made. Further, the Parties agree that, if Austin proposes a project to divert above the confluence of Onion Creek and the Colorado River (but below Walnut Creek Wastewater Treatment Plant), Austin will propose the new location to the Water Partnership. The Water Partnership will develop approaches to the proposed new location that consider the following factors:

- (i) Water quality concerns;

- (ii) Streamflow conditions;
- (iii) Accounting for the source of water for the proposed location; and
- (iv) Any other accounting or environmental issues the Water Partnership deems appropriate.

The Parties acknowledge that the addition of some diversion points or changes in diversion rates under Austin's Existing Water Rights may require the approval of TCEQ and hereby agree to cooperate in seeking such approvals as are reasonably necessary to effectuate this agreement.

(3) Austin acknowledges and agrees that LCRA needs additional flexibility to use whichever of its water rights that it deems necessary and appropriate to allow it to make water available to Austin under the 1999 Agreement from sources other than Certificates of Adjudication No. 14-5478 (Lake Buchanan) & 14-5482 (Lake Travis), as amended, and to use whichever of its water rights that it deems necessary and appropriate to make water available to other LCRA customers. The Parties hereby agree to cooperate in seeking appropriate regulatory approvals to obtain such operational flexibility.

D. Town Lake Levels.

Considering the limitations placed on LCRA's obligation to provide water for industrial cooling purposes in Town Lake under Article IV.(E) of the 1999 Agreement, the Water Partnership shall be charged with developing a proposal to address maintenance of lake levels for Town Lake after the Holly Power Plant is closed. Such proposal shall include both the source of water supply and allocation of cost for such water supply.

E. Drought Contingency Plan.

Austin agrees that, consistent with Section IV.N of the 1999 Agreement, LCRA's Water Management Plan, and state law, it must develop a drought contingency plan for use of the water

supplied under the 1999 Agreement that reflects consideration of the supply made available by LCRA and the targets and goals set forth in the LCRA Drought Contingency Plan.

F. LCRA's Lometa Water System

Notwithstanding Special Condition 5.A(2) in Austin's Certificate of Adjudication No. 14-5471, Austin agrees that it will not assert a priority call on any water to be supplied by LCRA to the Lometa Water System for municipal and domestic purposes from any water right that LCRA may lease or acquire that has a priority date that is junior to November 15, 1900.

VIII. RESOLUTION OF CERTAIN REGULATORY MATTERS

The Parties agree to the following:

A. LCRA's Excess Flows Permit Application. TCEQ Application Number 5731 ("Excess Flows Application").

(1) Within thirty (30) days of the effective date of the Supplemental Water Supply Agreement, LCRA will file a letter with TCEQ in a form substantially similar to **Exhibit C** attached hereto clarifying that LCRA will not make priority calls upon Return Flows to enhance LCRA's right to divert any water granted in this permit during times when and to the extent that Austin is Indirectly Reusing Return Flows consistent with this Settlement Agreement unless the Parties determine such priority call is necessary to allow the diversion and Beneficial Use of such Return Flows by Austin after consultation with the TCEQ, as contemplated by Section V.A(1), nor will LCRA seek to restrict Austin's Direct Reuse. LCRA shall request from the TCEQ a permit condition confirming this agreement.

(2) If there is a contested case hearing on the Excess Flows Application, Austin will seek to become a party to that hearing pursuant to the TCEQ regulations found at 30 Tex. Admin. Code Chapter 55. Once the TCEQ determines that Austin is a party, however, Austin will participate in the hearing process only to the extent necessary to ensure that

subsequent permit processing does not injure Austin's Existing Water Rights or contravene this Settlement Agreement.

B. LCRA's Garwood Application. TCEQ Application Number 15-5434E ("Garwood Application").

(1) LCRA will ensure that the amendments sought by LCRA will not render Austin's Existing Water Rights less reliable than they would be if the Garwood Application was not granted.

(2) Within thirty (30) days of the effective date of the Supplemental Water Supply Agreement, LCRA will file a letter with TCEQ in a form substantially similar to **Exhibit D** attached hereto clarifying that it will not make priority calls upon Return Flows, to enhance LCRA's right to divert any water granted under this permit amendment during times when and to the extent that Austin is Indirectly Reusing Return Flows consistent with this Settlement Agreement unless the Parties determine such priority call is necessary to allow the diversion and Beneficial Use of such Return Flows by Austin after consultation with the TCEQ, as contemplated by Section V.A(1), nor will LCRA seek to restrict Austin's Direct Reuse. LCRA shall request from the TCEQ a permit condition confirming this agreement.

(3) If there is a contested case hearing on the Garwood Application, Austin will seek to become a party to that hearing pursuant to the TCEQ regulations found at 30 TAC Chapter 55. Once the TCEQ determines that Austin is a party, however, Austin will participate in the hearing process only to the extent necessary to ensure that subsequent permit processing does not injure Austin's Existing Water Rights or contravene this Settlement Agreement.

C. LCRA's Application to Amend its Water Management Plan. TCEQ Application Number 5838 ("WMP Application").

(1) The Parties hereby agree that LCRA does not need to amend its pending WMP Application to reflect this Settlement Agreement. Rather, LCRA agrees that it will clarify its obligations under this Settlement Agreement, including incorporation of the sharing arrangement for Return Flows in the manner set forth in Section V.A(2), as part of the next amendment of the Water Management Plan for which LCRA seeks approval from TCEQ, which is expected to be filed on or before December 31, 2010. If authorization to divert and use Return Flows consistent with this Settlement Agreement has not been secured by the time the LCRA files its next Water Management Plan, and if the Parties determine that such authority is not likely to be secured through revisions solely to the Water Management Plan, then LCRA shall seek to incorporate the Return Flows sharing arrangement into the Water Management Plan within six (6) months after such legal rights are otherwise secured. LCRA will provide Austin an opportunity to review and comment on these amendments before they are filed. For purposes of supporting the combined firm yield of Lakes Buchanan and Travis, LCRA may only rely upon Return Flows if and up to the extent that such reliance is necessary to prevent a reduction in the combined firm yield of 535, 812 acre-feet per year, as originally approved by the TCEQ's predecessor agency in its order dated September 7, 1989, considering the historical drought of record that was used to calculate such combined firm yield, and shall not impair Austin's right to implement Direct Reuse. Any reliance on an amount of Return Flows in excess of those amounts that may be necessary to support a greater combined firm yield for Lakes Buchanan and Travis, if necessary to implement this Settlement Agreement, shall be approved by the Water Partnership.

(2) If there is a contested case hearing on the WMP Application or any other amendment to the WMP, Austin will seek to become a party to that hearing pursuant to the TCEQ regulations found at 30 Tex. Admin. Code Chapter 55. Once the TCEQ determines that Austin is a party, however, Austin will participate in the hearing process only to the extent necessary to ensure that subsequent permit processing does not injure Austin's Existing Water Rights or contravene this Settlement Agreement.

D. Bed and Banks/Indirect Reuse Permit Applications. (TCEQ Permit Application Nos. 5779, 5915, 14-5478D, & 14-5482D)

Within thirty (30) days of receiving any necessary regulatory approvals to jointly use Return Flows as contemplated by Section V.A(1) of this Settlement Agreement, or a determination by TCEQ that no further authorization is required, LCRA and Austin shall file mutually agreed upon letters with the TCEQ withdrawing, with prejudice, any permit applications related to Indirect Reuse that are left pending at TCEQ at the time such regulatory approval is obtained or determined to be unnecessary.

IX. GENERAL PROVISIONS

A. CONSIDERATION.

Austin and LCRA acknowledge the adequacy of consideration as expressed by the recitations and mutual covenants in this Settlement Agreement.

B. WARRANTIES.

(1) Austin and LCRA each warrant that: (i) it has been fully informed and has full knowledge of the terms, conditions, and effects of this Settlement Agreement; (ii) it, either personally or through its independently retained attorneys, hydrologists and other consultants, has fully investigated to its satisfaction all facts surrounding the various claims, controversies and disputes, and is fully satisfied with the terms and effects of this Settlement Agreement; and (iii) no promise or inducement has been offered or made to it

except as expressly stated in this Settlement Agreement, and this Settlement Agreement is executed without reliance on any statement or representation by Austin or LCRA not expressly stated in this Settlement Agreement and without reliance on any statement or representation by any other party or any other party's agent.

(2) Austin and LCRA each warrant that the undersigned have been fully authorized to execute this Settlement Agreement on its behalf.

C. MUTUAL RELEASES.

(1) Austin does hereby release, acquit, and forever discharge the LCRA, and its officers, directors, partners, agents, attorneys, representatives, employees, affiliates, successors, assigns and insurers, from any and all claims, demands, debts, liability, damages, fees, expenses, or costs of Court, of any and every character and nature whatsoever related in any way to water supply, water rights, and the administration of water rights, whether known or unknown on the date of this Settlement Agreement, either in or arising out of the law of contracts, torts, property rights or the regulation of water, whether arising under statutory or common law, at law or in equity, directly or indirectly attributable in any way to the following: (1) the Existing Water Sale Agreements but only as those agreements relate in any way to water supply, water rights, or the administration of water rights, (2) LCRA's operation under its water rights, including the Water Management Plan, and (3) the filing of LCRA's water rights applications Nos. 14-5478D, 14-5482D, 5838, 5731, or 5434E, or (4) any other claim related in any way to water supply, water rights, and the administration of water rights that could have been brought prior to the Effective Date of this Settlement Agreement. Austin does not, however, release LCRA from any claims accruing after the Effective Date of this Settlement Agreement or the obligations created by this Settlement Agreement, nor does Austin

relinquish its right to become a party to a contested case hearing pursuant to 30 Tex. Admin. Code Chapter 55 for the regulatory matters discussed in Section VIII of this Settlement Agreement in the manner contemplated therein or for future LCRA water rights permit applications or amendments in which Austin may seek to become a party for purposes of protecting the rights and interests obtained under this Settlement Agreement, and to support any water rights applications that seek to optimize the water supplies available to the Parties, including any water rights or other permit applications to be filed by LCRA as part of the LCRA-SAWS Water Project.

(2) LCRA does hereby release, acquit, and forever discharge Austin, and its officers, directors, partners, agents, attorneys, representatives, employees, affiliates, successors, assigns and insurers, from any and all claims, demands, debts, liability, damages, fees, expenses, or costs of Court, of any and every character and nature whatsoever related in any way to water supply, water rights, and the administration of water rights, whether known or unknown on the date of this Settlement Agreement, either in or arising out of the law of contracts, torts, property rights or the regulation of water, whether arising under statutory or common law, at law or in equity, directly or indirectly attributable in any way to the following: (1) the Existing Water Sale Agreements, but only as those agreements relate in any way to water supply, water rights, and the administration of water rights, and (2) the filing of Austin's water rights applications Nos. 5779 & 5915. LCRA does not, however, release Austin from any claims accruing after the Effective Date of this Settlement Agreement or the obligations created by this Settlement Agreement, nor does LCRA relinquish its right to become a party to a contested case hearing pursuant to 30 Tex. Admin. Code Chapter 55 for future Austin water rights permit applications or amendments.

D. ATTORNEYS' FEES AND COSTS.

Each party agrees to bear its own costs and attorneys' fees.

E. BINDING EFFECT.

This Settlement Agreement shall be binding upon, and inure to the benefit of LCRA and Austin, including any affiliates, departments, or divisions thereof, and each of their respective representatives, successors, and assigns.

F. INCORPORATION OF EXHIBITS.

All Exhibits attached to this contract are incorporated herein by this reference in their entirety and made a part hereof for all purposes.

G. ENTIRE AGREEMENT

This Settlement Agreement, together with all Exhibits attached hereto, constitutes the entire agreement of the Parties relating to the subject matter of this Settlement Agreement. Each party agrees that the other party (and its agents and representatives) has not made, and has not relied upon, any representation, warranty, covenant or agreement relating to the transactions contemplated hereunder other than those expressly set forth herein.

H. SEVERABILITY

In the event that any provision of this contract is held to be unenforceable or invalid by any court of competent jurisdiction, the Parties shall negotiate an equitable adjustment to the provisions of this Settlement Agreement with the view to effecting, to the extent possible, the original purpose and intent of this Settlement Agreement, and the validity and enforceability of the remaining provisions shall not be affected thereby. Notwithstanding the foregoing, however, the Parties agree and acknowledge that any termination of this Settlement Agreement resulting from the failure of the Parties to enter into a Supplemental Water Supply Agreement as contemplated by Section IV.B shall control over this section and the Parties shall have no obligations to each

other thereafter other than those existing prior to the Effective Date of this Settlement Agreement.

I. NO THIRD PARTY BENEFICIARIES.

Except as expressly provided in this Settlement Agreement, nothing will be construed to confer upon any person or entity other than the parties any rights, benefits or remedies under or because of this Settlement Agreement.

J. COUNTERPARTS.

This Settlement Agreement may be executed in one or more counterparts, all of which when taken together shall constitute one and the same document, and this Settlement Agreement may be executed by facsimile signatures.

K. EFFECTIVE DATE.

This Settlement Agreement shall be effective only when signed by both Austin and LCRA. The Effective Date of this Settlement Agreement shall be the latest date on which Austin or LCRA has signed the Settlement Agreement.

CITY OF AUSTIN

By: Toby H. Futrell
Toby Hammett Futrell
City Manager

Date: 6-18-2007
Attest: Kenneth Ramirez
Secretary: Kenneth Ramirez

LOWER COLORADO RIVER AUTHORITY

By: Joseph J. Beal
Joseph J. Beal, P.E.
General Manager



Date: 15 June 2007
Attest: Thomas G. Mason
Secretary: Thomas G. Mason

EXHIBITS

EXHIBIT A – COA and LCRA Water Resource Management Partnership

1. **Background:** Water is the lifeblood of Central Texas communities. Austin and LCRA have individually employed traditional water management strategies, focusing on solutions that have often unintentionally led to conflict. These conflicts, if left unresolved, may limit the ability of the Parties to meet their responsibilities as major water suppliers. As population growth and economic factors in the region increase the demand for water, the Parties recognize a different approach is needed. Collaborative water management strategies can offer new opportunities to optimize water supply solutions for the region.
2. **Vision:** Reliable and affordable water, managed in an environmentally responsible and collaborative manner, is critical to the vitality and economy of the region.
3. **Purpose:** LCRA and Austin, as the two largest water right holders in the lower Colorado River basin, have agreed to develop a cooperative management structure. Through this new approach, the Parties will jointly evaluate and implement strategies to optimize water supplies to meet water needs of their customers and the environment.
4. **Scope:** The scope of the partnership agreement will include joint water supply planning, as well as the ability to manage both entities' individual raw water supplies as an integrated system. All existing raw surface water supplies, including Return Flows, of each party will be included in this agreement. Future water supplies will be included as approved by the Executive Management Committee.

Day-to-day management and coordination of the river system including flood management, water quality protection and other functions will remain LCRA's responsibility. Day-to-day water/wastewater utility planning and operations will remain the responsibility of each party.

5. **Cooperative Management Structure.** The Parties shall establish an Executive Management Committee and Technical Water Resources Planning Subcommittee, with the following structure and responsibilities:

A. Executive Management Committee

- i. Composition: The Executive Management Committee (EMC) will be composed of two representatives each of Austin and LCRA, to be designated by the chief executive officer of each organization.
- ii. Duties and Responsibilities. The EMC will be responsible for carrying out the Purpose and Scope as follows:
 1. establishing and implementing strategic goals and policies,

2. approval of joint water supply strategies and implementation plans,
3. continued supervision and oversight of approved joint water supply strategies and implementation plans,
4. obtaining any necessary approvals from and ensuring compliance with requirements of each party's governing body,
5. coordination of communication with internal and external stakeholders,
6. ensuring adherence to the decision-making guidelines set forth below,
7. creation and general supervision of any subcommittees necessary to carry out the Purpose and Scope, and
8. developing standard operating procedures and bylaws for the EMC and any subcommittees.

B. Technical Water Resource Planning Subcommittee. A Technical Water Resource Planning Subcommittee (Technical Subcommittee) shall be established as follows:

- i. Composition: The Technical Subcommittee will be an interdisciplinary committee comprised of members appointed by the EMC.
- ii. Duties and Responsibilities. The Technical Subcommittee will be responsible for:
 1. Projections of water demands and identification of a wide array of supply alternatives, including Return Flows, and preliminary recommendation of alternatives for consideration by the EMC for further study.
 2. In consultation with the EMC, develop any necessary technical analyses and implementation plans for strategies identified for further study.

C. Decisionmaking Guidelines

- i. Consensus decisions of the EMC shall be made using interest-based problem solving, mindful of the standards and mutual interests of the Parties as set forth below.
- ii. The standards against which water supply strategies shall be evaluated include:
 1. Improve relationships between Austin and LCRA
 2. Cost effective and provides value to both Parties
 3. Obtain stakeholder input in an effort to fairly address multiple needs of the region
- iii. The mutual interests of the Parties to be addressed by any water supply strategy selected by the EMC include:

1. maintaining ownership and protecting the value of each party's individual water rights,
 2. preserving water quality and environmental health of the river and bay system,
 3. improving the Parties' relationship and building trust through enhanced information sharing, cooperation, and partnering,
 4. improving water supply certainty, including enhancing reliability and water availability, and
 5. responsible water resource management, mindful of the Parties commitment to a strong water conservation ethic.
- iv. The Parties may, by consensus, modify the standards and mutual interests to be used in making decisions under this agreement.
 - v. If the EMC cannot reach a consensus decisions on whether to pursue particular water supply strategies recommended by the Technical Subcommittee, then the EMC shall request a decision from the chief executive officers of each organization.

6. Operating Guidelines:

- A. The Parties agree to designate their representatives to the Water Partnership Executive Management Committee (EMC) within 90 days of the final approval of the Supplemental Water Supply Agreement called for in Paragraph IV.B of the Settlement Agreement. The Parties also agree to convene an initial meeting of the EMC within 120 days of execution of the Supplemental Water Supply Agreement.
- B. The initial tasks of the EMC include, but are not limited to:
 - i. Develop operating procedures and by-laws, to include but not be limited to:
 1. Set meeting schedule to initially include a minimum of one EMC meeting per quarter
 2. Set meeting logistics including chair, chair rotation schedule, meeting location, and record keeping, including meeting minutes, workplans, etc.
 3. Set schedule and process to develop scopes and workplans for tasks to be accomplished by the COA and LCRA Water Resource Management Partnership
 4. Set reporting schedule to include a minimum reporting schedule of at least one report to each the Austin City Council and the LCRA Board every two years
 5. Set regular quarterly meeting format to include, as appropriate, but not be limited to:
 - a. Report by each party on all activities that might affect either party's water rights or water supply, which may include any significant developments in the following:
 - i. status of
 - all water rights applications

- water supply development projects (current or proposed Water Management Plan status)
 - any proposed water treatment, wastewater treatment or other related facilities
 - any direct reuse projects
 - water conservation efforts
- ii. status of joint efforts and suggestions for additional joint effort opportunities
 - iii. updates on studies relevant to water supply availability
 - iv. updates on relevant environmental issues and implementation of environmental policies
 - v. relevant legislative updates including new statutes and pending legislation relating to water supply of the Parties
 - vi. Relevant administrative matters before the State Office of Administrative Hearings
 - vii. Updates on significant actions or decisions by the Texas Commission on Environmental Quality
 - viii. Update on water rates revisions
 - ix. Information on water sales, water usage, major diversions, new customers, and projected water demands (short and long-term)
 - x. Update on any LCRA Water Management Plan planned amendments
 - xi. State Region K regional water planning efforts
 - xii. Update on LCRA Board and Austin City Council actions relevant to
 - xiii. water supply availability
- b. Subcommittee reports
 - c. Other items as determined
6. Set meeting process to initially include a minimum of two work sessions per year.
- a. Work session tasks may include, but not be limited to:
 - i. develop joint basin management strategies in keeping with the mutual interests of the parties as outlined in Exhibit A. Section 5. C. iii., and updated, as needed, by the EMC.
 - ii. develop plans for joint studies and projects,
 - iii. develop any joint resolutions, proposed agreements,
 - iv. Formulate subcommittees, as needed
 - v. Evaluate on-going efforts of the COA and LCRA Water Resource Management Partnership including a re-evaluation of the

- scope and purpose, including progress of efforts to meet long-term water supply needs
7. Appoint the Technical Water Resource Planning Subcommittee
 8. Develop initial scope and workplan to address the following:
 - a. Develop initial scope of tasks to be accomplished in the initial two years, including but not limited to:
 - i. As per Settlement Agreement Section VII. D., develop proposal to address maintenance of Town Lake levels
 - ii. Establish process to evaluate and implement joint water management strategies to optimize water supplies
 - b. Establish coordination of reporting, operations, and diversions
 - c. Develop a list of matters to be monitored by the EMC
 - d. Develop process for determining future tasks and work plans, once initial tasks are complete, including development of demand projections ("Demand Schedule")

EXHIBIT B – Return Flows to be Dedicated for Environmental Flow Purposes

I. Environmental Flow Criteria

At the time of this Settlement Agreement, the Parties have agreed upon the following environmental flow criteria to be applied to the extent that Austin implements Indirect Reuse for purposes that involve allocations against the Existing Water Sale Agreements. Unless otherwise amended by the Water Partnership as contemplated by Section II of this Exhibit, Austin's Indirect Reuse may occur only after Return Flows are first dedicated to help meet certain freshwater inflow and instream flow needs as follows:

(1) Freshwater inflow needs. Before Austin implements any Indirect Reuse, Return Flows shall first be made available in such amounts as are necessary to provide the following monthly freshwater inflows to Matagorda Bay, as measured at the most downstream gage available on the Colorado River (currently the Bay City gage), after accounting for all flows measured in that month at such gage minus any monthly diversions made by water rights holders downstream of such gage:

(a) Critical monthly inflows: a minimum freshwater inflow of 36,000 acre-feet per month,

(b) Intermediate and Target monthly inflows: At such times as LCRA is required to help meet an intermediate or target freshwater inflow need from storable inflows into Lakes Buchanan and Travis under its Water Management Plan, Return Flows shall be provided to satisfy such intermediate or target freshwater inflow needs before any Indirect Reuse of these Return Flows, as follows:

Month	Intermediate Inflow Volume (AF per month)	Target Inflow Volume (AF per month)
January	54,000	205,600
February	54,000	194,500
March	54,000	63,200
April	54,000	60,400
May	54,000	255,400
June	54,000	210,500
July	54,000	108,400
August	54,000	62,000
September	54,000	61,900
October	54,000	71,300
November	54,000	66,500
December	54,000	68,000

(c) Any deficit in the monthly freshwater inflows to be provided from Return Flows in a given month may be made up with additional Return Flows in the first half of the immediately following month.

(2) Instream flow needs at the Bastrop, Columbus and Wharton gages. Before Austin implements any Indirect Reuse, Return Flows shall be made available in such amounts as are necessary to provide the following daily average flows at the Bastrop, Columbus and Wharton gages, after accounting for travel time from the point of Austin's discharge of Return Flows to the locations of these gages and other water projected to be present at such gages:

(a) Subsistence flows. Minimum of the following quantities of daily average flow expressed in cubic feet per second (cfs) at each of the designated locations:

Month	Average Daily Instream Flow Need (cfs)		
	Bastrop Gage	Columbus Gage	Wharton Gage
January	201	340	311
February	265	525	299
March	265	525	202
April	178	299	267
May	266	424	301
June	195	534	367
July	132	342	209
August	100	132	106
September	100	279	186
October	122	187	145
November	174	202	171
December	180	301	200

(b) Base-Dry Flows. At such times as LCRA is required to help meet base-dry instream flow needs from storable inflows into Lakes Buchanan and Travis under its Water Management Plan at the following locations, Return Flows shall be provided to satisfy such instream flow needs, as follows:

Month	Average Daily Instream Flow Need (cfs)		
	Bastrop Gage	Columbus Gage	Wharton Gage
January	303	487	487
February	306	590	590
March	265	525	525
April	277	554	554
May	559	966	974
June	404	967	972
July	335	570	570
August	187	310	310
September	228	405	405
October	237	356	356
November	273	480	480
December	300	464	464

(c) Base-Average Flows. At such times as LCRA is required to help meet

base-average instream flow needs from storable inflows into Lakes Buchanan and Travis under its Water Management Plan at the following locations, Return Flows shall be provided to satisfy such instream flow needs, as follows:

Month	Average Daily Instream Flow Need (cfs)		
	Bastrop Gage	Columbus Gage	Wharton Gage
January	418	828	828
February	480	895	895
March	480	1,020	1,024
April	613	977	999
May	796	1,316	1,380
June	708	1,440	1,495
July	590	895	895
August	368	516	516
September	409	610	610
October	418	741	741
November	410	755	755
December	435	737	737

II. Amendment to Environmental Flow Criteria

The environmental flow criteria set forth in Section I of this Exhibit B may be amended by the Water Partnership. Emphasis and weight shall be given to the environmental flow criteria contained in the then-approved LCRA Water Management Plan.

EXHIBIT C – LCRA Letter to TCEQ Re: Excess Flows Application

DATE

Via Hand Delivery

Ms. Iliana Delgado
Water Rights Permitting Team, MC-160
Water Supply Division
Texas Commission on Environmental Quality
12100 Park 35 Circle
Building F, 3rd Floor
Austin, Texas 78711-3087

Re: Lower Colorado River Authority's (LCRA's) Excess Flows Permit Application;
TCEQ Application No. 5731

Dear Ms. Delgado:

I am pleased to inform you that the City of Austin and LCRA have reached a settlement concerning a variety of water rights matters pending before the Commission, including the above-referenced application. In accordance with the Settlement Agreement, LCRA wishes to clarify, as necessary, the intended scope of the above-referenced application specifically as it relates to return flows that may be discharged by the City of Austin. Unless the Parties otherwise agree, LCRA has no intention of enhancing its right to divert any water under this permit by making priority calls upon return flows discharged by Austin during times when and to the extent that such return flows may be authorized for indirect reuse as contemplated by the Settlement Agreement. Further, LCRA does not seek to restrict Austin's direct reuse. To the extent considered necessary by TCEQ, LCRA would request a condition to this effect be included in any permit that may be issued.

LCRA and the City of Austin would welcome the opportunity to discuss the details of our Settlement Agreement with you if you have further questions. Please feel free to call me anytime at 473-3378.

Regards,

Lyn Clancy
Associate General Counsel

cc: Ken Ramirez, Attorney for the City of Austin

EXHIBIT D – LCRA Letter to TCEQ Re: Garwood Application

DATE

Via Hand Delivery

Ms. Kathy Hopkins
Water Rights Permitting Team, MC-160
Water Supply Division
Texas Commission on Environmental Quality
12100 Park 35 Circle
Building F, 3rd Floor
Austin, Texas 78711-3087

Re: Lower Colorado River Authority's (LCRA's) Permit Application to Amend
Certificate of Adjudication No. 14-5434; TCEQ Application No. 14-5434E

Dear Ms. Hopkins:

I am pleased to inform you that the City of Austin and LCRA have reached a settlement concerning a variety of water rights matters pending before the Commission, including the above-referenced application. In accordance with the Settlement Agreement, LCRA wishes to clarify, as necessary, the intended scope of the above-referenced application specifically as it relates to return flows that may be discharged by the City of Austin. Unless the Parties otherwise agree, LCRA has no intention of enhancing its right to divert any water under this permit by making priority calls upon return flows discharged by Austin during times when and to the extent that such return flows may be authorized for indirect reuse as contemplated by the Settlement Agreement. Further, LCRA does not seek to restrict Austin's direct reuse. To the extent considered necessary by TCEQ, LCRA would request a condition to this effect be included in any permit that may be issued.

LCRA and the City of Austin would welcome the opportunity to discuss the details of our Settlement Agreement with you if you have further questions. Please feel free to call me anytime at 473-3378.

Regards,

Lyn Clancy
Associate General Counsel

cc: Ken Ramirez, Attorney for the City of Austin



Financial and Administrative Service Department
Purchasing Office
PO Box 1088, Austin, Texas, 78767

June 3, 2015

Lower Colorado River Authority
Attn: David Walker
P.O. Box 220
Austin, TX 78767-0220

This is to establish a payment document for the interlocal agreement between LCRA and Austin Water.

Responsible Department:	Austin Water
Department Contact Person:	Lydia Torres
Department Contact Email Address:	Lydia.torres@austintexas.gov
Department Contact Telephone:	512/972-0329
Project Name:	Raw Water Agreement
Contract Number:	NI150000013
Contract Period:	1/1/15 - 12/31/36
Contract Amount:	\$680,000
Requisition Number:	RQM 2200 15042800305
Council Date:	N/A
Agenda Item No.:	N/A

Thank you for your interest in doing business with the City of Austin. If you have any questions regarding this contract, please contact me at 512/972-4040.

Sincerely,

Stephen T. Aden, Sr.
Corporate Purchasing Manager
Purchasing Office
Finance and Administrative Service Department

cc: Lydia Torres, Austin Water



January 9, 2015

Mr. Greg Meszaros, Director
Austin Water Utility
P.O. Box 1088
Austin, Texas 78767

RE: Letter Agreement regarding Billing of the Additional Charge for Water Diverted by Austin from Lake Travis

Dear Mr. Meszaros:

Please acknowledge your consent to the conditions listed below by signing this agreement in the space provided below.

AGREEMENT

The Lower Colorado River Authority ("LCRA") and the City of Austin ("Austin") seek to clarify the applicable use period and billing timelines with respect to additional charges for water diverted by Austin at Lake Travis in the October 7, 1999 First Amendment to the City of Austin and LCRA Settlement Agreement ("1999 Agreement") for administrative convenience. These provisions apply only to Lake Travis diversions under Article IV, Paragraph H(6), "Additional Charge" and also relate to the billing timelines in Article IV, Paragraph L. LCRA and Austin agree that the billing arrangement described herein effectuates the intent of the parties in the 1999 Agreement.

While, in accordance with the 1999 Agreement, Austin has pre-paid for the water it is currently diverting from Lake Travis for treatment and distribution at the City's newly constructed Water Treatment Plant 4, Austin is currently subject to an Additional Charge for water diverted from Lake Travis. As per the 1999 Agreement, the Additional Charge is a fixed rate of \$20/acre-foot for water diverted from Lake Travis up to a maximum annual amount of \$1,000,000. This Paragraph H(6) also provides for when payment for this Additional Charge will no longer be required. Notwithstanding anything to the contrary in the above referenced paragraphs, for purposes of the Additional Charge for Lake Travis diversions only, the parties agree they will effectuate the relevant billing provisions in Paragraph L. of the 1999 Agreement in the following manner:

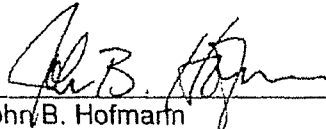
- The annual period for purposes of tracking and invoicing of the Additional Charge for Lake Travis diversions shall be the period from December 16 to December 15 of the following year. (For example, for calendar year 2014, the billing period shall be the period from December 16, 2013 to December 15, 2014.)

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- On an annual basis, Austin shall provide Lake Travis daily diversion data in units of millions of gallons, with an annual total for the period December 16 to December 15 of the following year. Austin shall provide the diversion data by electronic mail to LCRA RiverOperationsCenter@lcra.org or such other email address as may be provided by LCRA by no later than January 10 of the subsequent year.
- LCRA shall invoice Austin by January 31 for the Additional Charge pertaining to Lake Travis diversions. Provided however, in the event Austin provides diversion data later than January 10, the timeframe for LCRA providing the invoice to Austin may be extended by a like number of business days.
- As provided in Paragraph L. of the 1999 Agreement, each such invoice shall be paid by Austin at LCRA's office in Austin Texas by check or bank wire on or before sixty (60) days from the date of receipt of the invoice.

Except for these alignments to LCRA's current billing procedures within the original intent of the parties, the provisions of the 1999 Agreement remain the same.

LOWER COLORADO RIVER AUTHORITY



John B. Hofmann
Executive Vice President, Water



Date: 1/9/15

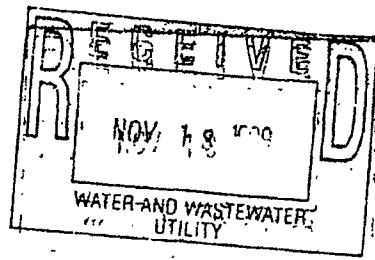
Agreed:
CITY OF AUSTIN



Greg Meszaros, Director
Austin Water Utility

Date: 1/14/15

LOWER COLORADO RIVER AUTHORITY



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NOV 15 1999
CITY CLERK'S OFFICE

**FIRST AMENDMENT TO DECEMBER 10, 1987
COMPREHENSIVE WATER SETTLEMENT AGREEMENT**

BETWEEN

CITY OF AUSTIN

AND

LOWER COLORADO RIVER AUTHORITY

OCTOBER 7, 1999

**FIRST AMENDMENT TO DECEMBER 10, 1987
COMPREHENSIVE WATER SETTLEMENT AGREEMENT
BETWEEN CITY OF AUSTIN AND LOWER COLORADO
RIVER AUTHORITY**

This First Amendment to the December 10, 1987 Comprehensive Water Settlement Agreement (this "First Amendment") is made and entered into as of this _____ day of _____, 1999, "Effective Date," by and between the LOWER COLORADO RIVER AUTHORITY ("LCRA") and the CITY OF AUSTIN (the "City").

RECITALS

WHEREAS, the City and LCRA are parties to a set of agreements including a Comprehensive Water Settlement Agreement Between City of Austin and Lower Colorado River Authority dated as of December 10, 1987 (the "1987 Agreement") and an Agreement dated December 15, 1966 (the "1966 Agreement") concerning various water-related matters of mutual concern to the City and LCRA;

WHEREAS, the 1987 Agreement is in full force and effect to and including December 31, 2020, and thereafter until terminated at any time by either party giving to the other not less than three (3) years' prior written notice, and the 1987 Agreement amends the terms of the 1966 Agreement to extend to and including December 31, 2020, until terminated at any time thereafter by either party giving to the other not less than three (3) years' prior written notice, provided, however, the provisions in Section 1.2 of the 1987 Agreement concerning the priority date of the City's rights concerning Lake Austin under Certified Filing No. 330 shall survive the termination of the 1987 Agreement;

WHEREAS, in the 1966 Agreement as amended by the 1987 Agreement, LCRA agreed to make available to the City 250,000 acre-feet per year of stored water from Lakes Travis and

Buchanan to firm up and/or supplement the water available under the City's independent water rights for the City's diversion and use for municipal water supply;

WHEREAS, in the 1966 Agreement as amended by the 1987 Agreement, the LCRA agreed to impose no charge upon the City for any calendar year during which the water diverted by the City is less than or equal to 150,000 acre-feet, regardless whether the water is diverted by the City pursuant to the City's run-of-river water rights or is from dependable water supplied by LCRA pursuant to LCRA's water right, and to charge no reservation fee for all use up to 250,000 acre-feet per year;

WHEREAS, in the 1966 Agreement as amended by the 1987 Agreement, the City agreed to pay LCRA, in addition to the other consideration given by the City to LCRA pursuant to the 1966 Agreement and the 1987 Agreement, for all municipal, industrial and/or irrigation use described in pp. 67-70 of the 1987 Agreement, amending Paragraphs A through C, Article IV of the 1966 Agreement, above 150,000 acre feet per year at LCRA's then current water rate, up to 250,000 acre-feet, regardless whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water supplied by LCRA pursuant to LCRA's water rights;

WHEREAS, in the 1987 Agreement the City granted to LCRA an option to purchase from the City an ownership interest in Water Treatment Plant 4 to be built within a reasonable time by the City, near the intersection of RR 2222 and State Highway 620; however, the option will lapse without Water Treatment Plant 4 being built and will be of no further force and effect on January 1, 2000, pursuant to the terms of the 1987 Agreement, and the LCRA believes that it may have certain claims or causes of action related thereto;

WHEREAS, on September 17, 1998, the City and LCRA entered into another agreement concerning water issues entitled "City of Austin-LCRA Agreement", the terms of which will remain in full force and effect;

WHEREAS, the City and LCRA both agree that it is desirable to resolve certain matters regarding the 1966 Agreement and 1987 Agreement (collectively, the "Agreements") by modifying the Agreements; and

WHEREAS, in addition, the City and LCRA both desire that an additional 75,000 acre-feet of firm dependable water annually ("First Amendment Additional Amount") be made available to help satisfy the City's projected municipal water supply demands to January 1, 2051;

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual benefits, covenants, and provisions hereinafter contained in this First Amendment, the City and LCRA hereby agree that the 1987 Agreement is amended as follows:

- (1) The phrase ", and that LCRA be given a reasonable opportunity to acquire an undivided interest in the plant" is hereby deleted from the fourth sentence in Paragraph 2, Page 1.
- (2) All of Sections 2.1, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12, 2.13, 2.14, 2.15, 2.16, and 2.17 of Article II are hereby deleted.
- (3) Section 2.2 of the 1987 Agreement is stricken and this new Section 2.2 is substituted to read as follows:

"LCRA Permit. LCRA issued to the City the permit concerning Lake Travis intake facility attached hereto as Exhibit "C" on December 10, 1987. Acceptance of the permit by the City is not to be construed as an agreement or admission by the City that the permit was required prior to establishment of the Lake Travis intake facility. LCRA agrees that no further authorizations are required to be obtained by the City from LCRA prior to the establishment of such Lake Travis intake facility as contemplated herein. Should the City desire, subsequent to the Effective Date of this First Amendment, to construct, operate, and maintain a water treatment plant with a Lake Travis intake facility other than that contemplated in Exhibit C, the City agrees to request a new permit from LCRA

prior to the construction of a Lake Travis intake facility, and the LCRA agrees that such permit will not be unreasonably withheld.

- (4) Section 2.18 of the 1987 Agreement is stricken and this new Section 2.18 is substituted to read as follows:

"No Inferences Regarding Additional Water. The right of the City to expand or modify the Lake Travis intake structure or any other intake facility located on Lake Travis does not create, directly or inferentially, any right in the City to divert water from Lake Travis beyond the amount which LCRA agrees to make available to the City under Paragraph A of Article IV of the 1966 Agreement, as amended by Subsection 3.2(c) of this Agreement."

- (5) Section 3.2 of the 1987 Agreement is stricken and this new Section 3.2 is substituted to read as follows:

"3.2(a) LCRA and the City agree that the term of the 1966 Agreement, as set forth in Article III of the 1966 Agreement and as it pertains to the several contracts and agreements between the parties set forth and amended therein, is amended to extend to January 1, 2051. The City is granted an option to renew and extend appropriate sections of the 1966 Agreement regarding LCRA making available a firm water supply to the City for an additional fifty-year period to January 1, 2101. If the City elects to exercise this option, LCRA shall have an option to renew and extend appropriate sections of the 1966 Agreement regarding electric power, use of City property, Tom Miller Dam, and the use of water for the generation of hydroelectric power at Tom Miller Dam for an additional fifty-year period to January 1, 2101.

3.2(b) The City and LCRA agree that the first two sentences of Paragraph A of Article III of the 1966 Agreement are stricken and the following is substituted:

The 1938 Agreement, 1940 Lease, the 1944 Modifying Agreement, the 1947 Land Lease Agreement, the 1954 Agreement, this 1966 Agreement, the March 6, 1981 Letter Agreement, and the 1990 Amendment to Leases shall be in full force and effect until January 1, 2051 , with an option by the City to renew appropriate sections of the 1966 Agreement relating to LCRA making available a firm water supply to the City for an additional fifty-year period until January 1, 2101 and, if the City elects to exercise this option, LCRA shall have an option to renew appropriate sections of the 1966 Agreement relating to electric power, use of City property, Tom Miller Dam, and the use of water for the generation of hydroelectric power at Tom Miller Dam for an additional fifty-year period until January 1, 2101 .

Section 3.2(c) The City and LCRA agree that Article IV of the 1966 Agreement is stricken and the following is substituted:

ARTICLE IV

WATER

- A. Lake Travis Diversions. The "Lake Travis Point of Diversion" is that point of diversion on Lake Travis, such point being within a segment bordering on Lake Travis described

and depicted in Exhibit "E" attached hereto, said Exhibit depicting the segment by reference to a corner of an original land survey and/or other survey point, giving both course and distance. LCRA agrees to make available to the City for diversion by the City at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City not to exceed 170,000 acre-feet per year of stored water under Certificate Nos. 14-5482, as amended, and 14-5478, as amended, from Lakes Travis and Buchanan respectively, for municipal use. The City may divert such water at a maximum daily peak day diversion rate of 150 MGD; provided, however, that the City may divert such water at higher rates in light of fluctuations in the level of Lake Travis, utilizing pumping facilities that have a rated capacity, with one pump not pumping, of 150 MGD with Lake Travis at 667 feet MSL; and, provided further, however, if the City desires to increase its diversion rate hereunder, the City may demonstrate its need for the higher diversion rate and how the Lake Travis Point of Diversion will be operated in relation thereto, and LCRA may allow the higher diversion rate without amending this First Amendment. LCRA presently believes that the maximum amount of water that can be supplied on a dependable basis from Lakes Travis and Buchanan to the City for the City's use at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City without impeding LCRA's overall water management responsibilities, is 170,000 acre-feet per year, at the diversion rate set forth above in this Paragraph A. LCRA hereby commits to make available up to 170,000 acre-feet per year to the City for the City's use, but LCRA makes no commitment, expressed or implied, to make available additional water above 170,000 acre-feet to the City for the City's use. Notwithstanding any other provisions of this 1966 Agreement, both LCRA and the City may seek additional water or rights to water from Lakes Travis and Buchanan under the laws of Texas that then exist, and each party reserves its right to

oppose any such effort by the other. LCRA shall bear all transportation and evapotranspiration losses in the delivery of the stored water to the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City and permitted by LCRA as provided herein.

- B. Downstream Municipal Water Supply. The "Downstream Points of Diversion" are: (1) those three points of diversion presently designated by the Texas Natural Resource Conservation Commission as D-0160 (Davis WTP), D-0180 (Ullrich WTP), and D-0320 (Green WTP) at which the City currently diverts water from Lake Austin and Town Lake for municipal use; (2) such other points of diversion on Lake Austin and Town Lake which the City may so designate from time to time; and (3) such other points of diversion on the Colorado River downstream of Longhorn Dam that the City may so designate from time to time, provided that any such point downstream of Longhorn Dam must be either approved by LCRA, or authorized under independent water rights that are held by the City at such time. LCRA agrees to make available to the City at the Downstream Points of Diversion sufficient firm and/or stored water lawfully available under LCRA's independent adjudicated water rights, Certificates 14-5482, as amended, and Certificate 14-5478, as amended, for Lakes Travis and Buchanan respectively, or from any other source made available in the Colorado River and its tributaries to LCRA, as may be required from time to time to firm up and/or supplement the water available under the City's independent water rights (regardless of what those rights may be), to allow the City to divert at the Downstream Points of Diversion and use for municipal use each year the Downstream Firm Amount (hereinafter defined). The "Downstream Firm Amount" for any year is the difference between 325,000 acre-feet of water, consisting of 250,000 acre-feet plus the First Amendment Additional Amount of 75,000 acre-feet, and the amount of water, if any, actually diverted from Lake Travis by the City during that year

at the Lake Travis Point of Diversion. LCRA and the City agree that the firm and/or stored water to be made available by LCRA below Mansfield Dam hereunder for municipal use is to be made available by LCRA only when there is insufficient water available for the City to divert for such use under independent water rights that are held by the City at such time. LCRA and the City further agree that the aggregate amount of water diverted by the City in any year at the Downstream Points of Diversion and used for municipal use may exceed the Downstream Firm Amount for that year because of additional diversions by the City for such use under independent water rights that are held by the City at such time; provided, however, LCRA does not make any commitment under this Agreement, except pursuant to Paragraphs D, E and F, below, to make available any additional firm and/or stored water during any year after the City has diverted 325,000 acre-feet of water for municipal use from the Colorado River under any water right during that year. LCRA shall bear all transportation and evapotranspiration losses in the delivery of firm and/or stored water to the Downstream Points of Diversion.

- C. Other Uses. The "Other Use Points of Diversion" are (1) any Point of Diversion used by the City for municipal use (as defined above) which the City may so designate from time to time; (2) such other points of diversion on Lake Austin and Town Lake which the City may so designate from time to time; and (3) except for the points of diversion designated by the City to supply the City's share of water to the Fayette Power Project, such other points of diversion on the Colorado River downstream of Longhorn Dam that the City may so designate from time to time provided that any such point downstream of Longhorn Dam must be either approved by LCRA or authorized under independent water rights that are held by the City at such time. LCRA agrees to make available to the City for diversion by the City at the Other Use Points of Diversion the Remaining Amount (hereinafter defined) of firm and/or stored water each year under LCRA's independent

adjudicated water rights, Certificates 14-5482, as amended, and 15-5478, as amended, for Lakes Travis and Buchanan, respectively, or from any other source made available in the Colorado River and its tributaries to LCRA for industrial and irrigation use. The "Remaining Amount" for any year is the difference between 325,000 acre-feet and the total amount of water which was diverted by the City during that year at the Lake Travis Point of Diversion or another point of diversion on Lake Travis pursuant to Paragraph A above and the Downstream Points of Diversion (together, the "Points of Diversion") and used by the City for municipal use. LCRA and the City specifically agree that the aggregate amount of water diverted by the City in any year at the Other Use Points of Diversion for industrial use and irrigation may exceed the Remaining Amount for that year because of additional diversions for such uses by the City under its independent water rights, as such rights exist at the time. LCRA shall bear all transportation and evapotranspiration losses in the delivery of firm and/or stored water to the Other Use Points of Diversion.

- D. Lake Austin Level. LCRA agrees to pass through such inflows and release such stored water from Lake Travis as necessary to maintain the level of water in Lake Austin at not lower than three (3) feet below the crest of the dam, except in cases of emergency when the water level may be five (5) feet below the crest of the dam as currently constructed; provided, however, that the City shall not divert water from Lake Austin at any time in excess of the amounts set forth in this Agreement and the amounts that the City is authorized to divert pursuant to independent water rights that are held by the City at such time. The stored water made available by LCRA under this Paragraph D is in addition to the amounts made available under Paragraphs A, B, and C, above. The parties recognize that the City will need periodically to have the level of Lake Austin lowered for periods of time for various purposes including, without limitation, for maintenance of docks and

other structures and for control of aquatic vegetation. LCRA and the City agree to cooperate with each other to establish reasonable guidelines for any such lowering of Lake Austin.

- E. Town Lake Cooling Water. During periods when LCRA is releasing stored water from Lake Travis for any reason and such stored water flows into Town Lake, the City may divert, circulate, and recirculate such water from Town Lake for industrial (cooling) purposes, with no limitation as to amount or rate of diversion or the number or location of points of diversion on Town Lake, provided that not more than 24,000 acre-feet of water may be consumptively used by such use in any year. The City agrees that it will call on the inflow of the Colorado River and its tributaries to be passed through the Highland Lakes to honor the City's industrial (cooling) rights under Certified Filing No. 330, only to the extent that such inflow is needed to be impounded in Town Lake, and/or to the extent that it is necessary to pass such flow through Town Lake to reduce the temperature of the water in Town Lake, to allow the City to divert and use such water for industrial (cooling) purposes at all times to the full extent authorized under Certified Filing No. 330. LCRA agrees that during periods when it is not otherwise releasing sufficient stored water from Lake Travis, it will release such additional amounts of stored water requested by the City and deliver such water to Town Lake, in addition to releases of inflows and other stored water, to the extent that such additional stored water is needed to be impounded in Town Lake, and/or to the extent that it is necessary to pass such additional flow through Town Lake to reduce the temperature of the water in Town Lake, to allow the City to divert and use such water for industrial (cooling) purposes at all times to the full extent authorized under Certified Filing No. 330. The stored water made available by LCRA under this Paragraph E is in addition to the amounts made available under Paragraphs A, B, and C, above.

- F. Decker Lake Makeup. LCRA agrees to make available to the City for diversion by the City at the City's diversion point D-0470 (Decker Lake) on the Colorado River, up to 16,156 acre-feet of such water per year to the extent needed to firm up and/or supplement the City's independent water rights, and impound such water in Decker Lake for subsequent use therefrom for industrial (cooling) purposes. The City agrees to give LCRA prior notice of the duration and rate of the City's projected diversions of such water. The stored water made available under this Paragraph F is in addition to the amounts made available under Paragraphs A, B, and C, above, and is not subject to charges of the Water Rate by LCRA pursuant to Paragraph H(3).
- G. City's Service Area and Interbasin Transfers. The City agrees that all firm and/or stored water made available by LCRA to the City for municipal use, industrial use, and/or irrigation use pursuant to Paragraphs A, B, and C hereof shall only be used within the area described/depicted in Exhibit F, attached hereto and incorporated by reference, which includes (1) those areas on the Effective Date located within the City's municipal boundaries and the City's extraterritorial jurisdiction; (2) those areas outside the City's extraterritorial jurisdiction receiving retail service; and (3) those areas served by all customers having the right to water from the City under wholesale contracts in existence on the Effective Date. LCRA agrees that the City may, without prior written consent of LCRA, revise Exhibit F from time to time to reflect expansion of the City's municipal boundaries by annexation and changes in the City's extraterritorial jurisdiction. The City agrees that, if it intends subsequent to the Effective Date to provide retail service to additional areas outside the City's extraterritorial jurisdiction not described/depicted in Exhibit F, the City shall provide notice to LCRA of the City's intention to use the firm and/or stored water made available by LCRA to the City for municipal use, industrial use, and/or irrigation use pursuant to paragraphs A, B, and C hereof to provide retail service

to such areas. LCRA agrees that it will take no action to prevent the City from taking such action. The City agrees that, if it intends to provide treated water outside the City's extraterritorial jurisdiction under a wholesale contract to be entered into subsequent to the Effective Date, it may require the customer party to the contract to provide its own raw water purchased by the customer from the LCRA or some other source, and the City will revise Exhibit F to reflect the additional customer. Unless otherwise required by law, the City agrees to provide reasonable notice to LCRA if the City intends to take action subsequent to the Effective Date, whether by annexation, changes to the City's extraterritorial jurisdiction, or by entering into a wholesale contract to provide treated water under a wholesale contract, that will affect the City's service area described/depicted in Exhibit F and the City will revise Exhibit F and shall submit to LCRA the revised Exhibit F within thirty (30) days of such action. Failure by the City to notify LCRA of an annexation shall not (1) invalidate that annexation or (2) breach this First Amendment, the 1987 Agreement, or the 1966 Agreement. The City can cure failure to notify by providing a revised Exhibit F. The City may not extend its service area in accordance with that annexation until the City provides notice to LCRA of the annexation and submits a revised Exhibit F. To the extent allowed by the Texas Natural Resource Conservation Commission, all water transferred and used by the City outside of the Colorado River Basin or outside of the boundaries of LCRA's ten-county statutory district shall be deemed to be transferred and used under the City's independent water rights and so reported by the City, in which case no approval by LCRA shall be required.

- H. Additional Consideration. In addition to the other consideration given by the City to LCRA pursuant to the terms of this Agreement and pursuant to the terms of the 1987 Comprehensive Water Settlement Agreement by and between the City and LCRA, the

City shall pay LCRA for firm and/or stored water made available by LCRA to the City pursuant to the terms of this Agreement as follows:

- (1) As shown in Exhibit G attached hereto, LCRA agrees to impose no charge upon the City during the term of this Agreement and during the following fifty-year period, should the City elect to exercise its option to extend the 1987 Agreement to January 1, 2101, for the first 150,000 acre-feet of water diverted by the City in any calendar year for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof, regardless whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water made available by LCRA under this Agreement.
- (2) As shown in Exhibit G attached hereto, LCRA agrees to impose no reservation fee during the term of this Agreement and during the following fifty-year period should the City elect to exercise its option to renew and extend appropriate sections of the 1966 Agreement for any portion of the first 250,000 acre-feet of firm and/or stored water made available by the LCRA to firm up and/or supplement the water diverted under the City's independent water rights by the City for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof. LCRA agrees to require no additional payment as reservation fee for any portion of the First Amendment Additional Amount during the term of the Agreement and during the following fifty-year period should the City elect to exercise its option to renew and extend appropriate sections of the 1966 Agreement.

- (3) Except as otherwise provided in Paragraph H(4) below, the City agrees to pay LCRA an amount of money equal to the Water Rate (hereinafter defined) applicable for the previous year multiplied by the amount of water, if any, by which the Payment Amount (hereinafter defined) for the previous year exceeds 150,000 acre-feet regardless of whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water made available by LCRA under this Agreement. The "Water Rate" applicable for any year is that rate determined by the Board of Directors of LCRA to be in effect on January 1 of that year for LCRA's sales of firm and/or stored water under this Agreement for municipal use, which rate shall be just and reasonable as required by law. The Water Rate currently in effect for such sales is \$105.00 per acre-foot of water diverted. The "Payment Amount" for any year is the sum of the following:
- (a) the total amount of water diverted by the City during that year at the Points of Diversion for municipal use pursuant to Paragraphs A and B hereof; plus
 - (b) the net amount of water diverted by the City during that year at the Other Use Points of Diversion for industrial use and irrigation pursuant to Paragraph C hereof, such amount specifically not to include any water diverted by the City for such purposes of use under independent water rights that are held by the City at such time.

The Payment Amount shall not include any firm and/or stored water diverted or used by the City or otherwise made available by LCRA pursuant to Paragraphs D, E, and F hereof.

- (4) To postpone the date when the City will be required to make payments to LCRA in accordance with Paragraph H(3) above, the City in accordance with Paragraph H(5) below, agrees to make to LCRA, and LCRA agrees to accept, a payment for the right to divert in any calendar year amounts of water in excess of the 150,000 acre-feet and up to and including 201,000 acre-feet for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof. The parties agree that when the annual average amount of water diverted by the City during any calendar period of two consecutive years exceeds 201,000 acre-feet per year for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof, the City will pay LCRA for all of the water in excess of 150,000 acre-feet diverted by the City in all subsequent calendar years for municipal use, industrial use, and/or irrigation pursuant to Paragraphs A, B, and C hereof with said amount of money to be determined by LCRA in accordance with Paragraph H(3) above, regardless of whether the water is diverted by the City pursuant to the City's run-of-river water rights or is firm dependable water made available by LCRA under this Agreement. Should the City decide to exercise its option to extend the term of the 1987 Agreement to January 1, 2101, the rate charged by the LCRA for any and all amounts of water in excess of 150,000 acre-feet will be the Water Rate as defined in Paragraph H(3), above, in effect at that time and as may be amended from time to time.

- (5) The parties recognize that simultaneously with the execution of this First Amendment, the City has paid the LCRA \$100 million. The payment of \$100 million made by the City in accordance with this Paragraph H(5) is as follows: \$27,337,448 for the right to divert and use for municipal use, industrial uses, and/or irrigation pursuant to Paragraphs A, B, and C hereof, the amounts of water above 150,000 acre-feet and up to and including 201,000 acre-feet for the period beginning on the Effective Date and ending at the end of any calendar period of two consecutive years during which the City's use for municipal, industrial and irrigation purposes pursuant to Paragraphs A, B and C hereof exceeds 201,000 acre-feet per year, as discussed in Paragraph H(4), above, and \$72,662,552 in payment of a reservation fee for the First Amendment Additional Amount.

Subject to the provisions of the LCRA Act and any other applicable law and the Master Resolution authorizing the LCRA financing program adopted by the LCRA Board of Directors on September 22, 1999, and any future changes, supplements, additions or replacements of same, the LCRA intends to utilize the \$100 million received from the City in accordance with this Paragraph H(5) for improvements to dams and hydroelectric facilities on the Colorado River; for the purchase of water rights; for expansion of LCRA's Hydromet system; for flood management projects; for water quality management and other river management costs; and for other general and administrative costs of the LCRA's WaterCo line of business related to river management functions and the repayment of any debt associated with any such purposes. The LCRA will not

dedicate any of the \$100 million received from the City in accordance with this Paragraph H(5) for purposes of funding the costs of the water transmission line expansion of the West Travis County Regional Water System into western Travis and northern Hays counties. LCRA agrees to separately account for the \$100 million paid by the City to LCRA pursuant to this Paragraph H(5). The LCRA further agrees that such separate accounting will be audited on an annual basis and a copy of the auditor's annual report will be provided to the City showing the use of the funds pursuant to this Paragraph H(5).

- (6) The City agrees to pay LCRA an amount of money equal to the Additional Charge (hereinafter defined), if any, multiplied by the number of acre-feet of water diverted by the City at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City during the immediately preceding calendar year up to a maximum payment of \$1,000,000 in any year. The "Additional Charge" is a fixed rate of \$20.00 per acre-foot. LCRA agrees that the Additional Charge shall not be increased and that the maximum charge upon the City under this Paragraph H(6) shall not exceed \$1,000,000 in any year. There shall be no charge imposed upon the City under this Paragraph H(6) for any calendar year during which no water was diverted by the City at the Lake Travis Point of Diversion or some other point of diversion on Lake Travis subsequently identified by the City. In each year that the City is obligated to make payments to LCRA pursuant to the requirements of Paragraph H(3) and H(4) above and pursuant to this Paragraph H(6), the City shall pay LCRA the greater of the amounts owed as determined under

Paragraphs H(3) and H(4) as compared to the payments owed under this Paragraph H(6).

- I. Appeal of LCRA's Water Rate. At any time, the City has the right to appeal or otherwise challenge in a legal or regulatory proceeding the Water Rate as defined in Paragraph H(3).
- J. Reduction of First Amendment Additional Amount by City. After the tenth (10th) anniversary of the Effective Date of this First Amendment, and every ten (10) years thereafter throughout the term of the Agreement, the City may notify LCRA that the City intends to permanently reduce the First Amendment Additional Amount by up to 25,000 acre-feet a year. Provided, however, the aggregate amount by which the City may permanently reduce the First Amendment Additional Amount shall not exceed 25,000 acre-feet. After the City gives LCRA one (1) year's written notification of the City's intent to reduce the First Amendment Additional Amount, LCRA and the City agree to negotiate such a reduction in the First Amendment Additional Amount and (1) any related offsetting credit based upon the value of the water at the time of such reduction, to the City of a prorated portion of any future payments otherwise due to LCRA with the credit to be applied to future payment otherwise due to LCRA by the City pursuant to Paragraph H(4) and/or (2) an increase above 201,000 acre-feet in the amount of water for which the City has paid pursuant to Paragraph H(4).
- K. Water Rights. Nothing in this Agreement shall in any way be construed as a waiver or abandonment by the City or by LCRA of any of their respective water rights, or as a reduction, limitation or restriction of those rights. Nothing in this 1966 Agreement shall be construed as constituting an undertaking by LCRA to furnish water to the City except pursuant to the terms of this Agreement. Nothing in this Agreement shall in any way be construed to limit the City or LCRA in hereafter seeking the grant of amendments to their

respective water rights, the grant of additional rights to water from any source or at any location, or the acquisition of existing rights from third parties, or to limit the parties in opposing the grant of any such amendments or additional rights.

- L. Billing and Payment. In addition to the payment requirement set forth in Paragraph H(5) above, LCRA shall submit one bill for the amount, if any, due under Paragraphs H(3), H(4), and H(6) hereof for each year, on or before January 15 of the following year. Each such bill shall be paid by the City at LCRA's office in Austin, Texas, by check or bankwire on or before sixty (60) days from the date of receipt of the bill. Without limiting LCRA's rights in such event, if the City fails to pay the full amount due LCRA when the same is due, as herein provided, interest on the unpaid amount shall accrue at the maximum rate of interest allowed by law, such interest to apply from the date when such payment was due until such payment is made. In addition, the City shall be required to reimburse LCRA for all costs incurred by LCRA in seeking to collect any such payment, including, without limitation, reasonable attorneys fees. If the City should dispute its obligation to pay all or any part of the amount stated in any bill, in addition to all other rights that the City may have under law, the City may pay such amount under protest, in which case the amount in dispute shall be deposited by LCRA in an interest bearing account acceptable to both the LCRA and the City pending final resolution of such dispute.

- M. Metering of Diverted Water. To measure the amount of water withdrawn from each Point of Diversion for municipal use, and to measure the amount of firm and/or stored water withdrawn from each Other Use Point of Diversion for industrial use or irrigation, the City agrees at the City's expense to install (if such facilities are not already installed)

such flow meters and recording devices as are approved by LCRA, such meters to permit, within five percent (5%) accuracy, determination of quantities of water withdrawn in units of 1,000 gallons at such points of diversion for such purposes of use; provided, however, that the City shall not be obligated hereunder to install or maintain any flow meter to measure any water diverted pursuant to Paragraph E above. Such meters may be calibrated at any reasonable time by either party to this agreement, provided that the party making the calibration shall notify the other party at least two (2) weeks in advance and allow the other party to witness the calibration. LCRA may install, at its expense, check meters in or to any of the City's metering equipment at any time and may leave such check meters installed for such periods as is reasonably necessary to determine the accuracy of the City's metering equipment. On or before the first day of each month, LCRA shall have the right to make a reading of the meters installed by the City at each Point of Diversion. The City shall provide reasonable means of access to the meters for the representatives of LCRA.

Further, such meters shall be tested for accuracy by and at the expense of the City at least once each calendar year at intervals of approximately twelve (12) months and a report of such tests shall be furnished to LCRA. However, in the event any question arises at any time as to the accuracy of any such meter, such meter shall be tested promptly upon the demand of LCRA, the expense of such test to be borne by LCRA if the meter is found to be correct and by the City if it is found to be incorrect. Readings within five percent (5%) of accuracy shall be considered correct. If, as a result of any test, any meter is found to be registering inaccurately (i.e., in excess of five percent (5%) of accuracy), the readings of such meter shall be corrected at the rate of its inaccuracy for any period

which is definitely known and agreed upon or, if no such period is known and agreed upon, the shorter of the following periods shall be used as the basis for correction:

- (1) a period extended back either sixty (60) days from the date of demand for the test, or if no demand for the test was made, sixty (60) days from the date of the test; and
- (2) a period extending back half of the time elapsed since the last previous test; and the records of readings shall be adjusted accordingly.

Following each test of a meter, the same shall be adjusted by the City to register accurately. The City shall notify LCRA prior to making each test of any of the City's meters and LCRA shall have the right to have a representative present at each test to observe the same and any meter adjustments found to be necessary.

If the records of meter readings are adjusted pursuant to this Paragraph M, LCRA shall correct any bill submitted pursuant to Paragraph L above that includes charges for the period for which records of readings were adjusted, LCRA shall issue a corrected statement ("Corrected Statement"). If the City was charged and paid to LCRA more than the amounts shown on the Corrected Statement, the LCRA shall refund to the City the difference between the amount shown on the Corrected Statement and the amount paid by the City, or at LCRA's option credit the difference to the City's next annual statement submitted pursuant to Paragraph L above. If the City was charged and paid to LCRA less than the amounts shown on the Corrected Statement, the City shall pay to the LCRA the difference between the amount shown on the Corrected Statement and the amount previously paid by the City. Such refund or payment shall be paid or credited by one

party to the other by check or bankwire on or before ninety (90) days from the date of mailing of the Corrected Statement.

- N. Availability of Water. Notwithstanding any other provisions herein, LCRA does not represent or warrant that water will be available at any particular time or place or that Lakes Buchanan and Travis will be retained at any specific level at any particular time. It is fully understood by the parties hereto that the level of said lakes will vary as a result of LCRA's operation of its dams on the Colorado River and that this instrument is merely an agreement to require LCRA to make water available when and if water is present in said lakes or other sources made available in the Colorado River and its tributaries to LCRA, and to allow the City to make withdrawals of such water subject to applicable laws respecting the distribution and allocation of water during shortages of supply. If LCRA is unable to make water available at any time during the calendar period when the City is exercising its right to divert amounts of water in excess of 150,000 acre-feet and up to and including 201,000 acre-feet and for which the City has paid LCRA pursuant to Paragraph H(5) above, LCRA shall refund to the City a portion of the payment proportional to the amount of water not available.
- O. Pumping Facilities. The City's pumping and related facilities shall be installed, operated and maintained by the City at the City's sole expense and risk.
- P. Quality. LCRA makes no representation as to the quality of the water in Lakes Travis and Buchanan or from any other sources made available in the Colorado River and its tributaries to LCRA.
- Q. Impact Committee. The City and LCRA agree to establish, commencing within six (6) months after the Effective Date of this Agreement, a joint committee to discuss the

impact on the environment of water supply decisions by the City and the LCRA regarding the provision of water and wastewater services within Bastrop, Hays, Travis and Williamson Counties that affect the quality of water of the City or LCRA. The committee shall consist of three (3) members appointed by the City Council of the City and three (3) members appointed by the Board of the LCRA. The committee shall submit regular reports to the City Council and the Board of the LCRA for so long as the parties hereto deem it appropriate. After five (5) years, the committee is dissolved unless the parties mutually agree otherwise.

- R. Notice. Each notice under this agreement shall be mailed by certified mail, return receipt requested, and shall be effective on the date actually received. All notices and bills to the City shall be addressed to:
Director, Water and Wastewater Utility
City of Austin, Texas
P.O. Box 1088
Austin, Texas 78767

and all notices and payment to LCRA shall be addressed to:

General Manager
Attention: WaterCo
Lower Colorado River Authority
P.O. Box 220
Austin, Texas 78767

Either party may change its address by giving written notice of such change to the other party

- S. No Third Party Beneficiary. The parties are entering into this agreement solely for the benefit of themselves and agree that nothing herein is intended to confer nor shall be

construed to confer any right, privilege or benefit on any person or entity other than the parties hereto.

- T. Captions. The captions and headings appearing in this Agreement are inserted merely to facilitate reference and shall have no bearing upon the interpretation thereof.
 - U. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.
 - V. Waiver. Any waiver at any time by either party with respect to a default or any other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.
- (6) Section 3.3 of the 1987 Agreement is stricken and this new Section 3.3 is substituted to read as follows:

“Continued Effectiveness. Except and to the extent that the 1966 Agreement and the contracts and agreements referred to in Section 3.2(b) above are modified, amended, and/or changed herein, said in full force and effect in accordance with the provisions contained therein until terminated as provided therein and as may be amended herein.”

- (7) Section 6.2 of the 1987 Agreement is stricken and this new Section 6.2 is substituted to read as follows:

“Term. This Agreement shall be in full force and effect to January 1, 2051. In the event that the City exercises its option pursuant to Section 3.2 to renew applicable sections of the 1966 Agreement relating to LCRA making available a firm water supply to the City

for an additional fifty-year period or if LCRA elects to exercise its option to renew applicable sections of the 1966 Agreement relating to electric power, use of City property, Tom Miller Dam, and the use of water for the generation of hydroelectric power at Tom Miller Dam for an additional fifty-year period, then this Agreement shall be in full force and effect until January 1, 2101."

- (8) New Section 6.11 is hereby added to read as follows:

"Force Majeure. In the event that either the City or LCRA shall be prevented from performing any of its obligations due under the terms of the First Amendment as a result of some act, decision, or order of the Legislature or a court of the State of Texas, which by the exercise of due diligence neither the City nor LCRA was able to prevent or overcome, the City and LCRA shall each be excused from any further performance of the obligations and undertakings to make payments and to provide the First Amendment Additional Amount, and the LCRA shall refund a proportional amount of the monies by the City previously paid by the City as a reservation fee for the First Amendment Additional Amount and for any amount of water above 150,000 acre-feet and up to and including 201,000 acre-feet not yet used, nor to be used in the future, by the City."

- (9) New Section 6.12 is hereby added to read as follows:

"Short Term Sales of Firm Water to Third Parties. In accordance with applicable LCRA Board Policies as amended from time to time, and consistent with the intent of the parties expressed in the

Memorandum of Understanding' (MOU), dated June 8, 1999, LCRA agrees to adopt procedures to implement such policies as well as the parties' intent expressed in the June 8, 1999 MOU. LCRA agrees that the City shall be a party to any agreement with a third party for purchase on a short-term basis of any portion of the water reserved by the City pursuant to this First Amendment."

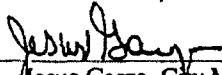
(10) New Section 6.13 is hereby added to read as follows:

"Mutual Release. The parties hereby mutually release each other from any claims or causes of action, if any, accruing prior to the Effective Date and arising out of, and directly related to, the provisions of Section 2 of the 1987 Agreement related to proposed construction of Water Treatment Plant No. 4 by the City."

All Sections of the 1987 Agreement not amended hereby shall remain in full force and effect.

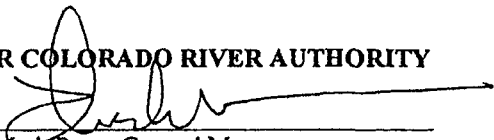
IN WITNESS WHEREOF, this First Amendment to the December 10, 1987 Comprehensive Water Settlement Agreement Between the City of Austin and the Lower Colorado River Authority is executed as of the date first written above on behalf of the City and LCRA by their respective authorized officers, in multiple counterparts, each of which shall constitute an original.

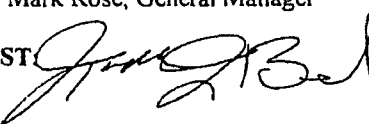
CITY OF AUSTIN, TEXAS

By: 
Jesus Garza, City Manager

ATTEST: 

LOWER COLORADO RIVER AUTHORITY

By: 
Mark Rose, General Manager

ATTEST: 

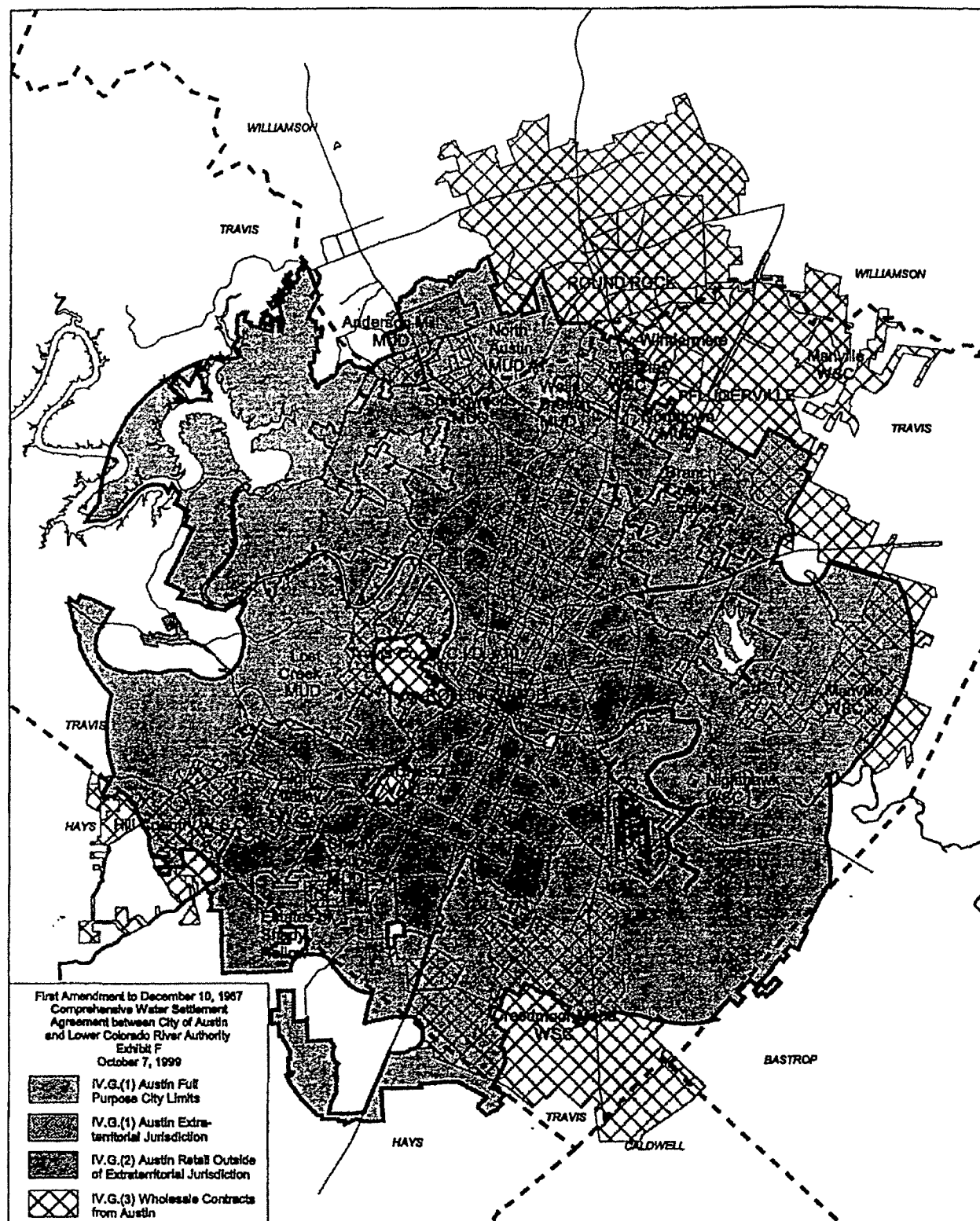
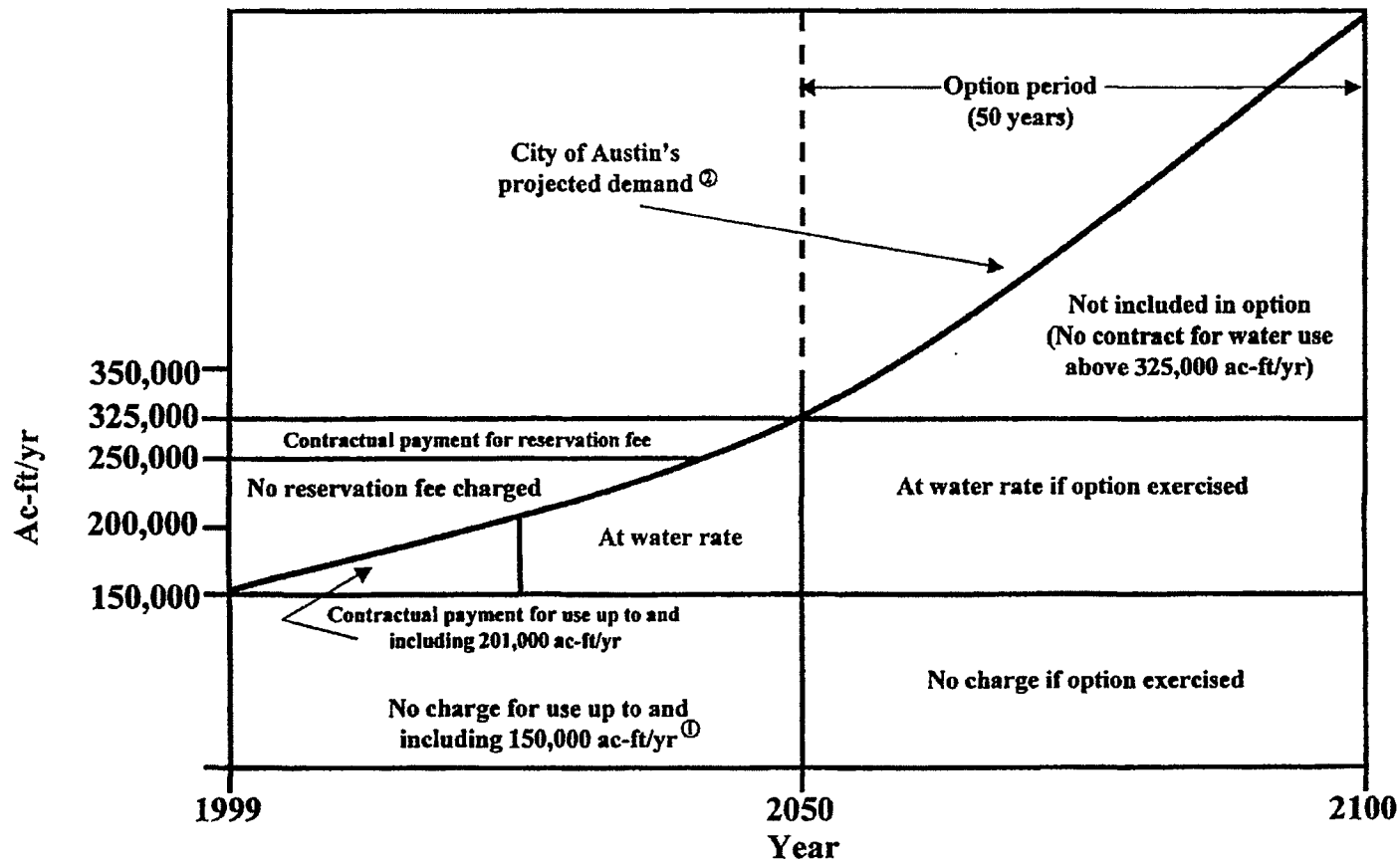


EXHIBIT F

Exhibit G

(Illustrative purposes only)



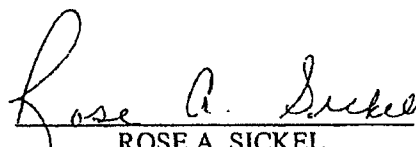
① Consists of City of Austin's independent run-of-river water rights firmed up and/or supplemented with water from the LCRA.

② Based on 1999 projections. Actual demand curve may vary. Dates are approximate. Annual water use volumes, not dates, control changes in payment requirements.

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Rose A. Sickel, Associate City Clerk of the City of Austin, do hereby certify that the foregoing instrument is a true and correct copy of the First Amendment to December 10, 1987 Comprehensive Water Settlement Agreement between the City of Austin and Lower Colorado River Authority, executed the 7th day of October, 1999, consisting of 30 pages, as on file in the City Clerk's Office, this 17th day of November, 1999.


ROSE A. SICKEL
ASSOCIATE CITY CLERK
CITY OF AUSTIN





**Austin City Council
MINUTES**

**REGULAR MEETING
THURSDAY, OCTOBER 7, 1999**

The following represents the actions taken by the Austin City Council in the order they occurred during the meeting. While the minutes are not in sequential order, all agenda items were discussed.

The City Council of Austin, Texas, convened in a regular meeting on Thursday, October 7, 1999 at City Council Chambers, 307 West Second Street.

Mayor Watson called the meeting to order at 9:36 a.m. noting the temporary absence of Mayor Pro Tem Goodman and Council Member Spelman.

BRIEFINGS

1. Capital Metro Mobility Plan Per Council Member Slusher this item needed to be postponed so information could be provided to the Capital Metro Board.
3. Clean Air Task Force A presentation was made by Wade Thomason, Director of the Texas Clean Air Force.
2. Discuss a water supply agreement between the City of Austin and the Lower Colorado River Authority to increase the firm yield available to Austin to 325,000 acre-feet/year. Presentations were made by Randy Goss, Director of Water and Wastewater; Mark Rose, General Manager, LCRA; John Pitts, Attorney with Akin, Gump, Strauss, Hauer and Feld, LLP; and Betty Dunkerley, Director of Finance.

A motion to recess the Council meeting and go into Executive Session at 11:55 a.m. was approved on Council Member Garcia's motion, Council Member Slusher's second by a 7-0 vote.

EXECUTIVE SESSION (No Public Discussion on These Items)

The City Council announced it would go into Executive Session, if necessary, pursuant to Chapter 551 of the Texas Government Code, to receive advice from Legal Counsel to discuss matters of land acquisition, litigation, and personnel matters as specifically listed on this agenda and to receive advice from Legal Counsel regarding any other item on this agenda.

Real Property – Section 551.072

4. Discuss acquisition and sale of real property related to the Barton Springs Clean Drinking Water Project (May 2, 1998, Bond Proposition 2).
5. Discuss purchase of property for greenways and destination parks.

Private Consultation with Attorney - Section 551.071

6. Discuss legal issues regarding implementation of House Bill 1777.
7. Discuss legal issues and contract status regarding the Meet and Confer process with the Austin Professional Firefighters Association.
8. Discuss legal issues related to an application for a limited adjustment from SOS water quality regulations for the Paisano Place Subdivision. (This litigation concerns development regulations applicable in the Barton Springs Zone.)
9. Discuss legal issues concerning Chapter 245 of the Texas Local Government Code.
10. Discuss legal issues concerning the northern boundary line of the Sand Beach Reserve tract on the North side of Town Lake at Lamar Boulevard.
11. Discuss *Circle C Land Corp. v. City of Austin*, Cause No. 97-13994, 53rd Judicial District of Travis County.
12. Discuss legal issues relating to utility service to the Heep Ranch and a pending application by Creedmoor Maha Water Supply Corp. before the Texas Natural Resource Conservation Commission to amend its certificate of convenience and necessity.
13. Discuss *City of Austin v. LS Ranch Ltd, et al.*, Cause No. 039800542-CV, in the Third Court of Appeals (Austin, Texas). (This litigation concerns development regulations applicable in the Barton Springs Zone.)
14. Discuss *FM Properties Operating Co. v. City of Austin*, Cause No. 98-0685, in the Supreme Court of Texas. (This litigation concerns development regulations applicable in the Barton Springs Zone.)

Executive Session ended at 1:30 p.m.

LIVE MUSIC: Susan Perskin

INVOCATION – Rev. Clyde Grubbs - First Unitarian Universalist Church

Mayor called the meeting back to order at 2:15 p.m.

CITIZEN COMMUNICATIONS: GENERAL

20. Richard R. Troxell - Homelessness in Austin
21. Betty Davis - Citizens Oversight Committee Re: Non-Ban of this Committee
22. Clare Barry - Intersection Improvements - **Absent**
23. Mike Alexander - Noise
24. Jim Walker - New Substation proposed for Cherrywood area
25. Lorene E. Moore - Proposed Ban on Exotic Animal Circuses
26. Diana Kantor - Proposed Anti-Animal Acts legislation
27. John Kunkel
28. Patrick Goetz - TSM Projects - **Absent**
29. Patrick Brothers - Animal Acts - **Absent**

BOARD AND COMMISSION REPORTS

30. Electric Utility Commission - Theresa Peel, Chair - **Absent**
31. Resource Management Commission - Peter Pfeiffer, Chair

CONSENT AGENDA

The following items were acted on by one motion. No separate discussion or action occurred on any of the items. The consent items were approved on Council Member Garcia's motion, Council Member Spelman's second by a 7-0 vote.

15. Approve a resolution authorizing negotiation and execution of a contract to purchase approximately 227.233 acres in fee simple from LE CADEAU, L.P., a Texas Limited Partnership, for destination parks (November 1998, Bond Proposition 2). (Funding is included in the 1999-2000 Approved Capital Budget of the Parks & Recreation Department.)
Resolution No. 991007-15 was approved at \$2 million.
16. Approve a resolution authorizing negotiation and execution of a service agreement for real estate acquisition services from THE NATURE CONSERVANCY OF TEXAS, INC. under the for the Barton Springs Clean Water Project (May 2, 1998, Bond Proposition 2). (Funding was included in the 1997-98 Amended Capital Budget of the Water & Wastewater Utility.)
Resolution No. 991007-16 was approved at \$550,000.
17. Authorize negotiation and execution of a contract for the purchase of a conservation easement on approximately 396 acres located along Circle Drive from the YOUNG RANCH FAMILY PARTNERSHIP, for the Barton Springs Clean Water Project (May 2, 1998, Bond Proposition 2).
Resolution No. 991007-17 was approved at \$1,157,000.

Items 18 and 19 were pulled for discussion.

Items 20-31 were discussed previously.

32. Approve a resolution authorizing negotiation and execution of an Interlocal Agreement

with TRAVIS COUNTY for the construction of the East William Cannon Bridge over Onion Creek on East William Cannon Drive between Pleasant Valley and Running Water, in the amount of \$2 Million. (Related Item No. 33)

Resolution No. 991007-32 was approved. The amounts in both 32 and 33 were revised from the floor as shown in these headings.

33. Approve a resolution authorizing execution of a construction contract with CYPRESS CONSTRUCTION COMPANY, Johnson City, Texas for the William Cannon Bridge over Onion Creek, in the amount of \$2,000,000 plus \$182,879.15 contingency, for a total amount not to exceed \$2,011,670.70. (Funding in the amount of \$11,000 is included in 1999-2000 Approved Capital Budget of the Department of Public Works and Transportation.) Low bid of six. 25.3% MBE; 11.0% WBE Subcontracting participation. (Related Item No. 32)

Resolution No. 991007-33 was approved.

34. Approve a resolution authorizing execution of a twelve-month service agreement with TEXAS INDUSTRIES FOR THE BLIND AND HANDICAPPED (TIBH), Georgetown, Texas, to provide janitorial services for six Austin Fire Department locations in an amount not to exceed \$57,195 with four twelve-month extension options in an amount not to exceed \$57,195 per extension for a total contract amount not to exceed \$285,975. (Funding in the amount of \$57,195 is available in the Approved 1999-2000 Operating Budget for the Austin Fire Department. Funding for the extension options is contingent upon available funding in future budgets.)

Resolution No. 991007-34 was approved.

35. Approve a resolution authorizing execution of a contract with SENTRY EQUIPMENT COMPANY, Oconomowoc, WI, for the purchase of equipment for sampling, conditioning and analyzing water in the Decker Creek Power Station boilers in the amount of \$94,827. (Funding was included in the 1999-2000 Approved Capital Budget for the Electric Utility Department.) Two bids received. Low bid meeting specifications. No MBE/WBE subcontracting participation. (Recommended by Electric Utility Commission)

Resolution No. 991007-35 was approved.

36. Approve a resolution authorizing execution of a contract with SOUTHWEST ELECTRIC COMPANY, Oklahoma City, OK, for the upgrade of a Federal Pacific 134 kV power transformer in the amount of \$354,263. (Funding was included in the 1999-2000 Approved Operating Budget for the Electric Utility Department.) Sole Bid. No MBE/WBE subcontracting participation. (Recommended by Electric Utility Commission)

Resolution No. 991007-36 was approved.

37. Approve a resolution authorizing execution of a contract with POWER SUPPLY INC, Austin, Texas, for the purchase of high voltage cleaning equipment in the amount of \$171,900. (Funding was included in the 1998-1999 Approved Capital Budget for the Electric Utility Department.) Sole Bid. No MBE/WBE subcontracting participation. (Recommended by Electric Utility Commission)

Resolution No. 991007-37 was approved.

38. Approve a resolution authorizing execution of a twelve-month supply agreement with KOCH PETROLEUM GROUP, L.P., Austin, Texas, for the purchase of jet kerosene and low sulfur No. 2 oil for use as standby fuel in the City's natural gas-fired electric generating stations in an amount not to exceed \$3,600,000 with two twelve-month extension options in an amount not to exceed \$3,600,000 per extension for a total amount not to exceed \$10,800,000. (Funding in the amount of \$3,600,000 was included in the 1999-2000 Approved Operating Budget for the Electric Utility Department. Funding for the extension options is contingent upon available funding in future budgets.) Sole bid. No MBE/WBE Subcontracting participation. (Recommended by Electric Utility Commission)
Resolution No. 991007-38 was approved.
39. Approve a resolution authorizing execution of a contract with KBS ELECTRICAL DISTRIBUTORS, Austin, Texas, for the purchase of aluminum cable in the amount of \$41,040. (Funding was included in the 1999-2000 Approved Operating Budget of the Electric Utility Department.) Seven bids received. Low bid meeting specifications. No MBE/WBE Subcontracting participation. (Recommended by Electric Utility Commission)
Resolution No. 991007-39 was approved.
40. Approve a resolution authorizing execution of a twelve-month service agreement with CUTLER-HAMMER ENGINEERING SERVICE, Houston, Texas, for the overhaul of 2.5 kV through 15 kV circuit breakers, in an amount not to exceed \$70,000 with two twelve-month extension options in an amount not to exceed \$70,000 per extension for a total contract amount not to exceed \$210,000. (Funding in the amount of \$70,000 was included in the 1999-2000 Approved Operating Budget for the Electric Utility Department. Funding for the extension options is contingent upon available funding in future budgets.) Low bid of seven. No MBE/WBE Subcontracting participation. (Recommended by Electric Utility Commission)
Resolution No. 991007-40 was approved.
41. Approve a resolution authorizing execution of a twelve-month supply agreement with CONCORDE SCIENCE & TECHNOLOGY, Red Bank, New Jersey, for the purchase of sulfur hexafluoride gas (SF6) for use in circuit breakers in an amount not to exceed \$58,934 with three twelve-month extension options not to exceed \$58,934 per extension for a total contract amount not to exceed \$235,736. (Funding in an amount of \$58,934 was included in the 1999-2000 Approved Operating Budget of the Electric Utility Department. Funding for the extension options is contingent upon available funding in future budgets.) Low bid of five. No MBE/WBE Subcontracting participation. (Recommended by Electric Utility Commission)
Resolution No. 991007-41 was approved.
42. Approve a resolution authorizing execution of a contract with FLIR SYSTEMS, North Billerica, MA, in the amount of \$57,540 for the purchase of an infrared camera with reporting software. (Funding was included in the 1998-1999 Approved Capital Budget of the Electric Utility Department.) Two bids received. Low bid meeting specifications. No MBE/WBE Subcontracting participation. (Recommended by Electric Utility Commission)
Resolution No. 991007-42 was approved.
43. Approve a resolution authorizing execution of a thirty-six month supply agreement with SCHWEITZER ENGINEERING LABS, C/O CASE-JOHNSON, INC., Houston, Texas, for

the purchase of directional relays in an amount not to exceed \$152,118 with one twelve-month extension option in an amount not to exceed \$50,706 for a total contract amount not to exceed \$202,824. (Funding in an amount of \$50,706 was included in the 1999-00 approved Capital Budget for the Electric Utility Department. Funding for the extension option is contingent upon available funding in future budgets. Funding for the remaining twenty-four months and the extension option is contingent upon available funding in future budgets.) Four bids received. Low bid meeting specifications. No MBE/WBE Subcontracting participation. (Recommended by Electric Utility Commission)

Resolution No. 991007-43 was approved.

44. Approve a resolution authorizing execution of a construction contract with O'NEAL, CONSTRUCTION OF TEXAS, INC., Austin, Texas, for renovation of One Texas Center located at 505 Barton Springs Road, for relocation of Development Review and Inspection, Watershed Protection, and Infrastructure Support Services personnel, in the amount of \$813,900. (Funding was included in the 1999-2000 Approved Operating Budget.) Low bid of four. 18.18% MBE; .61% WBE Subcontracting participation.

Resolution No. 991007-44 was approved.

Item 45 was pulled for discussion.

46. Approve an ordinance authorizing a request from the STATE OF TEXAS to vacate a portion of right-of-way located at the 1700 Block of Brazos Street. (\$712,608 in revenue will be entered on the ledger of the Property Exchange Agreement of 1997.) (Not recommended by Downtown Commission) (Recommended by Planning Commission)

Ordinance No. 991007-46 was approved.

47. Approve an ordinance authorizing a request by THE COPPERTANK BREWING COMPANY for a fee-paid street event permit for the 500 block of Trinity for the Breast Fest, a charity event, on October 17, 1999 and for the KIIFI Halloween Bash on October 29, 1999. (4½% of gate receipts will be credited to the Great Streets Fund.)

Ordinance No. 991007-47 was approved.

48. Approve an ordinance authorizing a request by THE DOG & DUCK PUB for a fee-paid street event permit for the 400 block of West 17th Street for The Austin Celtic Festival, a charity event on November 6 and 7, 1999. (4½% of gate receipts will be credited to the Great Streets Fund.)

Ordinance No. 991007-48 was approved.

Item 49 was pulled for discussion.

50. Approve a resolution authorizing execution of a twelve-month supply agreement with MILLER UNIFORMS & EMBLEMS INC., Austin, Texas, for the purchase of bomber style jackets to be used by the Austin Police Department and various City Departments, in an amount not to exceed \$39,292.14 with two twelve-month extension options in an amount not to exceed \$39,292.14 per extension for a total contract amount not to exceed \$117,876.42. (Funding in an amount of \$30,647.87 was included in the 1999-2000 Approved Operating Budget for the Austin Police Department, \$8,644.27 was included in the 1999-00 Approved

Operating Budget for various City departments. Funding for the extension options is contingent upon available funding in future budgets.) Five bids received. Low bid meeting specifications. No MBE/WBE Subcontracting participation.

Resolution No. 991007-50 was approved.

51. Approve a resolution authorizing fee simple acquisition of Lot 1, Capital Business Park, a subdivision in Travis County, Texas, locally known as 1006 Smith Road, from JOIN STRANCE and DOROTHY STRANCE for the Fleet Services and Radio Communications Divisions of the Financial and Administrative Services Department, in the amount of \$1,245,000. (Funding is available in the 1998-1999 Amended Capital Budget for General Government.

Resolution No. 991007-51 was approved.

52. Approve a resolution declaring official intent to reimburse acquisition and construction costs to be paid out of the following funds: Water CIP Funds: 3760, 3790, 3810, 3820, 3830, 3860, 3880, 3890, 3900, 3910, 3950, 3960, 3970, 3980, 4200, 4220, Wastewater CIP Funds: 4320, 4330, 4340, 4350, 4360, 4390, 4430, 4440, 4530, 4540, 4550, 4570.

Resolution No. 991007-52 was approved.

53. Approve a resolution declaring official intent to reimburse acquisition and construction costs to be paid out of the following Electric Utility CIP funds: 3050, 3150, 3170, and 3180.

Resolution No. 991007-53 was approved.

54. Approve a resolution authorizing execution of a contract with POWER SYSTEMS ENGINEERING, Hazel Crest, IL, for the purchase and installation of 240 replacement batteries and the removal and disposal of old batteries used in the Data Center's Uninterruptable Power Supply (UPS) in an amount of \$45,376. (Funding was included in the 1998-99 Approved Operating Budget for the Support Services Fund in the Information Services Office of the Financial and Administrative Services Department.) Low bid of three. No MBE/WBE Subcontracting participation.

Resolution No. 991007-54 was approved.

55. Approve a resolution authorizing execution of a twelve-month service agreement with TIRE DISTRIBUTION SYSTEMS, INC., Austin, Texas, for tire repair services in an amount not to exceed \$100,000 with two twelve-month extension options in an amount not to exceed \$100,000 per extension for a total contract amount not to exceed \$300,000. (Funding was included in the 1999-2000 Approved Operating Budget for the Fleet Maintenance Fund of the Finance and Administrative Services Department. Funding for the extension options is contingent upon available funding in future budgets.) Single bid. No MBE/WBE Subcontracting participation.

Resolution No. 991007-55 was approved.

56. Approve a resolution authorizing execution of a contract through the State of Texas Cooperative Purchasing Program with HAWORTH, INC., Holland, Michigan, for the purchase and installation of modular furniture, necessary to relocate 381 City and Capital Area Metropolitan Planning Organization (CAMPO) staff, in the amount of \$607,482.59 (Funding in the amount of \$107,586.51 is included in the Fiscal Year 1999-2000 budget of

the Capital Projects Management Fund of the Public Works and Transportation Department; \$337,640.84 was included in the 1999-2000 Operating Budget of the General Fund; \$162,255.24 was included in the 1999-2000 Operating Budget of the Planning, Environmental and Conservation Department.)

Resolution No. 991007-56 was approved.

57. Approve a resolution authorizing execution of a contract with HOLT COMPANY OF TEXAS, Austin, Texas, for the purchase of one four-cubic yard track-mounted front loader with extended warranty and preventative maintenance services for five years for Solid Waste Services Department in the amount of \$314,003. (Funding was included in the 1998-1999 Approved Capital Budget of the Solid Waste Services Department.) Sole Source. No MBE/WBE opportunities were identified.

Resolution No. 991007-57 was approved.

58. Approve the appointment of two members of the Austin City Council to the Capital Metropolitan Transportation Authority Board per Section 451.501(b)(2) of the Transportation Code.

Resolution No. 991007-58 was approved appointing Council Members Griffith and Slusher.

59. Set a public hearing regarding the adoption of a new Chapter 12-2 Food and Food Handlers, of the City Code. (Suggested Date and Time: October 28, 1999 at 6:00 p.m.)

Resolution No. 991007-59 was approved.

60. Approve a resolution authorizing a twelve-month contract with CTMF, INC., Austin, Texas, to provide obstetric and gynecological medical services in the amount of \$256,000 with four twelve-month extension options in an amount not to exceed \$268,800 for the first extension, \$282,240 for the second extension, \$296,352 for the third extension, and \$311,170 for the fourth extension for a total contract amount not to exceed \$1,414,562. (Funding was included in the Approved Fiscal Year 1999-2000 Health and Human Services Department Federally Qualified Health Centers (FQHC) fund. Funding for the extension options is contingent upon available funding in future.)

Resolution No. 991007-60 was approved.

61. Approve a resolution authorizing execution of a twelve-month service agreement with TEXAS INDUSTRIES FOR THE BLIND AND HANDICAPPED (TIBH), Georgetown, Texas, to provide property cleaning services, primarily mowing, trash removal, and tire disposal in an amount not to exceed \$87,058.40 with four twelve-month extension options in an amount not to exceed \$87,058.40 per extension for a total contract amount not to exceed \$435,292. (Funding for the amount of \$87,058.40 was included in the 1999-2000 Operating Budget of the Health and Human Services Department. Funding for the extension options is contingent upon available funding in future budgets.)

Resolution No. 991007-61 was approved.

62. Approve a resolution authorizing an Interlocal Agreement between the City of Austin and the Travis County for a Nuisance Abatement Attorney in an amount not to exceed \$75,000.

(Funding is available in the 1999-2000 Operating Budget, Federal Asset Forfeiture Fund of the Austin Police Department.)

Resolution No. 991007-62 was approved.

63. Approve a resolution authorizing execution of a construction contract with EDWARD R. COLEMAN CONSTRUCTION, INC. for streambank stabilization in the 6400 block of Bridgewater Drive along Little Walnut Creek, in the amount of \$672,982.52, plus \$74,017.48 contingency, for a total contract amount not to exceed \$747,000. (Funding in the amount of \$747,000 is available in the 1999-2000 Approved Capital Budget of the Watershed Protection Department.) Low bid of two. 3.8% MBE; 23.5% WBE Subcontracting participation. (Recommended by the Environmental Board on 10-06-99.)

Resolution No. 991007-63 was approved.

64. Approve a resolution authorizing negotiation and execution of a State Use Contract with the TEXAS INDUSTRIES FOR THE BLIND AND HANDICAPPED, Austin, Texas, for vegetation control in creeks and detention/water quality ponds, and for the hauling of excessive vegetation and debris from specified job site locations to an acceptable landfill, in the amount of \$1,550,000. (Funding was included in the Fiscal Year 1999-2000 Approved Operating Budget of the Watershed Protection Department.) (Recommended by Environmental Board)

Resolution No. 991007-64 was approved.

65. Approve a resolution authorizing execution of a construction contract with AUSTIN FILTER SYSTEMS, INC., Austin, Texas, for the Shoal Creek Bank Stabilization Project from West Avenue to 5th Street, Phase I, in the amount of \$779,453. (Funding was included in the 1999-2000 Approved Capital Budget of the Watershed Protection Department.) Low bid of three. 10.87% MBE; 5.68% WBE Subcontracting participation. (Recommended by the Environmental Board - 10-6-99)

Resolution No. 991007-65 was approved.

Items 66 to 71 were pulled for discussion.

72. C14-98-0151 Approve second/third readings of an ordinance amending Chapter 25-2 of the Austin City Code by rezoning property locally known as 7107-7119 Ben White Boulevard from DR, Development Reserve District to CS-CO, General Commercial Services-Conditional Overlay Combining District zoning with conditions. First reading on September 9, 1999; Vote: 7-0. Conditions met as follows: Conditional overlay incorporates the conditions imposed by Council on first ordinance reading. Applicant: Leigh Acres, Ltd. (Mike T. Hatch); Agent: Dick Lillie and Associates (Dick Lillie); City Staff: Joe Arriaga, 499-2308.

Ordinance No. 991007-72 was approved.

73. C14-98-0226 Approve second/third readings of an ordinance amending Chapter 25-2 of the Austin City Code by zoning property locally known as 8908 Cullen Lane Way from I-RR, Interim Rural Residence District to CS-CO, General Commercial Services-Conditional Overlay Combining District zoning with conditions for Tract 1, and LO-CO, Limited Office-Conditional Overlay Combining District zoning with conditions for Tract 2. First reading on May 6, 1999; Vote: 6-0, Watson off the dais. Conditions met as follows: Conditional overlay

incorporates the conditions imposed by Council on first ordinance reading. Applicant: Mountique Inc. (James M. McKinney); Agent: Jim Bennett; City Staff: Joe Arriaga, 499-2308.

Ordinance No. 991007-73 was approved.

74. C14-99-0070 Approve second reading of an ordinance amending Chapter 25-2 of the Austin City Code by rezoning property locally known as 2900 West Slaughter Lane from RR, Rural Residence District to GO-CO, General Office-Conditional Overlay Combining District zoning with conditions. First reading on August 19, 1999; Vote: 7-0. Conditions met as follows: Conditional overlay incorporates the conditions imposed by Council on first ordinance reading. Applicant: Westoak Woods Baptist Church (Chris Sanders); Agent: Crocker Consulting (Sarah Crocker); City Staff: Joe Arriaga, 499-2308.

Ordinance No. 991007-74 was approved subject to sign standards agreed to between the applicant and the neighborhood. This friendly amendment was made by Mayor Pro Tem Goodman and accepted by the maker of the motion (Council Member Garcia) and Council Member Spelman who seconded the motion.

75. C14-99-0073 -- Approve second/third readings of an ordinance amending Chapter 25-2 of the Austin City Code by rezoning property locally known as 12210 Tanglewood Drive from SF-6, Townhouse and Condominium Residence District to SF-2, Single Family Residence (Standard Lot) District zoning. First reading: July 22, 1999; Vote: 7-0. Conditions met as follows: No conditions were imposed by Council on first ordinance reading. Applicant: Deborah D. Yates & Gilbert M. Martinez. City Staff: Clark Patterson, 499-2464. Note: A valid petition has been filed in opposition to this rezoning request.

Ordinance No. 991007-75 was approved.

76. C14-99-0085 -- Approve second reading of an ordinance amending Chapter 25-2 of the Austin City Code by zoning property locally known as 3102 & 3114 Highway 71 West from I-RR, Interim Rural Residence District to CS-CO, General Commercial Services-Conditional Overlay Combining District zoning with conditions. First reading on August 26, 1999; Vote: 7-0. Conditions met as follows: Conditional overlay incorporates the conditions imposed by Council on first ordinance reading. Applicant: Kenny Dryden; Agent: The Faust Group (Bill Faust); City Staff: Joe Arriaga, 499-2308.

This item was postponed to November 4, 1999 at Council's request.

77. C14-99-0114 - Approve second/third readings of an ordinance amending Chapter 25-2 of the Austin City Code by zoning property locally known as 7119 Ben White Boulevard from DR, Development Reserve District to CS-CO, General Commercial Services-Conditional Overlay Combining District zoning with conditions. First reading on September 9, 1999; Vote: 7-0. Conditions met as follows: Conditional overlay incorporates the conditions imposed by Council on first ordinance reading. Applicant: Leigh Acres, Ltd. (Mike T. Hatch); Agent: Dick Lillie and Associates (Dick Lillie); City Staff: Joe Arriaga, 499-2308.

Ordinance No. 991007-77 was approved.

78. Approve a resolution authorizing negotiation and execution of a sixty-month lease of approximately 15,000 net rentable square feet of office space located at 1011 San Jacinto from CEDAR CONTRACTORS, INC., DB/A CEDAR CORP., Austin, Texas, to be used by the

Planning Environmental and Conservation Services Department and the Capital Area Metropolitan Planning Organization, in an amount not to exceed \$2,185,764.55. (Total funding for Fiscal Year 1999-2000 is \$364,294.09. Of this amount, approximately 80% or \$291,294.09 is available in the 1999-2000 Operating Budget of the Planning Environmental and Conservation Services Department. The remaining 20% or approximately \$73,000 will be funded by a reimbursement from the Capital Area Metropolitan Planning Organization. Funding for the remaining contract period is contingent upon available funding in future budgets.

Resolution No. 991007-78 was approved.

79. Approve a resolution authorizing negotiation and execution of Amendment No.3 of a professional services agreement with ROMA DESIGN GROUP, San Francisco, CA, for the revision of the Reuse and Redevelopment Master Plan for the Robert Mueller Municipal Airport site, in the amount of \$300,000, for a total contract amount not to exceed \$950,000. (Funding in an amount of \$300,000 was included in the 1999-2000 Approved Operating Budget of the Planning, Environmental, and Conservation Services Department.) 4.16% MBE; 4.16% WBE Subconsultant participation.

Resolution No. 991007-79 was approved.

80. Approve a resolution authorizing execution of a seven-year service agreement with SENTRY OFF SITE STORAGE, Austin, Texas, for records storage services in an amount not to exceed \$954,529.30 with two twenty-four-month extension options in an amount not to exceed \$235,829.80 per extension for a total contract amount not to exceed \$1,4226,188.90. (Funding in an amount of \$247,039.90 is available in the 1999-2000 Approved Operating Budget of the Library Department. Funding for the remaining term of the agreement and the extension options is contingent upon available funding in future budgets.) Low bid of three. No MBE/WBE Subcontracting participation.

Resolution No. 991007-80 was approved.

81. Approve a resolution directing the City Manager to explore the feasibility of providing a stipend to Emergency Medical Service workers with bilingual ability. (Council Member Gus Garcia, Council Member Beverly Griffith, and Council Member Willie Lewis.)

Resolution No. 991007-81 was approved.

82. Approve evaluation criteria to be applied to the First Workers day labor program by a third party evaluator to assess the day labor program and its new site following nine months of operation at the new site. (Council Member Gus Garcia, Council Member William Spelman and Mayor Kirk Watson.)

Resolution No. 991007-82 was approved.

83. Direct the City Manager to negotiate and execute an agreement for provision of child care consultant services, as recommended by the Child Care Task Force and adopted in the 1999-2000 City of Austin budget. (Mayor Pro Tem Jackie Goodman)

Resolution No. 991007-83 was approved. There was a friendly amendment by Mayor Pro Tem Goodman to amend the resolution by deleting the word "trust" in the third and fourth "Whereas" and add the words "development and fund raising" before the word consultant in the fourth "Whereas." This was accepted by both the maker of the

motion (Council Member Garcia) and Council Member Spelman who seconded the motion.

Items 84 and 85 were for the Board of Directors' Meeting of the Austin Housing Finance Corporation.

Items 86-89 were zoning items.

Items 90-91 were 6:00 p.m. public hearings

Items 92-93 were action taken on the public hearings.

94. APPOINTMENTS

Arts Commission

Maxine Barkan	Reappointment	Consensus
Dcana Hendrix	Reappointment	Consensus
Chelby King	Reappointment	Consensus
Bobbie Enriquez		Mayor Pro Tem Goodman

DISCUSSION AGENDA

49. Approve a resolution authorizing negotiation and execution of a professional services agreement with LAW ENGINEERING & ENVIRONMENTAL SERVICES, INC., Austin, Texas, for engineering services for deconstruction of the Robert Mueller Municipal Airport Terminal and adjacent runways, in an amount not to exceed \$375,000. (Funding is available in the 1999-2000 Approved Operating Budget of the Mueller Airport Disposition Fund.) 8.7% MBE; 18.2% WBE Subcontracting participation.
Resolution No. 991007-49 was approved as shown below.

The motion to split action on this item to separate the terminal from the runways was approved on Mayor Pro Tem Goodman's motion, Council Member Garcia's second on a 7-0 vote.

The motion to approve the negotiation and execution of a professional services agreement with LAW ENGINEERING & ENVIRONMENTAL SERVICES, INC., Austin, Texas, for engineering services for deconstruction of the Robert Mueller Municipal Airport Terminal was approved on Mayor Watson's, Council Member Griffith's second on a 4-3 vote. Mayor Pro Tem Goodman and Council Members Lewis and Slusher voted no.

The motion to approved the negotiation and execution of a professional services agreement with LAW ENGINEERING & ENVIRONMENTAL SERVICES, INC., Austin, Texas, for engineering services for deconstruction of the Robert Mueller Municipal Airport adjacent runways was approved on Mayor Pro Tem Goodman's motion, Council Member Garcia's second on a 7-0 vote.

66. Approve a resolution authorizing negotiation and execution of a water supply agreement between the City of Austin and the Lower Colorado River Authority to increase the firm yield available to Austin to 325,000 acre-feet/year. (The estimated total cost of the contract is \$100,000,000, available in the 1999-2000 Amended Capital Budget of the Water and Wastewater Utility.) (Recommended by the Environmental Board on October 6, 1999.) Related to Items No. 67, 68, and 69.

Resolution No. 9911007-66 was approved with the friendly amendment shown below on Council Member Garcia's motion, Council Member Lewis' second by a 7-0 vote. Both the maker of the motion (Council Member Garcia) and Council Member Lewis accepted Council Member Slusher's friendly amendment. On page 18, Section J legal counsel will reword the document so the City of Austin shall have 10 years to notify the LCRA that the City intends to permanently reduce the permanent first amendment up to 25,000 feet a year and shall have the right to exercise this option at 10 year intervals thereafter and shall have the right to seek such a permanent reduction no more than once during the 15 year period.

67. Approve a resolution declaring official intent to reimburse \$88,000,000 for a payment to LCRA, that is necessary to satisfy the requirement of the newly adopted "Amendments to City of Austin/Lower Colorado River Authority Water Supply Purchase Agreement." (\$15,337,449 to be reimbursed from current revenue transfers anticipated in Fiscal Year 2000-2001 and Fiscal year 2001-2002 or from the proceeds of debt issuance, and \$72,662,551 anticipated from the proceeds of debt issuance.) Related to Items No. 66, 68, and 69.

Resolution No. 991007-67 was approved on Council Member Garcia's motion, Council Member Lewis' second by a 7-0 vote.

68. Approve an ordinance to amend the Water and Wastewater Financial Management Policies to allow long-term revenue bond financing term up to 40 years and debt service coverage of 1.1x. Related to Items No. 66, 67, and 69.

Ordinance No. 991007-68 was approved on Council Member Garcia's motion, Council Member Lewis' second by a 7-0 vote.

69. Amend ordinance No. 990914-1, the 1999-2000 Operating Budget of the Water and Wastewater Utility by increasing debt service requirements by \$2,411,719, increasing transfers-out to the Capital Budget by \$12,000,000 and reducing the ending balance of the Water and Wastewater Utility by \$14,411,719; amend Ordinance No. 990913-A, the 1999-2000 Capital Budget of the Water and Wastewater Utility by increasing transfers-in by \$12,000,000, creating a new account known as "LCRA Water Supply" and appropriating \$100,000,000 to satisfy the requirements of the amendments to the City of Austin/Lower Colorado River Authority water supply purchase agreement. (Capital Budget: \$100,000,000. \$12,000,000 is available from the ending balance of the 1999-2000 Operating Budget of the Water and Wastewater Utility. \$15,337,449 is to be reimbursed by future Water and Wastewater Utility current revenue transfers to the Capital Budget or the proceeds of debt issuance, and \$72,662,551 to be financed from the proceeds of debt issuance. Operating Budget: \$2,411,719 is available from the ending balance of the 1999-2000 Operating Budget of the Water and Wastewater Utility.) Related to Items No. 66, 67, and 68.

Ordinance No. 991007-69 was approved on Council Member Garcia's motion, Council Member Lewis' second by a 7-0 vote.

A motion to recess the Council meeting at 6:15 p.m. was approved on Council Member Spelman's motion, Council Member Slusher's second by a 7-0 vote.

A Board meeting of the Austin Housing Finance Corporation (AHFC) was convened. Item Nos. 84 and 85 were the AHFC items considered by the Austin Housing Finance Corporation's Board of Directors.

84. Approve a resolution authorizing the issuance of Austin Housing Finance Corporation Multifamily Housing Revenue bonds (Princeton and Stony Creek project) Series 1999 A & B, in an amount not to exceed an aggregate principal amount of \$10,500,000; the form and substance of a trust indenture, a loan agreement, a regulatory agreement with respect to the project; and other matters in connection with the transaction requested by the San Antonio Alternative Housing Corporation, a 501 (c) (3) Texas non-profit Corporation, to finance the acquisition and rehabilitation of the Princeton Apartments located at 4411 Airport Blvd. and the Stony Apartments located at 4911 Manchaca Road. (All fees are to be paid by requestor or out of the bond proceeds. The Austin Housing Finance Corporation will receive a financing fee of .5% of the amount of the bonds from bond proceeds at closing. The financing fee revenue will not exceed \$52,500.)

Resolution No. 991007-84 was approved on Board Member Spelman's motion, Vice President Goodman's second by a 5-0 vote. Board Members Garcia and Slusher were off the dais.

85. Approve inducement resolutions for one or more apartment projects that will be submitting applications through the Austin Housing Finance Corporation (AHFC) to the Texas Bond Review Board for entry into the lottery for the Multi-Family Private Activity Volume Cap allocation available in October, 1999. (Each applicant pays its own application fee directly to the Texas Bond Review Board.)

Resolution No. 991007-85 was approved on Board Member Spelman's motion, President Watson's second by a 5-0 vote. Board Members Garcia and Slusher were off the dais.

The AHFC Board Meeting was adjourned at 6:35 p.m. on Board Member Spelman's motion, Vice President Goodman's second by a 5-0 vote. Board Members Garcia and Slusher were off the dais.

The Special Called Meeting of the City Council was called to order at 6:34 p.m.

1. Approve a resolution directing the City Manager to develop a procedure for approvals of development permits in Neighborhoods with ongoing planning processes. (Mayor Pro Tem Goodman, Council Members Garcia and Spelman)

Resolution 991007-1 was approved on Council Member Spelman's motion, Council Member Goodman's second on a 5-0 vote. Council Members Garcia and Slusher were off the dais.

2. Appointments

Robert Mueller Municipal Airport Advisory Group -- 10
No action was taken on this was taken on this item.

The Special Called Meeting was adjourned at 6:45 p.m. on Council Member Spelman's motion, Mayor Pro Tem Goodman's second on a 4-0 vote. Council Members Garcia, Lewis and Slusher were off the dais.

CONSENT ZONING ITEMS

All of the following zoning items were acted on by one motion. No separate discussion or action occurred on any of the items. The public hearings were closed and the consent items were approved on Council Member 's motion, Council Member 's second by a vote.

Item 86 was pulled for discussion.

87. C14-99-0097 - Public hearing to amend Chapter 25-2 of the Austin City Code by rezoning property locally known as 4700 U.S. Highway 183 South and 8300 to 8312 Burleson Road from DR, Development Reserve District, and SF-2, Single Family Residence (standard lot) District to CS, General Commercial Services District zoning district. Planning Commission Recommendation: To Grant GR-CO, Community Commercial-Conditional Overlay Combining District zoning with conditions. Applicant: F. Scott Spears, Jr.; Agent: Chris Sanders. City Staff: Joe Arriaga, 499-2308.

Ordinance No. 991007-87 was approved as recommended by the Planning Commission.

88. C14-99-0112 - Public hearing to amend Chapter 25-2 of the Austin City Code by rezoning property locally known as 8816 Cullen Lane from "DR", Development Reserve district to CS-CO, General Commercial Services-Conditional Overlay Combining District zoning with conditions for Tract 1 and LO-CO, Limited Office-Conditional Overlay Combining District zoning with conditions for Tract 2. Planning Commission Recommendation: To Grant CS-CO, General Commercial Services-Conditional Overlay Combining District zoning with conditions for Tract 1, and LO-CO, Limited Office-Conditional Overlay Combining District zoning with conditions for Tract 2. Applicant: Steve Wilder; Agent: Jim Bennett. City Staff: Joe Arriaga, 499-2308.

The first reading of this ordinance was approved as recommended by the Planning Commission.

DISCUSSION ZONING ITEMS

86. C14-98-0210 - Public hearing to amend Chapter 25-2 of the Austin City Code by zoning property locally known as 9808 South IH-35 Service Road Southbound from I-RR, Interim Rural Residence district to CS, General Commercial Services District zoning. Planning Commission Recommendation: To Grant CS-CO, General Commercial Services-Conditional Overlay Combining District zoning district with conditions. Applicant: Dawn Janssen. City Staff: Joe Arriaga, 499-2308

The motion by Council Member Slusher to approve the first reading died for lack of second.

The motion to approve first reading of this ordinance with a GR zone was approved on a 4-0 vote. Staff was directed to explore and report at the time of the second and third readings as to whether GR allows a truck stop/truck repair. If not, staff should advise which zoning district would allow such uses and the definitions. Mayor Watson and Council Members Garcia and Lewis were off the dais.

89. C14-99-0129 Southpark Meadows Public hearing to amend Chapter 25-2 of the Austin City Code by zoning property locally known as 9600 South IH-35 service Road from I-RR, Interim Rural Residence to "LO", Limited Office District and CS-1, Commercial-Liquor Sales District zoning. Planning Commission Recommendation: To Grant LO, Limited Office District zoning for Tracts 1 & 3, and CS-1-CO, Commercial Services-Liquor Sales-Conditional Overlay Combining District zoning for Tract 2. Applicant: Theriot Family Partnership Universal Concerts; Agent: Richard Suttle, Jr. City Staff: Joe Arriaga, 499-2308. The hearing was closed on Council Member Lewis' motion, Mayor Pro Tem Goodman's second on a 6-0 vote. Council Member Griffith was off the dais.

The first reading was approved as recommended by the Planning Commission on Council Member Lewis' motion, Mayor Pro Tem Goodman's second on a 6-0 vote. Council Member Garcia was off the dais. The applicant and all affected/interested neighborhood groups were requested to meet to explore items that could be addressed through a conditional overlay or restrictive covenant.

19. Authorize negotiation and execution of a contract and all documents necessary for the consummation of the fee simple sale of approximately 37.262 acres from two tracts of land acquired for the Barton Springs Clean Water Project, to the STATE OF TEXAS for right-of-way for the State Highway 45 construction project.
Ordinance 991007-19 was approved on Council Member Garcia's motion, Council Member Lewis second on a 6-0 vote. Council Member Spelman was off the dais.
45. Approve a resolution authorizing negotiation and execution of a professional services agreement with WILBUR SMITH ASSOCIATES, Houston, Texas, for development of an access and mobility plan for the downtown area, in an amount not to exceed \$500,000. (Funding is available in the 1999-2000 Approved Capital Budget of the Department of Public Works and Transportation.) Best of four qualification statements. 8.7% MBE; 18.2% WBE Subcontracting participation.
Resolution No. 991007-45 was approved on Council Member Lewis' motion, Council Member Garcia's second on a 6-0 vote. Council Member Spelman was off the dais.

PUBLIC HEARINGS

90. Conduct a public hearing on a proposed street name change for a portion of 18th Street (East and West) changing it to BOB BULLOCK WAY (from the west right-of-way line of Trinity Street in a westerly direction to the east right-of-way line of West Avenue), in honor of former Lieutenant Governor Bob Bullock.
The public hearing was closed on Council Member Garcia's motion, Council Member Slusher's second a 5-0 vote. Mayor Water and Council Member Griffith were off the dais.

91. Public hearing on an appeal of the Planning Commission's decision to deny a one year extension of a released site plan for property locally known as 12901-13305 North FM 620. Applicant: Pecan Park Retail Center; Appellant: Marion Shipman. Agent: Holford Group (Charles Dunn). City Staff: Tammie Williamson, 499-3056.

The public hearing was closed on Council Member Garcia's motion, Council Member Slusher's second on a 5-0 vote. Mayor Watson and Council Member Griffith were off the dais.

93. Approve a resolution regarding an appeal of the Planning Commission's decision to deny a one-year extension of a released site plan for property locally known as 12901-13305 North FM 620. Applicant: Pecan Park Retail Center; Appellant: Marion Shipman; Agent: Holford Group (Charles Dunn). City Staff: Tammie Williamson, 499-3056.

This item was postponed to November 4, 1999 on Mayor Pro Tem Goodman's motion, Council Member Lewis' second on a 6-0 vote. Council Member Spelman was off the dais.

70. Authorize the City Manager to negotiate and execute a wholesale contract with the City of West Lake Hills for the provision of wastewater service. (Water and Wastewater Commission will review 10-6-99)

The resolution was approved with the friendly amendments shown below on Council Member Spelman's motion, Council Member Griffith's second by a 7-0 vote. The friendly amendments were made by Council Member Spelman and accepted by Council Member Griffith. In the first paragraph of the resolution, add the words "subject to the following conditions." Nos. 1, 2 and 3 from the RCA would be included. No. 1 limits the flow to no more than 900 gallons per minute (gpm) peak wastewater flow. In No. 4, third bullet, delete what is in parenthesis in the third bullet and have it read, "The remaining gpm may be served by the centralized wastewater system upon the determination of the Water and Wastewater Director that the City's wastewater system can adequately accept those flows, for the following neighborhoods only: the McConnell neighborhood defined as Buckeye Trail, McConnell Drive, Westhaven Drive, West Spring Drive, West Lake Drive, Rocky River Road and Reveille Street and the Brady Lane neighborhood defined as North Peak Road, Gregory Place, Jeffery Place, Ridgewood Drive/Road, Sugar Creek Drive, Brady Lane, Gentry Drive, Rollingwood Drive, and Sugar Shack Drive. No. 5 should read, "Any excess capacity may only be used for residential alternative wastewater systems such as STEP or residential gravity systems in the Brady Lane or McConnell subdivisions only." Add another bullet under part 4 to read, "Residential customers are defined as single-family homes; multi-family units are considered commercial customers. " In number 7, delete 400 gpm, put in 250 gpm. No. 10 should state, "West Lake Hills will make its wastewater service records available to the City of Austin as needed to allow the City of Austin to ensure that these requirements are met." All other terms of the RCA will be added to the resolution without change.

A motion to recess the Council meeting at 8:20 p.m. and go into Executive Session was approved on Council Member Griffith's motion, Council Member Slusher's second on a 7-0 vote.

The Council meeting was called back to order at 8:40 p.m.

18. Consider partial settlement of *Circle C Land Corp. v. City of Austin*, Cause No. 97-13994, 53rd Judicial District of Travis County.
Resolution 991007-18 was approved on Mayor Pro Tem Goodman's motion, Mayor Watson's second on a 7-0 vote.
71. Consider an application for a limited adjustment from the application of Chapter 25-8, Subchapter A, Article 12 (Save Our Springs Initiative) for a development project known as Paisano Place Subdivision; Subdivision File No. C8-98-0184.
This item was pulled off the agenda. No action was required.
92. Consider a proposed street name change for a portion of 18th Street (East and West) changing it to BOB BULLOCK WAY (from the west right-of-way line of Trinity Street in a westerly direction to the east right-of-way line of West Avenue), in honor of former Lieutenant Governor Bob Bullock.
No action was taken on this item.

ADJOURNED at 8:43 p.m. on Council Member Griffith's motion, Council Member Slusher's second by a 7-0 vote.

The minutes for the Special Called Meetings of September 13, 1999, September 14, 1999 and the minutes for the Regular Meeting of October 7, 1999 were approved on this the 28th day of October, 1999 on Council Member Spelman's motion, Council Member Griffith's second by a 4-0 vote. Council Member Garcia was off the dais. Mayor Pro Tem Goodman and Lewis were absent

#10

COMPREHENSIVE
WATER SETTLEMENT AGREEMENT
BETWEEN
CITY OF AUSTIN
AND
LOWER COLORADO RIVER AUTHORITY

December 10, 1987

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EXHIBITS

- EXHIBIT "A" Joint Motion to Enter Final Judgment
and Decree in Cause No. 115,414-A-1
- EXHIBIT "B" Description of the Site
as Presently Configured
- EXHIBIT "B-1". . . . Description of the Plant Site
- EXHIBIT "B-2". . . . Description of the Intake Site
- EXHIBIT "B-3". . . . Description of the Tunnel Site
- EXHIBIT "C" LCRA Permit
- EXHIBIT "D" Specified Encumbrances
- EXHIBIT "E" Map Depicting the Lake Travis Point
of Diversion

COMPREHENSIVE WATER SETTLEMENT AGREEMENT

THIS COMPREHENSIVE WATER SETTLEMENT AGREEMENT (this "Agreement") is made and entered into as of this 10th day of December, 1987, by and between the CITY OF AUSTIN (the "City") and the LOWER COLORADO RIVER AUTHORITY ("LCRA").

W I T N E S S E T H

This Agreement involves various water-related matters of mutual concern to the City and LCRA. The City and LCRA both desire that all water-related disputes between them be resolved to the extent possible. Both desire that the water rights of each be finally adjudicated, and that sufficient additional raw water be made available to satisfy the City's projected demands for water through the term of this Agreement. Both desire that the City be able to construct its proposed water treatment plant in northwest Travis County near the intersection of RR 2222 and State Highway 620 ("Water Treatment Plant 4") with a Lake Travis intake facility, and that LCRA be given a reasonable opportunity to acquire an undivided interest in the plant. Finally, both desire that the necessary water supply and demand studies be made, and that comprehensive, just and equitable water conservation and water quality programs be developed for the

entire Colorado River Basin, in order to assure adequate future supplies of water for all purposes of use.

NOW, THEREFORE, in consideration of the mutual benefits and covenants contained herein, the City and LCRA hereby agree as follows:

ARTICLE I

ADJUDICATION

Section 1.1 Withdrawal of Opposition to Final Determination. The City agrees to withdraw all opposition to the rights adjudicated LCRA, and LCRA agrees to withdraw all opposition to the rights adjudicated the City, as such rights are set forth in the Final Determination entered by the Texas Water Commission on July 19, 1985 (the "Final Determination"), in the matter styled In Re: The Exceptions of the Lower Colorado River Authority and the City of Austin to the Adjudication of Water Rights in the Lower Colorado River Segment of the Colorado River Basin, Cause No. 115,414-A-1 in the District Court of Bell County, Texas, 264th Judicial District (hereinafter referred to as "Cause No. 115,414-A-1"). The City further agrees to withdraw all opposition to the rights adjudicated LCRA, as such rights are set forth in the Final Determination, in the matter styled City of Austin, Texas v. Texas Water Commission,

Cause No. 386,320 in the District Court of Travis County, Texas, 98th Judicial District.

Section 1.2 Modifications to Final Determination.

(a) Prior to the execution of this Agreement, the City and LCRA sought the advice and recommendations of representatives of the Texas Water Commission (the "Commission") with respect to settlement of issues raised by the exceptions filed in Cause No. 115,414-A-1. The City and LCRA initially proposed certain modifications to the Final Determination, and such representatives of the Commission responded by suggesting numerous revisions and conditions to those proposed modifications. The modifications to the Final Determination reflected in the Joint Motion to Enter Final Judgment and Decree attached hereto as Exhibit "A" (the "Joint Motion") incorporate all of the revisions and conditions suggested by the representatives of the Commission. The City and LCRA both support the modifications reflected in the Joint Motion. Both parties agree to promptly execute the Joint Motion, and submit the Joint Motion for consideration and execution by the Texas Water Commission. If the Commission does not execute such Joint Motion within 45 days after the date of this Agreement, then either party may terminate this Agreement at any time after

such 45-day period and prior to execution by the Commission of such Joint Motion. Upon execution of such Joint Motion by the Commission, the City and LCRA agree to file such Joint Motion with the Court in Cause No. 115,414-A-1, and seek to have the Court enter the proposed Final Judgment and Decree. If the Court fails or refuses to enter the proposed Final Judgment and Decree, the parties agree to continue to seek in Cause No. 115,414-A-1 each modification to the Final Determination set forth in the proposed Final Judgment and Decree.

(b) LCRA agrees that the City's rights concerning Lake Austin under Certified Filing No. 330 as finally adjudicated (the "City's Lake Austin Rights") should have a priority date of November 15, 1900. LCRA further agrees that to the extent the City's Lake Austin Rights as finally adjudicated are determined to have a priority date later than November 15, 1900, then, as between the City and LCRA, it shall be assumed for all purposes (except as to any Excluded Amount (hereinafter defined)), that such rights have a priority date of November 15, 1900. The City and LCRA agree that if the rights of each are finally adjudicated in Cause No. 115,414-A-1 so that LCRA is adjudicated any rights to divert and use water downstream of Longhorn Dam with a priority date or dates earlier than or on a parity with any

of the City's rights concerning the City's Lake Austin Rights as finally adjudicated, then all of such rights of LCRA, except for any Excluded Amount, shall be subordinated, as to priority, to the City's Lake Austin Rights. The "Excluded Amount" shall be the amount, if any, by which the Senior Amount (hereinafter defined) exceeds the Additional Amount (hereinafter defined). The "Senior Amount" shall be 162,706 acre-feet per year, or the total number of acre-feet of water per year which LCRA is finally adjudicated the right to divert and use with a priority date or dates senior to the City's Lake Austin Rights, whichever is less. The Additional Amount shall be the total number of acre-feet of water per year that LCRA is finally adjudicated the right to divert and use for irrigation at its Eagle Lake and Gulf Coast Water Divisions, in excess of 162,706 acre-feet per year. The City and LCRA further agree that if the rights of each are finally adjudicated in Cause No. 115,414-A-1 so that LCRA is adjudicated any right upstream of Longhorn Dam with a priority date earlier in time than or on a parity with any of the City's Lake Austin Rights, then such right of LCRA shall be subordinated, as to priority, to the City's Lake Austin Rights. In furtherance of the foregoing, LCRA agrees that, as between LCRA and the City, the following

shall apply to the City's Lake Austin Rights and to the present and future water rights of LCRA:

- (a) Any existing water right with a priority date junior to November 15, 1900 that is presently owned by LCRA (except as to any Excluded Amount) is specifically subordinated, as to priority, to Austin's Lake Austin Rights under Certified Filing No. 330.
- (b) Any existing water right with a priority date junior to November 15, 1900 that may in the future be acquired by LCRA shall, upon acquisition by LCRA and thereafter, be specifically subordinated, as to priority, to Austin's Lake Austin Rights under Certified Filing No. 330.
- (c) Any evaluation or determination of the consideration given, or to be given, by Austin for stored water from Lakes Travis and Buchanan under Permits Nos. 1260 and 1259, respectively, shall be based upon studies which assume that Austin's Lake Austin Rights under Certified Filing No. 330 have a priority date of November 15, 1900.

The agreements set forth above in this Subparagraph (b) shall survive termination of the Agreement.

Section 1.3 LCRA Judgment. An "LCRA Judgment" is any final judgment, partial or otherwise, entered in Cause No. 115,414-A-1, which reflects that LCRA is authorized to use a maximum aggregate amount of water from Lakes Travis and Buchanan in peak-use years of not less than 1,500,000 acre-feet for purposes other than the generation of hydro-electric power. The proposed Final Judgment and Decree attached to the Joint Motion is such an LCRA Judgment. The provisions of Articles II, III, IV and V of this Agreement shall take effect on the date of entry of an LCRA Judgment in Cause No. 115,414-A-1, and such Articles shall not take effect unless an LCRA Judgment is entered; provided, however, that LCRA may at any time prior to the Final Date (hereinafter defined) elect to make such Articles II, III, IV and V effective in their entirety by giving written notice of such election to the City. The "Final Date" is that date which is sixty days after the entry of the last final judgment resolving all matters at issue in Cause No. 115,414-A-1.

Section 1.4 Other Proceedings. The City agrees not to pursue any effort to secure a supply of water from Lake Travis for Water Treatment Plant 4, other than pursuant to the terms of this Agreement, for at least 120 days following

the date of this Agreement. The City reserves all rights to pursue its efforts after such date to secure such a supply in any proceeding including, without limitation, those proceedings identified in Article V hereof, and LCRA reserves all rights to oppose any such effort.

ARTICLE II

WATER TREATMENT PLANT 4

Section 2.1 Description.

(a) It is presently contemplated that the initial phase of Water Treatment Plant 4 will have a nominal rated treatment capacity of up to 60,000,000 gallons per day (60 Mgd). If a Lake Travis intake facility is constructed for Water Treatment Plant 4, it is agreed that the initial phase of such intake facility will have 3 vertical intake shafts that do not exceed 5 feet in inside diameter, one or more underground pump suction chambers, six vertical pump wells that do not exceed 5 feet in inside diameter, and six pumps that have a rated capacity, with one pump not pumping, of not to exceed 150 Mgd with Lake Travis at 667 feet M.S.L. The initial phase of Water Treatment Plant 4, the initial phase of the Lake Travis intake facility, all modifications and expansions that may be made thereto from time to time, and all appurtenances to such facilities, are referred to herein

collectively as the "Plant." The real property for the Plant (including property owned by the City in fee, property held by the City under leasehold estate, easements or otherwise, and appurtenances thereto) is referred to herein as the "Site." A metes and bounds description of the Site as the Site is presently configured is attached hereto as Exhibit "B." The Plant and the Site are referred to herein collectively as the "Project." No real property other than the Site, and no facilities or other improvements other than those which may be located on the Site, shall be considered to be part of the Plant or the Project. In addition, none of the City's and, if LCRA becomes a Participant, none of LCRA's pipelines and appurtenant facilities which may be located on the Site and used to convey treated water from the point of delivery of Water Treatment Plant 4 shall be considered to be part of the Plant or the Project. For purposes of this Agreement, the term "Plant Capacity" shall mean, at any particular time, the nominal rated treatment capacity of the Plant at that time, expressed in terms of Mgd.

(b) It is acknowledged that from time to time additional facilities may be constructed, operated and maintained by or on behalf of the City on real property included within the Site, which additional facilities are not