

**Section 5.02. Term of Contract.** This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for thirty (30) years, or for such period of time that Bonds issued by the District for the System remain outstanding, whichever period is greater; provided, however, the term of the Contract and the expiration date may be extended for a period of time not to exceed twenty (20) years by mutual agreement of the Member and the District as to the terms and conditions. The District's obligation to provide the contracted services shall commence from the date that the District gives written notice that the Project is operational and functional to provide Wastewater services to Member. This Contract and its attachments constitute the sole agreement between the parties hereto with respect to the Project and System.

**Section 5.03. Modification.** No change, amendment or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all moneys required to be paid by Member under this Contract or any similar contract; and, no such change, amendment or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

**Section 5.04. Addresses and Notice.** Unless otherwise provided herein, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to the District, to: Executive Director  
Upper Trinity Regional Water District  
P. O. Drawer 305  
Lewisville, Texas 75067

If to Celina, to: City Administrator  
City of Celina  
302 West Walnut St.  
Celina, TX 75009

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other parties hereto.

**Section 5.05. State or Federal Laws, Rules, Orders or Regulations.** This Contract is subject to all applicable Federal and State laws and any applicable permits, ordinances, rules, orders and regulations of any local, state or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule or regulation in any forum having jurisdiction.

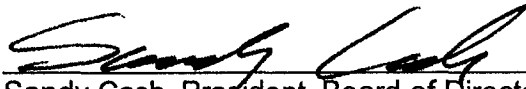
**Section 5.06. Remedies Upon Default.** It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. However, recognizing that the District's undertaking to provide and maintain the services of the System is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the District agrees, in the event of any default on its part, that Member shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of Member's obligations hereunder could not be adequately compensated in money damages alone, Member agrees in the event of any default on their part that the District shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the District. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the District to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstance.

**Section 5.07. Severability.** The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses or words of this Contract or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this Contract or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.


**Section 5.08. Venue.** All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Denton County, Texas, which is the County in which the principal administrative offices of the District are located. It is specifically agreed among the parties to this Contract that Denton County, Texas is the place of performance of this Contract; and, in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Denton County, Texas.

**IN WITNESS WHEREOF**, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the Contract Date.

**UPPER TRINITY REGIONAL WATER DISTRICT**

  
\_\_\_\_\_  
Sandy Cash, President, Board of Directors

**ATTEST:**

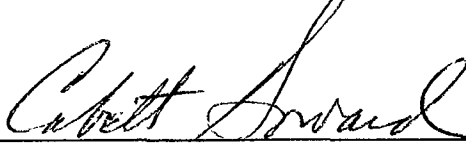
  
\_\_\_\_\_  
Kevin Mercer, Secretary, Board of Directors

[District Seal]

**APPROVED AS TO FORM AND LEGALITY:**

  
\_\_\_\_\_  
John F. Boyle, Jr., Counsel for the District

**CITY OF CELINA, TEXAS**

  
Corbett Howard, Mayor

**ATTEST:**

  
Vicky Faulkner, City Secretary

**APPROVED AS TO FORM AND LEGALITY:**

  
Lance Vanzant, Counsel for City of Celina

**EXHIBIT A**

**UPPER TRINITY REGIONAL WATER DISTRICT  
NORTHEAST REGIONAL WATER RECLAMATION SYSTEM**

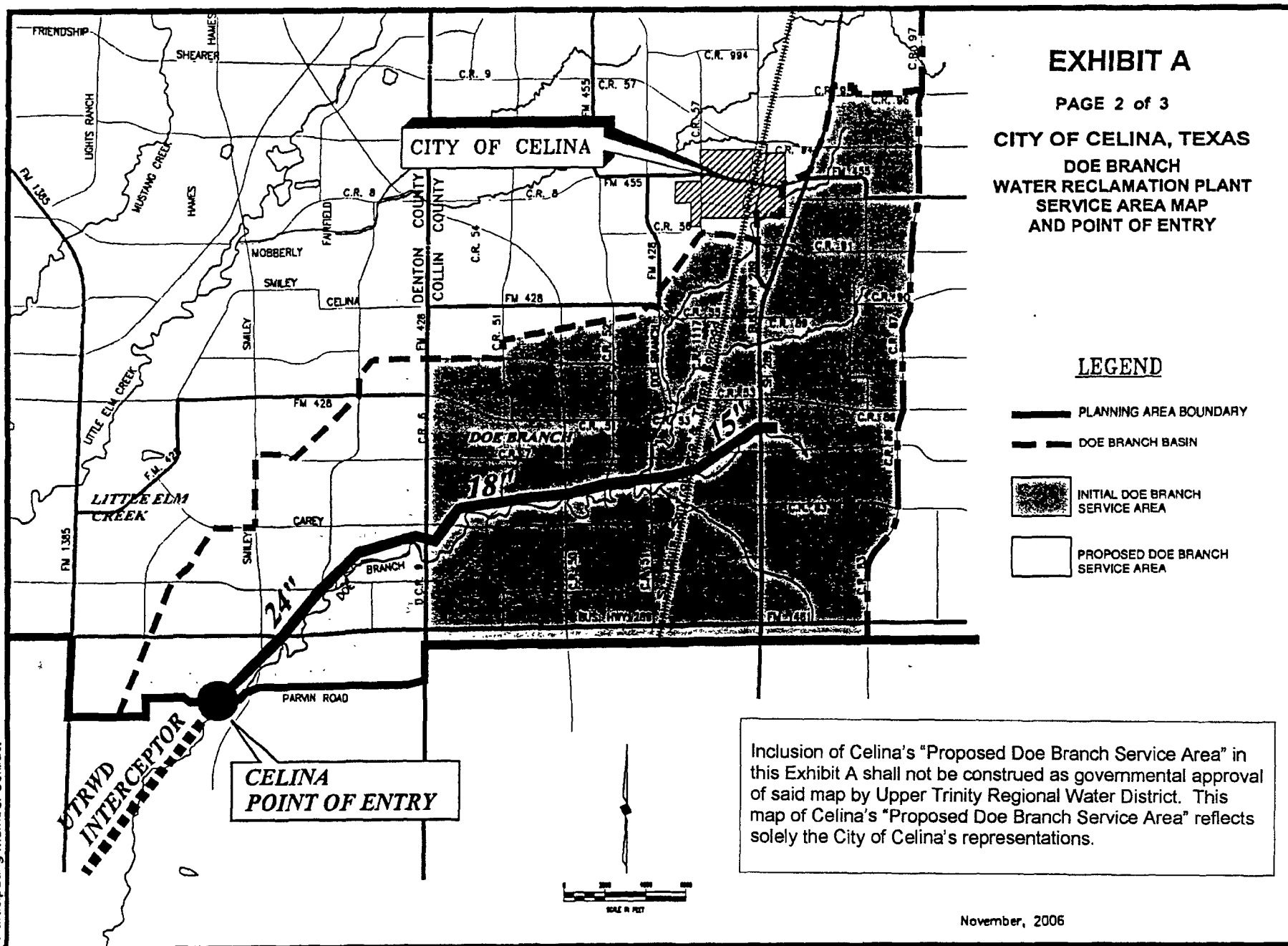
**PARTICIPATING MEMBER CONTRACT  
CITY OF CELINA**

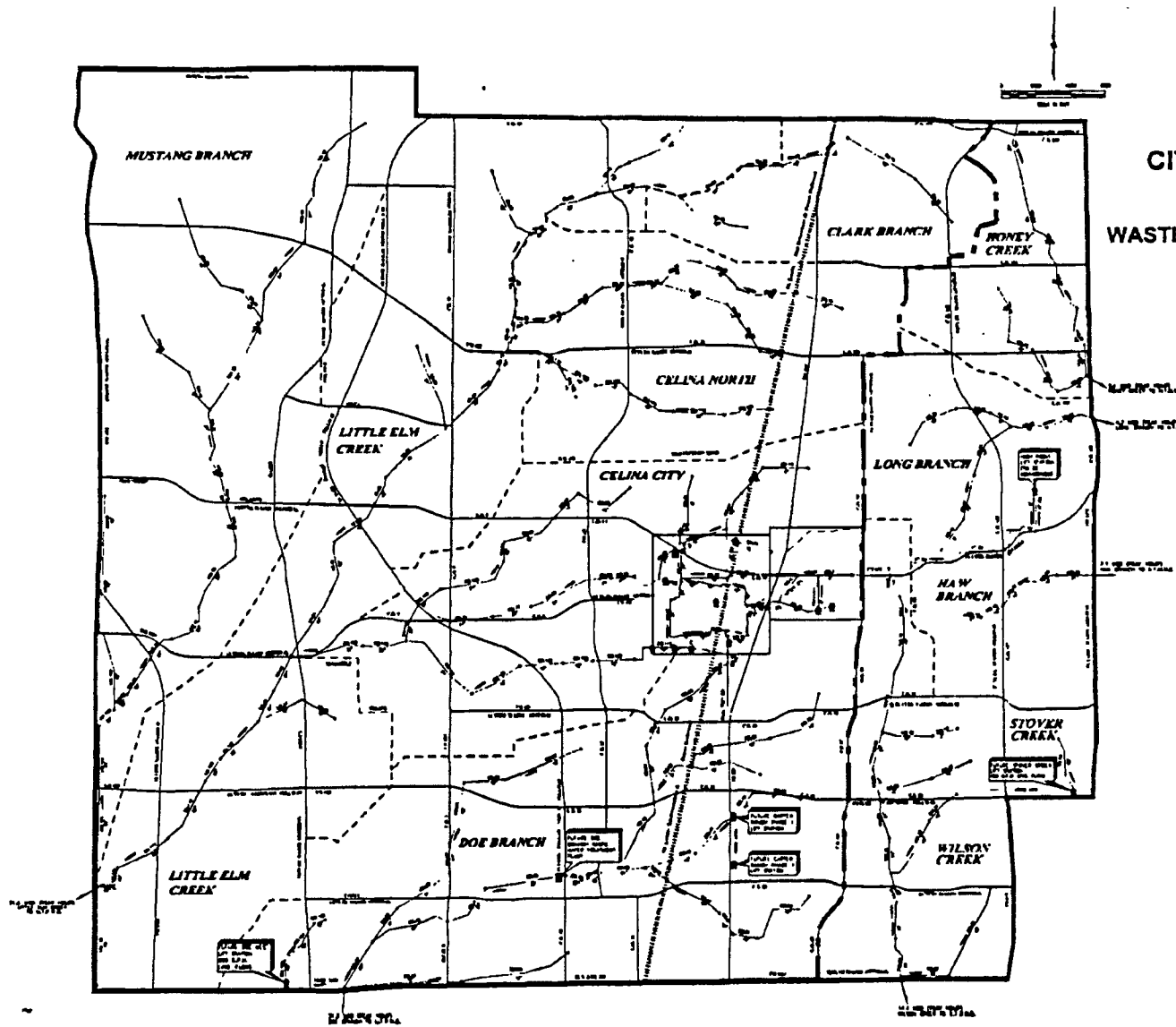
**CELINA SERVICE AREA MAP AND POINT OF ENTRY**

1. The approximate location of Celina's Point of Entry is shown on Page 2 of this Exhibit A.
2. The boundaries of Celina's service area, generally for the drainage basin of Doe Branch Creek, are noted on the attached map in this Exhibit A. The District and Celina agree, however, that only the initial service area is shown. The District and Celina agree that Celina may expand its service areas and may provide wastewater service within the drainage basins of the Little Elm Creek and the East Fork of the Trinity River under this Contract.
3. A map of Celina's wastewater collection system master plan is attached as page 3 of Exhibit A. The master plan map covers both Celina's present service area and the area that Celina is planning to serve in the future.

Note: Upon mutual agreement of Member and District, an updated or corrected Exhibit A may be substituted for this Exhibit A.

(Map showing Celina's Service Area to be inserted here.)





**EXHIBIT A**  
 PAGE 3 of 3  
**CITY OF CELINA, TEXAS**  
**MAP OF**  
**WASTEWATER COLLECTION SYSTEM**  
**MASTER PLAN**

Inclusion of Celina's "Map of Wastewater Collection System Master Plan" in this Exhibit A shall not be construed as governmental approval of said map by Upper Trinity Regional Water District. This "Map of Wastewater Collection System Master Plan" reflects solely the City of Celina's representations.

November, 2006



## EXHIBIT B

### UPPER TRINITY REGIONAL WATER DISTRICT NORTHEAST REGIONAL WATER RECLAMATION SYSTEM PARTICIPATING MEMBER CONTRACT CITY OF CELINA

#### **Subscribed Capacity Minimum Flow and Average Flow According to Article II of the Contract**

The provisions of this Exhibit B form a part of the Contract and are applicable to the District and to Celina as if set forth in their entirety in the body of the Contract. The following quantities are mutually agreed to for the purposes noted.

<b>Total Plant Capacity (All Participants)</b>	<b>Minimum Flow (MGD) For Financial Purposes</b>	<b>Average Annual Flow (MGD) For Subscribed Capacity</b>
Phase 1: 0.5 MGD *	0.08 MGD * (1)	0.20 MGD *
Phase 2: 1.225 MGD *		

\*The amounts noted are tentative, pending completion of the Preliminary Design Study, an initial activity to be undertaken pursuant to this Contract. Upon completion of said study, any of these quantities, including the Subscribed Capacity may be changed by mutual agreement of Celina and District.

(1) Exception – pending completion of the Doe Branch Plant, while Celina's Wastewater flows are being treated at the Riverbend Plant the Minimum Flow for Financial Purposes will be 0.04 MGD.

**Phased Construction.** Construction of Doe Branch treatment plant capacity is expected to be accomplished in phases. When Celina desires additional capacity to provide for future growth requirements, Celina shall give appropriate notice to the District to allow adequate time for coordination with other participants in the System and for financing, design and construction. The District then will use such increased capacity as the new subscribed capacity for allocation of cost to Celina as provided in the Contract. It is mutually agreed that other Members and Customers may participate in the System to allow the District to fulfill its responsibility of providing adequate service to the region.

## EXHIBIT C

UPPER TRINITY REGIONAL WATER DISTRICT  
NORTHEAST REGIONAL WATER RECLAMATION SYSTEM  
CITY OF CELINA  
PARTICIPATING MEMBER CONTRACT FOR WASTEWATER TREATMENT  
SERVICES

### Prohibited Discharges and Requirements For Normal Wastewater

The provisions of this Exhibit C form a part of the Contract and are applicable to the District and City of Celina as if set forth in their entirety in the body of the Contract.

#### **Wastes Not Admissible:**

Gasoline; cleaning solvents; non emulsified oils and greases; mineral oils; ashes; cinders; sand; gravel; tar; asphalt; ceramic wastes; plastics; other viscous substances; feathers; hair; rags; metal; metal filings; glass; wood shavings; sawdust; unshredded garbage; toxic, corrosive, explosive or malodorous gases; acetylene generation sludge; cyanides or cyanide or cyanogen compounds capable of liberating hydrocyanic gas on acidification in excess of 2 mg/l by weight as CN; radioactive materials which will permit a transient concentration higher than 100 microcuries per liter; emulsified oil and grease, exclusive of soaps, exceeding on analysis an average of 100 mg/l of ether-soluble matter; acids or alkalis having a pH value lower than 6.0 or higher than 10.0; other similar substances as those named in this paragraph in quantities capable of causing obstruction to the flow of Wastewater in mains or interfere with the operation of the system; and, Wastewater containing specific pollutant concentrations in excess or any of the numerical limitations named hereunder shall be prohibited from discharge to the System:

<b><u>Pollutant</u></b>	<b><u>Maximum Allowable Concentration (ug/l)</u></b>
Arsenic	100
Barium	1,000
Cadmium	50
Chromium	500
Copper	500
Lead	500
Manganese	1,000
Mercury	5
Nickel	1,000
Selenium	50
Silver	50
Zinc	1,000
<b>Total Toxic Organics</b>	<b>1,000</b>

**Requirements for Normal Wastewater:**

- (a) Biochemical Oxygen Demand (B.O.D.). B.O.D. of Wastewater delivered to the System, as determined by standard methods, shall not exceed 250 mg/l.
- (b) Total Suspended Solids. Total Suspended Solids delivered to the System as determined by Standard Methods, shall not exceed 250 mg/l.
- (c) Hydrogen Ion Concentration (pH). The pH of Wastewater delivered to the System shall not be lower than 6.0 nor higher than 10.0. No acids shall be discharged into the System unless neutralized to a pH of 6.0 or more.
- (d) Hydrogen Sulfide Concentration. Dissolved sulfides in Wastewater at the point of delivery to the System shall not exceed 0.1 mg/l.

**Revisions to the List of Prohibited Discharges:**

- (a) In the event there is any conflict between this Exhibit C and applicable regulations of the Texas Commission on Environmental Quality or of the United States Environmental Protection Agency, the applicable regulations shall govern.
- (b) This Exhibit C is subject to revision as necessary to correlate with, to comply with and to remain current with future regulations and requirements of Texas Commission on Environmental Quality and United States Environmental Protection Agency. If the District determines that a change in this Exhibit C is necessary to respond to such revised regulations pursuant to the Contract, including this Exhibit C, District shall furnish a revised Exhibit C to Members according to the provisions of the Contract.

## EXHIBIT D

UPPER TRINITY REGIONAL WATER DISTRICT  
NORTHEAST REGIONAL WATER RECLAMATION SYSTEM  
CITY OF CELINA  
PARTICIPATING MEMBER CONTRACT FOR WASTEWATER TREATMENT  
SERVICES

### Special Provisions

The provisions of this Exhibit D form a part of the Contract and are applicable to the District and Celina as if set forth in their entirety in the body of the Contract. If any provision of this Exhibit D conflicts with the provisions in the main body of the Contract, the provisions of this Exhibit D shall prevail.

1. **Wastewater Collection Systems.** Celina agrees to expand, install, own, operate and maintain (or contract with others for operation and maintenance) its wastewater collection system to serve the Wastewater needs within Celina's service area that can be served reasonably by the System. Celina may, at its option, choose to divert and treat Wastewater flows from the East Fork of the Trinity River drainage basin to a different regional system or treatment facility. The portion of Celina's service area, served now or in the future by its existing wastewater treatment plant, including expansions thereof, may continue to be served by that plant. Furthermore, Celina may elect to serve additional developments in the future from the existing wastewater treatment plant, especially for interim service until the necessary infrastructure is built to enable treatment at the Doe Branch Plant. If a Municipal Utility District (MUD) or similar entity is authorized within Celina's service area, Celina will use its best efforts to assure that Celina is the wastewater service provider for each such entity. Celina may contract with individual customers for extension of its collection system and for retail wastewater service. As Celina expands its wastewater collection system, the facilities within said expansions shall be owned and operated by Celina, except as may be mutually agreed between Celina and any MUD or similar entity as noted above. Celina's wastewater collection system shall be designed, constructed, and operated in accordance with generally accepted municipal standards and applicable specifications published by the North Central Texas Council of Governments. All wastewater collection lines shall be minimum six (6) inch diameter with sufficient capacity for the build-out of each respective portion of the applicable service area, including upstream or adjacent areas anticipated to be served. Further, pipes, fittings and manholes shall conform to generally accepted specifications of typical municipal wastewater utilities.

2. **Master Plans.** Celina agrees to maintain master plans for the wastewater system within its service area. To that end, Celina agrees to provide the District with an

initial copy of such plans, and updated master plans for Wastewater at least every five years, unless no change in the Master Plan is warranted and is so stated in writing by Celina.

(a) Said master plans shall provide for collection of Wastewater from throughout Celina's service area and for delivery at the appropriate Point of Entry into the System.

(b) This Contract provides for delivery of Wastewater into the System at a Point of Entry in the Doe Branch drainage basin for treatment at the Doe Branch Water Reclamation Plant.

(c) The parties hereto agree to amend this Contract when Celina desires to deliver Wastewater into the System at a Point of Entry in the Little Elm Creek drainage basin for treatment at the Riverbend Water Reclamation Plant or at any other plant as mutually agreed by Celina and District.

3. **Wastewater Control Plans.** The District and Celina agree that the public health and safety require that plans for control of Wastewater be prepared and implemented in conjunction with development of the District's Regional Treated Water System. Accordingly, pursuant to the Contract, Celina agrees to participate in the Northeast Regional Water Reclamation System, and to take the following additional step: Celina will submit its existing Wastewater system master plan to the District within one (1) year of the Contract Date. Said plan shall be subject to review by District and shall be in the form of an engineering report (or master plan) that includes a determination of the necessary and feasible steps to extend Celina's wastewater collection system, to control Wastewater and to prevent pollution of surface water.

4. **Required to Connect.** Celina will require future retail customers and future developments within its service area to connect to its wastewater collection system, when feasible and appropriate, under reasonable rules as Celina's wastewater collection system is installed and expanded. Approval of any new subdivision or development by Celina without wastewater collection facilities being required therein shall be considered an exception, requiring compelling evidence that the public health and safety, as well as the environment will otherwise be protected for the long term.

5. **Infiltration and Inflow.** Celina agrees to design, construct and maintain its wastewater collection system as reasonable and necessary to limit infiltration of ground water and inflow of surface water. This requirement is intended to keep the peak flow of Wastewater entering the System at levels below the maximum amount provided in the Contract and to reduce the quantity of Wastewater being metered for, and charged to, Celina.

6. **Cost Elements.** Celina's portion of the initial capital costs for the Project shall be funded in accordance with this Contract, including certain up-front costs to cover

prior cost paid by others and for Celina's share of the Preliminary Design Study. Other capital costs may be funded by the District, in part by Celina, or allocated directly to the benefiting party. Generally, operating expenses of the System will be shared based on flow. However, certain operating expenses are somewhat fixed in nature and may be billed as "Minimum Flow (MGD) for Financial Purposes" to each participant according to subscribed capacity. The costs for which Celina agrees to be responsible for and to pay, as its share of the Annual Requirement are as follows:

(a) Treatment Plant Capital Costs. A pro rata share based on the capacity subscribed in Exhibit B of this contract.

(b) Common-To-All Facilities. All facilities that are installed and intended for the general benefit of the participants in the Project and System are considered to be "Common-to-All Facilities". Such facilities may include the plant site, treatment works and other facilities on the plant site, certain major trunk lines, lift stations, metering facilities, etc. The trunk line from the Point of Entry to the Doe Branch Plant shall not be considered to be Common-to-All. The capital cost of the Common-to-All Facilities shall be shared among all participants according to respective subscribed capacities. Delivery and Treatment Facilities are typically designed with extra capacity or "oversize" to accommodate future growth and future Customers. Each participant is responsible for all costs for adequate capacity of facilities to accommodate the build-out of its respective service area. Any extra capacity or oversize capacity in pipelines and other such facilities, which capacity is intended for future Customers in the System shall be considered to be Common-to-All Facilities.

(c) Delivery Facilities. Celina shall be responsible for the design and construction of its facilities for delivery of Wastewater to the Point of Entry and all costs (capital as well as operation and maintenance) related thereto. The cost of the District's trunk line (including lift station and pumping, if any) from Celina's Point of Entry to the Doe Branch Treatment Plant shall be shared on a pro rata basis between all participants who contract for the use of said trunk line.

(d) Oversize for Future. To provide capacity for future growth of Celina and for service to other Customers in the future, elements of the Project and System shall be oversized as required by District in conformance with the Contract.

(e) Treatment Plant Operation and Maintenance Expense. A full pro rata share based on total Celina flow, subject to the minimum quantity specified in Exhibit B, and a full pro rata share of cost of future replacement or rehabilitation of capital facilities.

(f) Other Operation and Maintenance Expenses. Other expenses related to operation and maintenance of the Project and System, such as Common-to-All facilities, trunk lines, lift stations, meter facilities, transportation of biosolids, wastewater pumping,

fees for use of lines, including any fixed costs, etc., shall be shared according to this Paragraph 6 and common utility practice.

(g) Temporary Use of Facilities. Recognizing that the Riverbend Plant is already in service, prior to construction of the Doe Branch Plant, the District expects to temporarily transfer Wastewater received from Celina to the Riverbend Plant for treatment. For such temporary use of the Riverbend Plant and related facilities, Celina agrees to pay the standard rates being charged to the entities who have contracted for such capacity, but which capacity may be used temporarily for Celina's benefit.

7. Assignment or Sale. Celina hereby agrees that it will not assign, sell, or convey its retail wastewater collection system to any party without the prior written approval of the District, which approval will not be unreasonably denied. Any such approval of a proposed sale to a Member of the District will be denied only if the requested sale, assignment or conveyance would cause the interest on any of the Bonds to be or become subject to federal income taxation under the Internal Revenue Code of 1986, as amended. Further, any such assignment, sale or conveyance, if approved, would require the benefiting party to assume the appropriate obligations of the Contract.

8. Capacity for Adjacent Areas. Each participant in the Project and System is required to provide for future Wastewater flows from adjacent areas that, by reason of topography or sound engineering practices should flow into and through the participant's facilities and service area. Accordingly, Celina agrees to plan, design and construct its facilities with adequate capacity to serve property within the drainage basin(s) within Celina's planning area that flows into or through each particular portion of Celina's service area. The areas and flows to be so provided for by Celina shall be certified by a Registered Professional Engineer selected by Celina in conjunction with planning and design of each phase of Celina's wastewater collection system.

9. Future Customers / Prior Costs. In the future, any utility entity other than Celina that desires to discharge Wastewater into the System through Celina's wastewater collection system or directly into the System owned and operated by the District shall first contract with the District for participation in the System. Prior to authorization for any such entity to discharge Wastewater into Celina's collection system District shall verify with Celina that capacity is available pursuant to Paragraph 8 above, and shall prescribe means for measurement of or estimating the flow. With Celina's written consent, the District may authorize such discharge. Further, any such participating entity shall pay appropriate prior costs paid by Celina and other participants as determined by the District pursuant to the Contract for previously constructed facilities to be used to receive and transport the new entity's Wastewater. In addition to reimbursement of costs related to District facilities, the District will reimburse to Celina any such funds collected from said participating entity for use of Celina's internal wastewater collection system, if Celina's facilities are authorized by District to be used to serve said participating entity. Said prior costs shall be equal to a pro rata share of actual original cost for the amount of capacity to be contracted to the

participating entity. In determining the proper reimbursement, the District may deduct an allowance for depreciation of the applicable facilities, based on a twenty-year depreciation period. Considering the capacity contracted for by any such participant, the District will make appropriate adjustment in Celina's share of the Annual Requirement, and thereafter will require the new participant or Customer to pay its share of the Annual Requirement for the System.

10. **Modification of Service Area.** Under the Contract, Celina has the right to receive wholesale wastewater treatment service directly from the District for its service area as such service area may be modified from time to time, subject to a mutual determination of feasibility for the service being requested.

11. **Project Capital Funds.** In general, capital costs for the Project shall be allocated among the participants according to their respective subscribed capacities and use, and in conformance with other provisions of this Contract. In recognition of the fact that Celina's existing retail wastewater collection system already generates a dependable stream of revenue, the District, using Bonds and other sources of funds, will be able to finance much of Celina's portion of the cost of the Project and System, and thus minimize the need for Celina to provide up-front funds for design and construction of the Project and other System improvements. Specific up-front costs to be paid by Celina are set forth in Paragraphs 22 and 25. Initial elements of the Project include extension of the District's trunk main to Celina's Point of Entry plus planning and design activities to prepare for construction of the Doe Branch Water Reclamation Plant. As part of the cost of the Project, the District hereby agrees to use its best efforts to provide Celina's share of the necessary funds to design and extend the trunk main in Doe Branch to the Point of Entry. For other elements of the Project and for future expansions of, or improvements to, the Project or System, District reserves the right to issue its Bonds, depending on the adequacy of the then stream of revenue from Celina's retail wastewater services. In the unlikely event that the District were unable to issue its Bonds in sufficient amount to finance the entire cost of an improvement desired by Celina, it is mutually agreed that Celina will deposit the remaining funds required for Celina's share of the desired capital improvement.

(a) As provided above, the District plans to use its internally generated funds as interim financing for an extension of the trunk main in Doe Branch to Celina's Point of Entry. During the period of such interim financing Celina shall make payments as provided herein, the minimum amount of which shall be equal to five (5.0%) percent interest on said funds. After the District issues its Bonds for permanent financing of said trunk main, the standard provisions of this contract for the Annual Requirement shall apply.

(b) After design of one or more Project elements has been completed, the District will advertise and take competitive bids for construction of the Project, which construction may be in phases. Concerning any element of the Project or System,



Celina shall have a continuing option to prepay portions of the Project or System cost and to receive corresponding reduction in future rates and charges.

(c) If District applies for and receives State Participation funds for the Project from Texas Water Development Board, such funds will be deducted from the amount of funds otherwise required for construction and to be deposited by Celina and other participants or by the District on behalf of the participants.

(d) The District agrees to use its best efforts to construct the Project when and as needed, as jointly determined by the District, Celina and other participants. The District agrees that design and construction of the Project will be made in accordance with generally accepted engineering practices. The District's ability to complete the Project may be dependent in part on receiving timely approval from other governmental bodies, including Corps of Engineers, Texas Water Development Board and TCEQ.

12. **Phased Construction.** It is hereby recognized that the initial capacity in the System being subscribed herein by Celina is based on Celina's expected needs over a three (3)-year period from the date that service is first available, sharing with other participants in the future Doe Branch Water Reclamation Plant and expansions thereof. The initial capacity of the plant will be determined by the District based on a report to be prepared by its engineering consultant as part of the Preliminary Design Study, in which study Celina is participating. Thereafter, the plant will be expanded in phases on a timely basis to meet Celina's and other participants' needs and according to subsequent engineering studies, consistent with the discharge permit issued for the plant by TCEQ.

13. **Bonds Not Subject to Federal Income Tax.** Celina hereby covenants and agrees that it will not use or operate its retail collection system, or permit the use or operation of said system or of the District's System in any manner that could cause the interest on any of the District's Bonds to be or to become subject to federal income taxation under the Internal Revenue Code of 1986 or any amendments thereto in effect on the date of issue of such Bonds.

14. **Eminent Domain.** In obtaining easements and property for the Project, the District and Celina acknowledge that the use of the power of eminent domain may be required, if and when negotiations are not successful. Celina hereby confirms and agrees that it has the power of eminent domain, which may be exercised within and without Celina's service area. Accordingly, Celina is agreeable to use its power of eminent domain if requested by the District concerning the acquisition of any specific parcel of property or an easement required for the Project or System.

15. **Future Rights of Way.** The District has a continuing duty to plan for extension of System facilities for benefit of Celina's service area. Celina will use its best efforts to require dedication of needed rights of way to District in conjunction with platting and service agreements for future developments within Celina's service area.

16. **District Doe Branch Water Reclamation System.** The District anticipates constructing a wastewater treatment plant for service in the Doe Branch drainage basin, including service to Celina. However, District agrees that it will accept flow from Celina's service area in the Doe Branch drainage basin on a capacity available basis for temporary transfer to the Riverbend Water Reclamation Plant until the Doe Branch plant is constructed and operational. From time to time, District may discontinue or resume the temporary transfer of such Doe Branch flow to Riverbend Plant as deemed by District to be prudent and in the best interest of all participants in the System. Celina agrees to participate in the Doe Branch Plant for sufficient capacity to provide for its future growth in the Doe Branch basin, based on a minimum three-year planning horizon. Celina may, thereafter, request additional capacity as needed in the Doe Branch Water Reclamation Plant.

17. **Celina Subscription in Doe Branch Water Reclamation System.** Celina's initial subscription shall be in the Doe Branch Plant, as provided in Exhibit B, even if its Wastewater from the Doe Branch or other basins are being transferred to and being temporarily treated at the Riverbend Plant. Treatment of flows from Celina's service area within the Doe Branch drainage basin may be provided at the Riverbend plant, at the District's sole discretion.

18. **State Participation Program / Equity Fee.** Celina acknowledges that a portion of the System may be funded through the State Participation Program; and, if so, the State will have an equity ownership interest in the System. In such case, the District's policy is to purchase (buy-back) the State's interest over a reasonable period of time; and, to that end, District requires that any entity contracting for new or additional wastewater service capacity to pay an "Equity Fee" established by District. The "Equity Fee" is generally based on the amount of accrued interest cost on that portion of the System owned by the State and upon the amount of System capacity that would be contracted to Celina or any other party requesting such capacity. Accordingly, Celina agrees to pay any applicable "Equity Fee" for System capacity requested by Celina pursuant to this Contract according to the terms established by the District.

19. **Building Activity Fees.** As part of the District's rate structure for the System, Celina agrees to pay a fee for building activity ("Building Activity Fee") within its service area to provide a portion of the cost of wastewater treatment capacity, Delivery Facilities and other associated elements of the System. For each residential connection (or equivalent thereof for other types of connections) to be served by Celina pursuant to this Contract, Celina shall pay a fee as determined by the District as part of the District's rate structure. Celina may choose to collect such fee from developers or builders as part of its development code, retail rate schedule or authorized rate tariffs. Said fee to be established by the District initially shall be five hundred dollars (\$500) per connection. Said fee shall be due and payable by Celina at the time that Celina commits to provide a connection for wastewater service for construction of a retail customer's new premise. On a quarterly basis, said Building Activity Fees shall be remitted to the District with an appropriate accounting thereof. The intended use of

funds generated by said fees so collected for building activity is: (1) to provide a portion of permanent funding of the Project and System, (2) to reduce the amount of, or to pay principal and interest on, District Bonds otherwise needed to be issued for permanent funding of Celina's share of the System, and (3) to pay any other costs of the System. Funding from said fees will enable a reduction in rates, a reduction in funds that will need to be generated annually through rates and charges to Celina. All fees collected and remitted to District pursuant to this paragraph will be considered to be Customer contributions and shall be applied to permanent funding of the Project and System. All such fees remitted to District after the initial funding for the Project and System is retired shall be used by the District for Celina's share of cost for extensions, improvements and replacement thereof or to pay principal and interest on bonds sold by District for the Project and System, and may be used for any costs of the System. The Building Activity Fee shall apply only to connections within Celina's service area for whom the wastewater treatment service is to be provided by the District.

**20. Alternative Funding Procedure.**

(a) Notwithstanding other provisions of this Contract, including Paragraph 19 of this Exhibit D, the District and Celina mutually agree that Celina may elect to follow the Alternative Funding Procedure provided in this paragraph, to provide capital funds for a portion of Celina's share of the Project and System. The normal procedure for funding capital costs of the System is for the District to issue its Bonds, subject to provisions of this Contract. Also, Paragraph 19 of this Exhibit D provides for the payment of Building Activity Fees to cover a portion of the capital cost of the Project and System.

(b) This Alternative Funding Procedure is optional with Celina and may be used in lieu of the normal procedure for funding such capital costs. Celina may elect to provide said capital cost as up-front payments in minimum increments of \$250,000. Such election by Celina may be made on a development-by-development (subdivision) basis. Within fifteen (15) working days of the date of any such determination (election) by Celina, Celina shall notify the District in writing of its election to make such up-front payment in said minimum increments for capital costs.

(c) If Celina elects to pay any portion of such capital costs as an up-front payment, and if the amount of the payment will cover at least the estimated cost of treatment plant capacity to be required for that particular development, Celina will not be required to pay Building Activity Fees per connection pursuant to Paragraph 19 above for that particular development. The amount of up-front payment to be made by Celina related to that particular development shall be determined by District using either actual costs (based on bids received for construction of applicable elements of the Project or System) or using estimated costs, which estimates will be prepared by the District.

(d) Any amounts so received by the District will be applied by the District to Celina's obligation for payment of capital costs under this Contract. District will be responsible for assuring that Celina receives credit toward its capital costs obligation for all

payments made to District either through Building Activity Fees, up-front payments or its Annual Payment.

(e) If funds are timely received prior to the sale of Bonds for proposed capital improvements, the District may reduce the amount of the proposed Bond sale. Otherwise, such funds may be used by District to make debt service payments or to retire Bonds previously issued for Celina's share of the Project or System. No provision of this Paragraph 20 shall relieve Celina of the responsibility of providing its full share of the capital costs of the Project and System, or for payment of Celina's share of the Annual Requirement under this Contract.

21. **Rates and Charges.** Celina shall pay the applicable standard rates for participation in the System, including capital charges, building activity fee, and the volume charge for treatment of flow being received into the System. Further, to the extent that the District may transfer flow on a temporary basis from the Doe Branch to the Riverbend Plant, Celina agrees to pay applicable fees established by the District related to such transfer and treatment. For example, if available capacity funded by others in the transfer facilities or in the Riverbend Plant were used temporarily for the benefit of Celina, a reasonable fee for temporary usage will be appropriate.

22. **Payment of Basic Charges.** As provided in Paragraph 6 of Exhibit D, certain minimum operational charges are necessary to assure sound financial condition of the System. Also, in connection with the District providing funds for construction of the Project and System, certain capital charges are necessary to assure adequate funds to pay on-going costs. Whether funds provided by District come from issuance of Bonds or from other District sources, Celina agrees to pay the applicable capital charges in addition to volume charges based on flow of Wastewater received into the System

23. **Pro Rata Share of Prior Cost.** Previously the District constructed facilities that are part of System that will be used to deliver or treat Wastewater flows from Celina, a new participant in the System. The cost of these facilities was borne by other participants in the System. Based on subscribed capacity per Exhibit B hereto, Celina agrees to pay its pro rata share of the prior costs incurred by other participants to construct the facilities that will be used by District to deliver or treat Celina's wastewater flows. District has determined that Celina's initial pro rata share of said prior cost is \$0.36546 per gallon of subscribed capacity. The amount of such prior costs owed by Celina may increase as Celina's subscribed capacity and pro rata share of the System are modified from time to time. Payment of said prior cost shall be due and payable no later than forty-five (45) days after Celina's subscription becomes final in accordance with Exhibit B.

24. **Wastewater from Trinity River East Fork Drainage Basin.** A portion of Celina's service area lies within the Drainage Basin of the East Fork of the Trinity River. Pursuant to Paragraph 1 of these Special Provisions, Celina may at its option divert Wastewater from the East Fork drainage basin to a different regional system or

treatment facility. However, if Celina elects to deliver a portion or all of the Wastewater collected from the East Fork basin portion of its service area to the System for treatment, Celina may incur pumping costs to transfer such flow to its Point of Entry. Subject to the provisions of this Paragraph, and to help Celina pay for such pumping costs, District will provide a ten percent (10.0%) discount off the standard volume charge for treatment of Wastewater delivered by Celina into the System from the East Fork drainage basin. This special discount is applicable if Celina delivers all Wastewater collected from the remainder of its service area, and not treated at Celina's own wastewater treatment plant(s), into the System. Such discount for the Wastewater so diverted from the East Fork basin is contingent on said Wastewater being included under the District's permit for reuse issued by TCEQ. To implement said discount, a special protocol will be jointly prepared by Celina and District confirming the required conditions, including arrangements satisfactory to District for measurement of said flow from the East Fork Drainage Basin. Said protocol shall require approval of the Executive Director for District and City Manager for Celina.

25. **Participation in Preliminary Design of the Doe Branch Plant.** Celina agrees to pay District its pro rata share of the cost of the preliminary design study of the Doe Branch Plant to be performed by the District's consulting engineer. Celina agrees to pay its share to District no later than forty-five (45) days after the Contract Date. The amount to be paid by Celina will be based on the study's actual cost and the number of other participants. Pending a determination of the number of entities participating in the study effort, Celina agrees to deposit \$70,000 toward the cost of the study, including the District's cost to oversee and coordinate the study. Upon completion of the study, the District will prepare a settle-up analysis to determine the actual amount owed; any overage will be refunded.

26. **Initiation of Capital Improvement Projects.** The two major capital improvement projects contemplated in this Contract, the extension of District's Doe Branch trunk main and construction of the Doe Branch Water Reclamation Plant, herein the Project, shall be initiated upon determination of need. Such determination will be made by mutual agreement between District and Celina as evidenced by written letter agreement between the city administrator for Celina and the Executive Director for the District. Such initiation may be at different times for the trunk main and the Plant.

27. **Change in Initial Subscription.** While Exhibit B of this Contract includes an initial subscribed capacity for Celina, the volume may be increased by Celina during the preliminary design study for the Plant. Such increase may be made by submission by Celina of a letter to District, and is subject to acceptance by District of the requested increased capacity. This one-time increase in subscribed capacity will not require an amendment to this Contract but only insertion of a new Exhibit B reflecting the increased subscription volume.

28. **Rights of Way.** The provisions of Section 4.09 (a) and (b) granting the District a limited right to use Member's streets, easements and rights of way is affirmed, provided

that the District's facilities will not interfere with proper operation and maintenance of Member's existing and proposed future utility infrastructure.

29. **Eminent Domain Use Limited.** The provisions of Section 4.09 (c) granting prior consent for use of the District's power of eminent domain shall apply only for pipelines and related appurtenances to be used for service to municipalities.



June 9, 2017

Mr. Rick Chaffin, City Manager  
City of Celina  
142 North Ohio Street  
Celina, TX 75009

**Re: FY 2018 Preliminary Fees and Charges**

Dear Mr. Chaffin:

Each year, the District provides a preliminary estimate of fees and charges for the upcoming fiscal year. The attached schedule reflects our current outlook for the fiscal year beginning October 1, 2017.

These estimates are very preliminary, but are considered adequate for budgeting purposes. In addition, we recommend that you update your expected usage and demand to account for total costs. While the District develops its budget over the next few months, we will be refining proposed rates and charges. If the rates / charges differ significantly from these preliminary estimates, you will be notified as soon as possible.

As you prepare your budget, we will be pleased to provide any additional information you may need. If you have any questions, please call Bill Greenleaf, Director of Business Services, or Kim Probasco, Budget and Financial Planning Manager, at (972) 219-1228.

Sincerely,

A handwritten signature in black ink that reads "Thomas E. Taylor".

Thomas E. Taylor  
Executive Director

TET/WAG/kp

Enclosure: FY 2018 Preliminary Fees and Charges

C: Lance Vanzant, UTRWD Board Member

CITY OF CELINA  
ESTIMATED FEES AND CHARGES  
Fiscal Year 2018  
June 9, 2017

**ADMINISTRATION AND PLANNING FEES**

		<u>Population Estimate</u>		
Minimum Fee	\$500	10,310		
Population up to 5,000	\$0.422 per capita	5,000	= \$	2,110
Population 5,001 to 25,000	\$0.237 per capita	5,310	=	1,260
Population over 25,000	\$0.093 per capita	10,310		
			<b>\$</b>	<b>3,370</b>

**REGIONAL TREATED WATER SYSTEM**

**VOLUME CHARGE:** Recovers variable O&M costs and is billed for actual metered flow.

**Member Rate** **\$1.11 / 1,000 gallons**

**Note:** Minimum Daily Volume: 0.45 mgd

**DEMAND CHARGE:** Recovers fixed costs of the system (billed monthly).

	<u>Annual</u> or <u>Monthly</u>	
<b>\$428,200 / mgd / year x 2.50 mgd (current Demand)</b>	<b>= \$ 1,070,500</b>	<b>\$ 89,208</b>
	<b>Total</b>	<b>\$ 1,070,500      \$ 89,208</b>

**NORTHEAST REGIONAL WATER RECLAMATION SYSTEM - DOE BRANCH PLANT**

**VOLUME CHARGE:** Recovers variable O&M costs and is billed for actual metered flow.

**Treatment** **\$1.25 / 1,000 gallons**

**FIXED O&M CHARGE:** Recovers certain fixed costs on the system (billed monthly).

	<u>Annual</u> or <u>Monthly</u>	
<b>\$521,350 / mgd / year x 0.665 mgd (current Subscription)</b>	<b>= \$ 346,700</b>	<b>\$ 28,892</b>

	<u>Annual</u>	<u>Monthly</u>
<b>CAPITAL CHARGES: Individual Facilities: \$791,255 / ANNUALLY <sup>1</sup></b>	<b>= \$ 791,255</b>	<b>\$ 65,938</b>
<b>(DEBT SERVICE) Individual Facilities: \$347,505 / ANNUALLY <sup>2</sup></b>	<b>= 347,505</b>	<b>28,959</b>
	<b>Total</b>	<b>\$ 1,138,760      \$ 94,897</b>

During the year, any maintenance or replacement costs for individual facilities, such as pumps or pipelines, will be in addition to the rates and charges above.

<sup>1</sup> Celina's portion (principal and interest) of the 2014 Doe Branch Bonds (based on their initial 0.60 mgd of capacity) for the construction of the Doe Branch Plant.

<sup>2</sup> Annual payment for Celina's share of the Doe Branch Trunk Line, Phase 2.



**UPPER TRINITY REGIONAL WATER DISTRICT  
NORTHEAST REGIONAL WATER RECLAMATION SYSTEM**

**SECOND AMENDMENT TO PARTICIPATING MEMBER CONTRACT  
CITY OF CELINA**

**THE STATE OF TEXAS**

**§**

**COUNTY OF DENTON**

**§**

**§**

This **AGREEMENT** (the "Amendment") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2013, ("Effective Date") by and between **UPPER TRINITY REGIONAL WATER DISTRICT**, (the "District") and **CITY OF CELINA** ("Celina") to amend the Participating Member Contract dated December 7, 2006, (the "Contract"), as amended, which Contract provides for Celina to participate in the District's Northeast Regional Water Reclamation System (the "System"), including the Doe Branch Water Reclamation Plant ("Plant").

**WITNESSETH:**

**WHEREAS**, Celina is a duly incorporated political subdivision of the State of Texas operating under the Constitution and laws of the State of Texas; and

**WHEREAS**, Celina entered into the Contract with the District to participate in the System for wholesale wastewater treatment services for Wastewater collected by Celina in its service area within and without its corporate boundaries; and

**WHEREAS**, the District has constructed in phases the Doe Branch Trunk Line from the lift station (at the Plant site) upstream to Celina's Point of Entry (in the general vicinity of Parvin and Good Hope Roads), including the construction of said Point of Entry, which trunk main and Point of Entry are in service and receiving Wastewater flow from Celina; and

**WHEREAS**, due to certain economic conditions and slow-down in development, the District, in coordination with all participants of the Plant, including Celina, delayed the construction of said plant in 2009; and

**WHEREAS**, until the Plant is constructed and operational, Celina's Wastewater is being treated at the District's Riverbend Water Reclamation Plant on a temporary basis; and

**WHEREAS**, the District is proceeding with planned design and construction of the Plant and related facilities in accordance with the discharge permit issued by the Texas Commission on Environmental Quality, which Plant will be constructed in phases; and

**WHEREAS**, the Contract provides for Celina to participate in the proposed Plant with a minimum subscribed treatment capacity of 1.0 MGD in the initial phase of the Plant; and

**WHEREAS**, due to changed economic conditions and development patterns, projections of wastewater flow for Celina have decreased, as compared to the projections made in conjunction with the Contract as amended; and

**WHEREAS**, Celina has requested that its initial subscribed capacity be decreased according to the provisions contained herein; and

**WHEREAS**, consideration of such request is timely, since the final design of the Plant is now underway; and

**WHEREAS**, both Celina and the District mutually agree to initiate the construction of the Plant and related facilities to accommodate Celina's expected wastewater needs in the Doe Branch Service Area; and

**WHEREAS**, the costs for which Celina agrees to be responsible for and to pay as its pro rata share of the System shall be based on the revised subscribed capacity provided in this Amendment.

**NOW, THEREFORE**, the District and Celina agree as follows:

**Section 1. Adoption of the Preamble.** All of the matters stated in the preamble of this Amendment are true and correct and are hereby incorporated into the body of this Amendment as though fully set forth in their entirety herein.

**Section 2. Definitions.** Capitalized terms not otherwise defined herein shall have the same meaning as those set forth in the Contract, as amended.

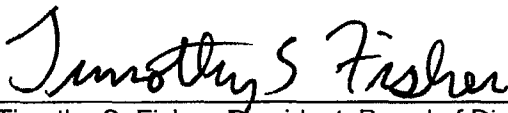
**Section 3. Reduction in Subscribed Capacity.** At the request of project participants, the District is proceeding with design and construction of the initial phase of the Plant, based on an expected treatment capacity of approximately 2.0 MGD. Based on changed conditions and Celina's request, the District and Celina mutually agree to reduce the subscription for Celina's initial participation in the Plant from 1.0 MGD to 0.6 MGD. Celina reserves the right to request an increase in its subscribed capacity in the future according to change in conditions. The District will not unreasonably withhold approval for such increase when and if requested by Celina to meet its reasonable needs for wastewater treatment capacity. Exhibit B of the Contract is hereby revised to provide for an initial subscribed capacity of 0.6 MGD for Celina in the Doe Branch Water Reclamation Plant. The Revised Exhibit B is attached hereto and incorporated into the Contract.

**Section 4. Prior Costs.** The District constructed the Doe Branch Trunk Link in two phases. Phase 1 of the trunk main was constructed from the lift station to Fishtrap Road; and, Phase 2 extended from Fishtrap Road to Celina's Point of Entry. It is recognized that Celina, pursuant to the provisions of the Contract as amended, has paid its pro rata share of prior costs associated with the Phase 1 trunk line based on its originally subscribed capacity (1.0 MGD). In the future, on a pro rata basis Celina will be responsible for additional prior costs for the Phase 1 trunk line when its subscribed capacity has been increased above 1.0 MGD. Concerning the Phase 2 trunk line, Celina shall remain obligated to pay for its agreed share of said trunk line pursuant to the Contract.

**Section 5. Contract Provisions.** All other provisions of the Contract, as amended, shall continue in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto acting under authority of their respective governing bodies have caused this Amendment to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first written above, which is the Effective Date of this Amendment.

**UPPER TRINITY REGIONAL WATER DISTRICT**

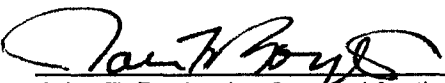
  
\_\_\_\_\_  
Timothy S. Fisher, President, Board of Directors

**ATTEST:**

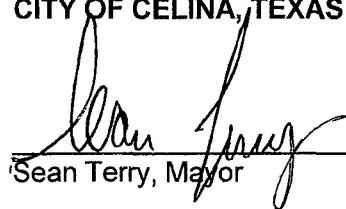
  
\_\_\_\_\_  
Chris Boyd, Secretary, Board of Directors

[District Seal]

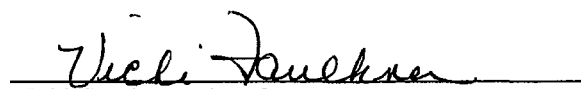
**APPROVED AS TO FORM AND LEGALITY:**

  
\_\_\_\_\_  
John F. Boyle, Jr., Counsel for the District

CITY OF CELINA, TEXAS

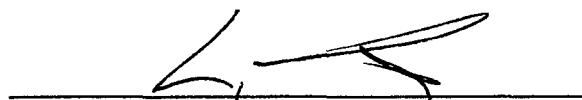
  
Sean Terry, Mayor

ATTEST:

  
Vicki Faulkner, City Secretary



APPROVED AS TO FORM AND LEGALITY:

  
Lance Vanzant, Counsel for City of Celina

## REVISED EXHIBIT B

### UPPER TRINITY REGIONAL WATER DISTRICT NORTHEAST REGIONAL WATER RECLAMATION SYSTEM

#### PARTICIPATING MEMBER CONTRACT CITY OF CELINA

#### **Subscribed Capacity, Minimum Flow and Average Flow According to Article II of the Contract**

The provisions of this Exhibit B form a part of the Contract and are applicable to the District and to Celina as if set forth in their entirety in the body of the Contract. The following quantities are mutually agreed to for the purposes noted.

Total Plant Capacity  (All Participants)	Minimum Flow (MGD) For Financial Purposes (Celina)	Average Annual Flow (MGD) For Subscribed Capacity (Celina)
Approximately 2.0 MGD	0.15 MGD (1)	0.6 MGD
Celina's agreed share of the Phase 2 trunk main is 60%.		

(1) Exception – pending completion of the Doe Branch Plant, while Celina's Wastewater flows are being treated at the Riverbend Plant the Minimum Flow for Financial Purposes will be 0.05 MGD.

**Doe Branch Plant Phased Construction.** Construction of Doe Branch Water Reclamation Plant is expected to be accomplished in phases. When Celina desires additional capacity to provide for future growth requirements, Celina shall give appropriate notice to the District to allow adequate time for coordination with other participants in the System and for financing, design and construction. The District then will use such increased capacity as the new subscribed capacity for allocation of cost to Celina as provided in the Contract. It is mutually agreed that other Members and Customers may participate in the System to allow the District to fulfill its responsibility of providing adequate service to the region.

**UPPER TRINITY REGIONAL WATER DISTRICT  
NORTHEAST REGIONAL WATER RECLAMATION SYSTEM**

**FIRST AMENDMENT TO PARTICIPATING MEMBER CONTRACT  
CITY OF CELINA**

**THE STATE OF TEXAS           §  
  §  
COUNTY OF DENTON         §**

This **AGREEMENT** (the "Amendment") is made and entered into this 13 day of December, 2007, ("Effective Date") by and between **UPPER TRINITY REGIONAL WATER DISTRICT**, (the "District") and **CITY OF CELINA** ("Celina") to amend the Participating Member Contract dated December 7, 2006, (the "Contract"), which Contract provides for Celina to participate in the District's Northeast Regional Water Reclamation System (the "System").

**WITNESSETH:**

**WHEREAS**, Celina is a duly incorporated political subdivision of the State of Texas operating under the Constitution and laws of the State of Texas; and

**WHEREAS**, Celina entered into the Contract with the District to participate in the System for wholesale wastewater treatment services for Wastewater collected by Celina in its service area within and without its corporate boundaries; and

**WHEREAS**, Celina participated with the District and others in the Preliminary Design Study of the proposed Doe Branch Water Reclamation Plant that included a review of available alternatives, a phased implementation schedule and other matters related to the construction of said plant; and

**WHEREAS**, the District is proceeding with planned construction of the Doe Branch Plant and related facilities, pipeline, metering facilities and associated improvements in accordance with the discharge permit issued by the Texas Commission on Environmental Quality, and as generally described by the Preliminary Design Study and the prior Engineering Report, which plant will be constructed in phases; and

**WHEREAS**, in addition, the District is preparing to extend the Doe Branch trunk line to Celina's Point of Entry as outlined in Exhibit A of the Contract, including the construction of said Point of Entry; and

**WHEREAS**, the Contract currently provides for a preliminary estimate for subscribed capacity in the Northeast Regional Water Reclamation System subject to revision based on the outcome of the Preliminary Design Study; and

**WHEREAS**, the results of the Preliminary Design Study indicate that Celina's initial subscribed capacity should be increased from 0.20 MGD to 1.0 MGD, which capacity is based on Celina's expected needs over a three (3) year period from the date that service is scheduled to be available in the Doe Branch Plant; and

**WHEREAS**, both Celina and the District mutually agree to initiate the construction of an extension of the District's existing Doe Branch trunk line to Celina's Point of Entry and the construction of the Doe Branch Plant to accommodate Celina's expected wastewater needs in the Doe Branch Service Area; and

**WHEREAS**, Celina desires to amend the Contract with a Revised Exhibit B to establish a subscribed capacity at 1.0 MGD in the Northeast Regional Water Reclamation System (Doe Branch Plant) according to the findings of the Preliminary Design Study and to provide for expected growth in Celina; and

**WHEREAS**, the costs for which Celina agrees to be responsible for and to pay as its pro rata share of the System, including any prior costs, shall be based on the capacity subscribed in the Revised Exhibit B, except as otherwise provided herein, which the revised exhibit is attached hereto.

**NOW, THEREFORE**, the District and Celina agree as follows:

**Section 1. Adoption of Preamble.** All of the matters stated in the preamble of this Amendment are true and correct and are hereby incorporated into the body of this Amendment as though fully set forth in their entirety herein.

**Section 2. Definitions.** Capitalized terms not otherwise defined herein shall have the same meaning as those set forth in the Contract.

**Section 3. Increase in Subscribed Capacity.** Exhibit B of the Contract is hereby revised to establish Celina's initial subscribed capacity in the Northeast Regional Water Reclamation System at 1.0 MGD. Also, Celina's assigned share of capacity in the Phase 2 trunk line is included in the Revised Exhibit B, which exhibit is attached hereto and incorporated into the Contract.

**Section 4. Cost Elements.** Celina agrees to be responsible for, as its share of the Annual Requirement, certain costs as detailed in Paragraph 6 of Exhibit D of the Contract. The District's existing wastewater trunk line from the Doe Branch Plant to Fishtrap Road ("Phase 1") has been oversized to accommodate future wastewater needs, including Celina and others, and is hereby considered to be a Common-To-All Facility. Therefore, Paragraph 6 (b) of Exhibit D is amended to designate Phase 1 trunk line as Common-To-All and to allocate the capital costs among the benefiting parties based on the parties then subscribed capacity in the Doe Branch Plant. As such, subscriptions may change in the future.

**Section 5. Joint Use of District's Easement.**

- a) In regard to certain easements previously acquired by the District for the Project, Celina has requested the right to use a portion of the District's existing Doe Branch Trunk easement to install its Delivery Facilities to the Point of Entry. Upon the execution of a separate joint-use agreement, the District will authorize such joint use of a portion of the District's utility easement located generally along the south side of Parvin Road. Within forty-five (45) days of the Effective Date of this Amendment, Celina hereby agrees to pay the District \$ 30,250.00 for the use of said easement. Both parties agree to enter into a separate joint use agreement prior to Celina's construction of any Wastewater facilities within said easement.
- b) It is contemplated that Celina may request the District to acquire an additional easement for Celina's benefit. If so requested, the District will negotiate for and use its best efforts to obtain the easement on behalf of Celina. Subject to reimbursement of costs, said easement shall be obtained in the name of Celina. Celina shall be responsible for all surveying and preparing the legal descriptions and the necessary exhibits for said easement documents.

**Section 6. Prior Costs.** The Contract requires Celina to pay its pro rata share of certain prior costs incurred by District or other participants to construct facilities that will be used by District to deliver or treat Celina's wastewater flows. The total amount of prior costs Celina shall be responsible for paying to the District is \$ 365,460.83. Payment of said prior costs for the initial subscribed capacity shall be due and payable within twelve months from the Effective Date according to a schedule to be provided by the District.

**Section 7. Initiation of Capital Improvement Projects.** Growth is rapidly occurring in the Doe Branch Service Area, requiring a systematic approach for the provision of wastewater service for Celina and other participants in the System. Celina and others have requested the District to proceed with planned construction of the Doe Branch Plant and related facilities, pipeline, metering facilities and associated improvements. As required by Section 26 of Exhibit D of the Contract and based on Celina's need for Wastewater services, Celina and the District mutually agree to initiate the construction of both the Doe Branch Plant and the trunk main extension.

**Section 8. Watershed Protection.** To help protect the quality of the District's water supply in Lewisville Lake, Celina previously agreed in an amendment to the contract for Celina's participation in the District's Regional Treated Water System dated September 22, 2003, to help support the District's watershed program by protecting natural riparian lands within Celina's boundaries. The District has completed a study of the northeastern portion of the Lewisville Lake watershed, which study recommends the



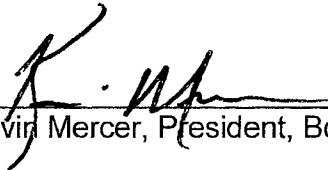
District initiate a watershed program. Section 4 of the referenced amendment to the September 22, 2003 contract is hereby deleted and replaced with the following:

- a) Celina agrees to participate in and support the District's efforts to implement activities for a regional watershed protection program. Elements of a program may include methods to reduce the amount of pollutants from entering the watershed, ways to limit the amount of sediment being transported to local water supply sources, and public education. As part of the public education element, Celina agrees to assist the District in installing the District's watershed signs along roadways near creeks and streams within the town's service area.
- b) Further, as part of the watershed protection program identified above, Celina agrees to adopt reasonable requirements for local developers within its service area to set aside natural riparian lands to be used as greenbelts in those developments. Pursuant to such "reasonable requirements" adopted by Celina, Celina will require or seek dedication of said greenbelts in perpetuity, which greenbelts shall be under the control of and administered by the City or a local homeowners association. Such greenbelts shall be left largely in their natural state, but may be used for multiple purposes such as buffer zones, hiking or jogging trails, wetlands, stormwater retention or playgrounds

**Section 9. Contract Provisions.** All other provisions of the Contract, as amended, shall continue in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto acting under authority of their respective bodies have caused this Amendment to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first written above, which is the Effective Date.

**UPPER TRINITY REGIONAL WATER DISTRICT**


  
\_\_\_\_\_  
Kevin Mercer, President, Board of Directors

**ATTEST:**

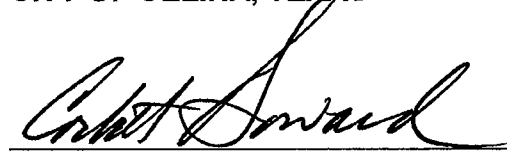
  
\_\_\_\_\_  
Timothy S. Fisher, Secretary, Board of Directors

[District Seal]

**APPROVED AS TO FORM AND LEGALITY:**

  
\_\_\_\_\_  
John F. Boyle, Jr., Counsel for the District

**CITY OF CELINA, TEXAS**

  
\_\_\_\_\_  
Corbet Howard, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Vicki Faulkner, City Secretary

[City Seal]

**APPROVED AS TO FORM AND LEGALITY:**

\_\_\_\_\_  
Lance Vanzant, Counsel for City of Celina

## REVISED EXHIBIT B

### UPPER TRINITY REGIONAL WATER DISTRICT NORTHEAST REGIONAL WATER RECLAMATION SYSTEM

#### PARTICIPATING MEMBER CONTRACT CITY OF CELINA

#### Subscribed Capacity Minimum Flow and Average Flow According to Article II of the Contract

The provisions of this Exhibit B form a part of the Contract and are applicable to the District and to Celina as if set forth in their entirety in the body of the Contract. The following quantities are mutually agreed to for the purposes noted.

<b>Total Plant Capacity (All Participants)</b>	<b>Minimum Flow (MGD) For Financial Purposes (Celina)</b>	<b>Average Annual Flow (MGD) For Subscribed Capacity (Celina)</b>
2.0 MGD	0.25 MGD (1)	1.0 MGD
Celina's assigned share of the Phase 2 trunk main = 60%.		

(1) Exception – pending completion of the Doe Branch Plant, while Celina's Wastewater flows are being treated at the Riverbend Plant the Minimum Flow for Financial Purposes will be 0.05 MGD.

**Doe Branch Plant Phased Construction.** Construction of Doe Branch treatment plant capacity is expected to be accomplished in phases. When Celina desires additional capacity to provide for future growth requirements, Celina shall give appropriate notice to the District to allow adequate time for coordination with other participants in the System and for financing, design and construction. The District then will use such increased capacity as the new subscribed capacity for allocation of cost to Celina as provided in the Contract. It is mutually agreed that other Members and Customers may participate in the System to allow the District to fulfill its responsibility of providing adequate service to the region.

**Doe Branch Trunk Line.** A portion of the trunk line that will serve Celina and others has been constructed from the existing lift station to Fishtrap Road ("Phase 1"). However, to enable Celina to have wastewater service available at its Point of Entry, the Phase 1 trunk line must be extended from Fishtrap Road to Parvin Road and a Point of Entry constructed for Celina ("Phase 2"), collectively herein referred to as the "Doe Branch Trunk Line". Phase 1 of the Doe Branch Trunk Line has been oversized to

accommodate future wastewater needs. Phase 2 also is being designed to accommodate future wastewater needs. The capacity of Phase 2 of the Doe Branch Trunk Line shall be allocated between the benefiting parties based on a projection of future needs, with Celina's share noted in the table above. Pursuant to the provisions of this Contract, Celina is responsible for certain prior costs associated with the Phase 1 trunk line based on initial subscribed capacity in the Plant. Subscribed capacity in the System by Celina and other participants may change in the future. The cost of the Phase 1 trunk line shall be allocated as a Common-To-All cost among the benefiting parties in accordance with Exhibit D based on the then respective subscribed capacity in the Doe Branch Plant; however, it is recognized that Denton County Fresh Water Supply District No. 10, at the time of initial construction, paid their pro rata share of the Phase 1 trunk line based on expected build-out needs.



P.O. Drawer 305 • Lewisville, TX 75067

(972) 219-1228 • Fax (972) 221-9896

June 9, 2017

Mr. Rick Chaffin, City Manager  
City of Celina  
142 North Ohio Street  
Celina, TX 75009

**Re: FY 2018 Preliminary Fees and Charges**

Dear Mr. Chaffin:

Each year, the District provides a preliminary estimate of fees and charges for the upcoming fiscal year. The attached schedule reflects our current outlook for the fiscal year beginning October 1, 2017.

These estimates are very preliminary, but are considered adequate for budgeting purposes. In addition, we recommend that you update your expected usage and demand to account for total costs. While the District develops its budget over the next few months, we will be refining proposed rates and charges. If the rates / charges differ significantly from these preliminary estimates, you will be notified as soon as possible.

As you prepare your budget, we will be pleased to provide any additional information you may need. If you have any questions, please call Bill Greenleaf, Director of Business Services, or Kim Probasco, Budget and Financial Planning Manager, at (972) 219-1228.

Sincerely,

A handwritten signature in black ink that reads "Thomas E. Taylor".

Thomas E. Taylor  
Executive Director

TET/WAG/kp

Enclosure: FY 2018 Preliminary Fees and Charges

C: Lance Vanzant, UTRWD Board Member

CITY OF CELINA  
ESTIMATED FEES AND CHARGES  
Fiscal Year 2018  
June 9, 2017

**ADMINISTRATION AND PLANNING FEES**

		<u>Population Estimate</u>		
		10,310		
Minimum Fee	\$500			
Population up to 5,000	\$0.422 per capita	5,000	= \$	2,110
Population 5,001 to 25,000	\$0.237 per capita	5,310	=	1,260
Population over 25,000	\$0.093 per capita			
		<u>10,310</u>	<u>\$</u>	<u>3,370</u>

**REGIONAL TREATED WATER SYSTEM**

**VOLUME CHARGE:** Recovers variable O&M costs and is billed for actual metered flow.

**Member Rate** **\$1.11 / 1,000 gallons**

**Note:** Minimum Daily Volume: 0.45 mgd

**DEMAND CHARGE:** Recovers fixed costs of the system (billed monthly).

	<u>Annual</u> or <u>Monthly</u>
<b>\$428,200 / mgd / year x 2.50 mgd (current Demand)</b>	<b>= \$ 1,070,500</b> <b>\$ 89,208</b>
<b>Total</b>	<b><u>\$ 1,070,500</u></b> <b><u>\$ 89,208</u></b>

**NORTHEAST REGIONAL WATER RECLAMATION SYSTEM - DOE BRANCH PLANT**

**VOLUME CHARGE:** Recovers variable O&M costs and is billed for actual metered flow.

**Treatment** **\$1.25 / 1,000 gallons**

**FIXED O&M CHARGE:** Recovers certain fixed costs on the system (billed monthly).

	<u>Annual</u> or <u>Monthly</u>
<b>\$521,350 / mgd / year x 0.665 mgd (current Subscription)</b>	<b>= \$ 346,700</b> <b>\$ 28,892</b>

		<u>Annual</u>	<u>Monthly</u>
<b>CAPITAL CHARGES:</b>	<b>Individual Facilities: \$791,255 / ANNUALLY <sup>1</sup></b>	<b>= \$ 791,255</b>	<b>\$ 65,938</b>
<b>(DEBT SERVICE)</b>	<b>Individual Facilities: \$347,505 / ANNUALLY <sup>2</sup></b>	<b>= 347,505</b>	<b>28,959</b>
		<b>Total</b>	<b><u>\$ 1,138,760</u></b> <b><u>\$ 94,897</u></b>

During the year, any maintenance or replacement costs for individual facilities, such as pumps or pipelines, will be in addition to the rates and charges above.

<sup>1</sup> Celina's portion (principal and interest) of the 2014 Doe Branch Bonds (based on their initial 0.60 mgd of capacity) for the construction of the Doe Branch Plant.

<sup>2</sup> Annual payment for Celina's share of the Doe Branch Trunk Line, Phase 2.



June 9, 2017

Mr. Rick Chaffin, City Manager  
City of Celina  
142 North Ohio Street  
Celina, TX 75009

**Re: FY 2018 Preliminary Fees and Charges**

Dear Mr. Chaffin:

Each year, the District provides a preliminary estimate of fees and charges for the upcoming fiscal year. The attached schedule reflects our current outlook for the fiscal year beginning October 1, 2017.

These estimates are very preliminary, but are considered adequate for budgeting purposes. In addition, we recommend that you update your expected usage and demand to account for total costs. While the District develops its budget over the next few months, we will be refining proposed rates and charges. If the rates / charges differ significantly from these preliminary estimates, you will be notified as soon as possible.

As you prepare your budget, we will be pleased to provide any additional information you may need. If you have any questions, please call Bill Greenleaf, Director of Business Services, or Kim Probasco, Budget and Financial Planning Manager, at (972) 219-1228.

Sincerely,

Thomas E. Taylor  
Executive Director

TET/WAG/kp

Enclosure: FY 2018 Preliminary Fees and Charges

C: Lance Vanzant, UTRWD Board Member



CITY OF CELINA  
ESTIMATED FEES AND CHARGES  
Fiscal Year 2018  
June 9, 2017

**ADMINISTRATION AND PLANNING FEES**

		<u>Population Estimate</u>		
		10,310		
Minimum Fee	\$500			
Population up to 5,000	\$0.422 per capita	5,000	= \$	2,110
Population 5,001 to 25,000	\$0.237 per capita	5,310	=	1,260
Population over 25,000	\$0.093 per capita			
		<u>10,310</u>	\$	<u>3,370</u>

**REGIONAL TREATED WATER SYSTEM**

**VOLUME CHARGE:** Recovers variable O&M costs and is billed for actual metered flow.

**Member Rate** **\$1.11 / 1,000 gallons**

**Note:** Minimum Daily Volume: 0.45 mgd

**DEMAND CHARGE:** Recovers fixed costs of the system (billed monthly).

	<u>Annual</u> or <u>Monthly</u>	
\$428,200 / mgd / year x 2.50 mgd (current Demand)	= \$ 1,070,500	\$ 89,208
<b>Total</b>	<u>\$ 1,070,500</u>	<u>\$ 89,208</u>

**NORTHEAST REGIONAL WATER RECLAMATION SYSTEM - DOE BRANCH PLANT**

**VOLUME CHARGE:** Recovers variable O&M costs and is billed for actual metered flow.

**Treatment** **\$1.25 / 1,000 gallons**

**FIXED O&M CHARGE:** Recovers certain fixed costs on the system (billed monthly).

	<u>Annual</u> or <u>Monthly</u>	
\$521,350 / mgd / year x 0.665 mgd (current Subscription)	= \$ 346,700	\$ 28,892

		<u>Annual</u>		<u>Monthly</u>
<b>CAPITAL CHARGES:</b> Individual Facilities: \$791,255 / ANNUALLY <sup>1</sup>		= \$ 791,255		\$ 65,938
<b>(DEBT SERVICE)</b> Individual Facilities: \$347,505 / ANNUALLY <sup>2</sup>		= 347,505		28,959
	<b>Total</b>	<u>\$ 1,138,760</u>		<u>\$ 94,897</u>

During the year, any maintenance or replacement costs for individual facilities, such as pumps or pipelines, will be in addition to the rates and charges above.

<sup>1</sup> Celina's portion (principal and interest) of the 2014 Doe Branch Bonds (based on their initial 0.60 mgd of capacity) for the construction of the Doe Branch Plant.

<sup>2</sup> Annual payment for Celina's share of the Doe Branch Trunk Line, Phase 2.